



DISTELL
CRAFTING BRANDS SINCE 1925

SUSTAINABILITY REPORT

TWENTY NINETEEN

CREATING MEMORABLE MOMENTS,

CRAFTING A BETTER FUTURE

We have identified key areas along our value chain where we believe we can make the most significant impact and contribute towards sustainable development, supported by our employees. These areas shape our contribution to the United Nations Sustainable Development Goals (SDGs), which aim to end global poverty, protect the planet and ensure prosperity for all.

To find out more about these areas and our commitments, go to page 8.



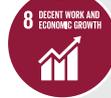
PROMOTING RESPONSIBLE DRINKING



As a key player in the alcoholic beverages industry, we recognise our responsibility to reduce the harmful impact that alcohol abuse can have on the health and well-being of people, their families and the communities in which they live and work. We are a member of Aware.org.za, and have developed transformational partnerships with FASfacts and the Foundation for Alcohol Related Research (FARR). Read more from page 16.



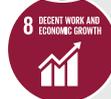
ACHIEVING TRANSFORMATION



Transformation is integrated into every aspect of our business. In action, this means accepting differences, recognising the value of diversity and accelerating lasting socio-economic growth in the key markets in which we operate. In addition, transformation stretches across our full value and supply chain – from agriculture to procurement, broad-based black economic empowerment (B-BBEE), local economic development in markets where we operate, as well as our employees and brands. Read more from page 24.



EMPOWERING COMMUNITIES



We believe the communities in which we operate should be better off because we are there. We focus on sustainable economic initiatives to build enterprising communities and support local economies, with a particular focus on empowering women. We believe in the potential of arts and culture to drive sustainable development and create inclusive job opportunities, while acting as a catalyst for individual and social empowerment. Read more from page 34.



Crafting and distributing your favourite brands and beverages.

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



MANAGING OUR SUPPLY CHAIN SUSTAINABLY



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 supply chain practices are efficient, agile and geared to protect the planet – while meeting our customers' requirements in full. Read more from page 44.



BUILDING OUR PEOPLE

Our employees are at the heart of our business and our growth is driven by the nearly 5 000 men and women employed by Distell. We have a wide range of programmes in place that aim to create and encourage a diverse and safe work environment free of harassment and discrimination. We strive to leverage our employees' capabilities to ensure a sustainable talent pool. Read more from page 62.



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The board's social and ethics committee has considered detailed reports on the matters discussed in this report. In general, the committee is satisfied that Distell is fulfilling its social and ethical obligations as a good corporate citizen. The committee reviewed this report and collectively believes it fairly represents Distell's sustainability performance for the 2019 financial year.

As our important stakeholders, I trust readers of this report will find it insightful and reflective of our ambitions to maximise our positive social, environmental and economic impact.

Gugu Dingaan
Chairperson: Social and ethics committee

Stellenbosch
27 August 2019



WE ARE

DISTELL

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

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

Our purpose: Creating memorable moments, crafting a better future.

OUR VALUES

Customer and consumer focus

We are passionate about our customers and consumers.

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.

Excellence

We are committed to excellence in everything we do.

- We challenge, then commit.
- We are digitally fluent.
- We fail fast, and learn faster.

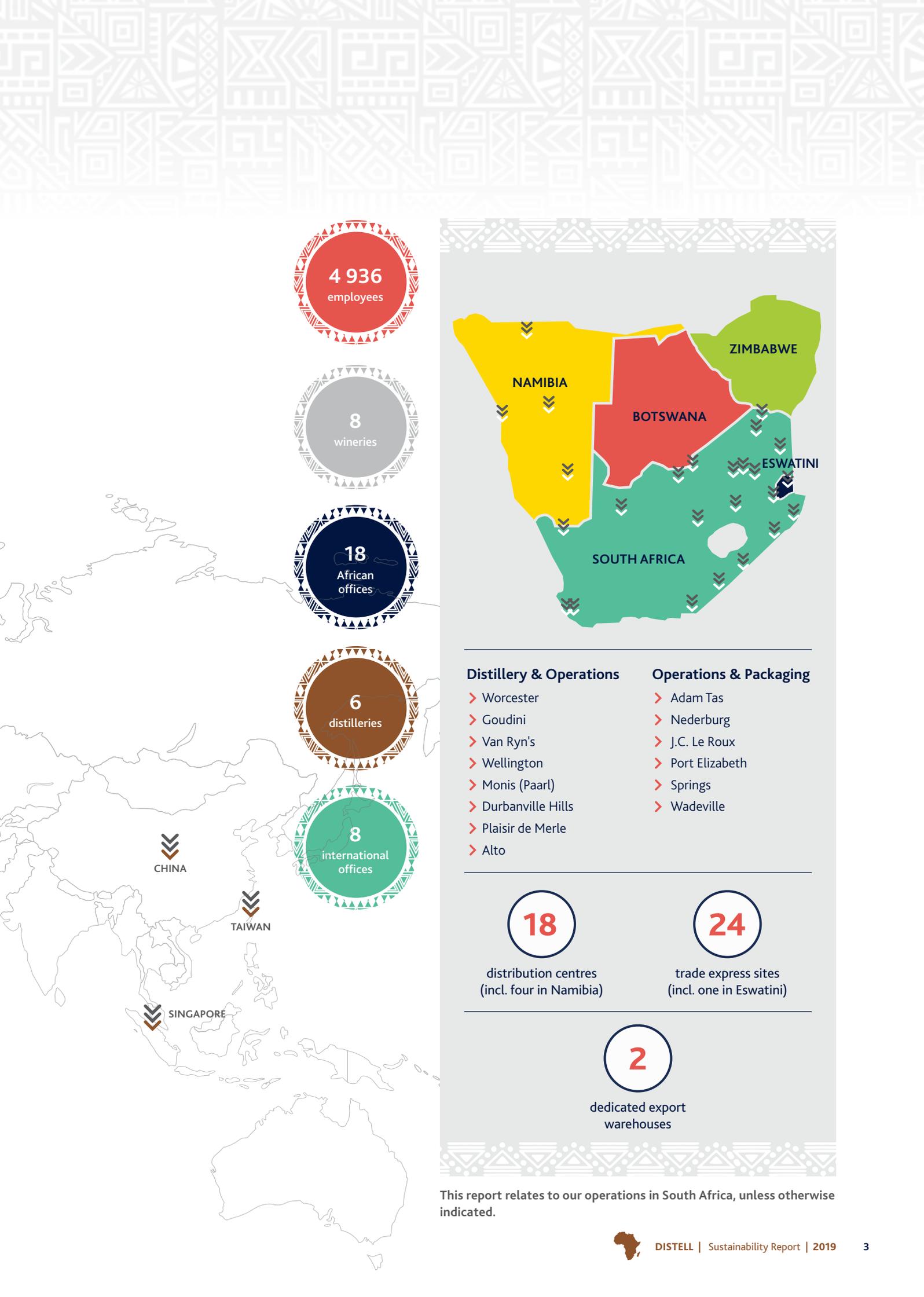
One Distell

We win by collaborating with integrity, honesty and respect.

- We dare to care.
- We build trust together.
- Together, we play to win.

Read more about our purpose and values on page 6.





4 936
employees

8
wineries

18
African
offices

6
distilleries

8
international
offices

CHINA

TAIWAN

SINGAPORE



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



A MESSAGE FROM

OUR GROUP CEO

We are building a sustainable and competitive regional business that can stand its ground in Africa and select geographies around the world. There is strong evidence that our business is evolving for the better and we are gaining positive momentum.

↑1,9%

While our water usage per litre of production was more than in 2018, it is 19,3% lower than our 2014 base year and we are on track to achieve our overall 2020 reduction target

↑0,4%

While our non-renewable electricity usage per litre of production was more than in 2018, it is 15,6% lower than our 2014 base year and we are on track to achieve our overall 2020 reduction target

↑0,5%

While we emitted more greenhouse gas emissions than in 2018, emissions are 10,5% lower than our 2014 base year and we are on track to achieve our overall 2020 reduction target

↑Level 3

We improved our B-BBEE status to level 3 due to focused strategy implementation and a strong sense of ownership among the various business units and functions responsible for our B-BBEE scorecard

R39,2 million

We continue to invest in training and growing our employees and future leaders

↑12%

The number of black women-owned enterprises within our supply chain continues to increase

↑9,4%

Group revenue increased year on year – enabling us to modernise our assets and make our supply chain more efficient, agile and sustainable

LOOKING BACK ON 2019

We see sustainability as a business enabler to grow our brands, revenue and sales, but also to embed ourselves meaningfully in society and be a partner to the communities in which we operate.

Past efforts have given us a strong base from which to move forward – but we are not satisfied yet. Each year brings an opportunity to set challenging targets against new benchmarks and find better and more innovative ways to manage and use resources.

For example, we lifted the momentum on transformation along our value chain and our efforts did not go unnoticed. We were announced as the overall winner at the 2019 Absa Business Day Supplier Development Awards. However, we recognise there is more to be done, particularly to play a role in stimulating the economy along our value chain and in the communities in which we operate. Going forward, we aim to grow our supplier base by focusing on agriculture and developing empowered apple and grape farmers along our value chain.

Our Taverner Training Programme was launched during the year to empower female taverners along our value chain and we are proud to report that, of the 397 tavern owners who participated in this programme in 2019, 332 were women.

We are exceptionally proud of our Springs facility, which is our largest production site and a modern, world-class, end-to-end cidery of scale featuring innovative green technology. This includes a new wastewater treatment facility, a biogas-fuelled generator as well as a roof-mounted 1 400 kWp solar plant. Our Adam Tas and Wadeville facilities are being modernised to deliver similar best-in-class manufacturing practices.

We have not forgotten the impact that water shortages and severe drought had on our operations in the Western Cape, particularly the stress this placed on our supply chain. Water usage therefore remains top of mind and we reduced consumption year on year. Unfortunately we were unable to achieve our 2019 environmental performance targets related to effluent and greenhouse gas emissions as well as the use of non-renewable electricity and on-site fossil fuels. However, I have no doubt that as a team, we can achieve what we have set out to do by 2020 – backed by our passionate and proud teams.

ALIGNING OUR SUSTAINABILITY JOURNEY WITH LEADING PRACTICE

We strengthened our involvement with the United Nations Global Compact (UNGC), a strategic initiative that encourages businesses worldwide to adopt socially-responsible policies and practices to achieve sustainable development. We increased our level of engagement from a signatory to a participant. This enables us to engage with the UNGC at a global level as well as nationally, which will accelerate our sustainability efforts and scale up our impact.

We continued to align our business activities and programmes with the SDGs. Our efforts were acknowledged by industry leaders, with Distell featured as a best practice example in South Africa's Voluntary National Review of private sector support of the SDGs.

This is a testament to our commitment to find business-led solutions that are responsive to the needs of markets, communities and consumers in South Africa and around the world.

Locally, we are committed to implementing best practice social compliance practices on our farms. This is supported by our partnership with ProCare, a leading emotional wellness company that provides critical psycho-social support to our farm workers and their families. We made good strides during the year but social compliance remains a significant issue for our industry, particularly in the Western Cape. We will continue to engage thoroughly with relevant stakeholders to identify how we can better support workers and their families on our farms.

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

LOOKING FORWARD TO 2020 AND BEYOND

Looking forward, we want to extend our positive impact to those areas of our business where we see the greatest opportunity. For example, we will increase our focus on agriculture, particularly developing transformational partnerships that generate long-term value for the South African economy. This is part of our ambition to contribute meaningfully to the challenge of land transformation in South Africa, which remains a priority concern for business, society and government.

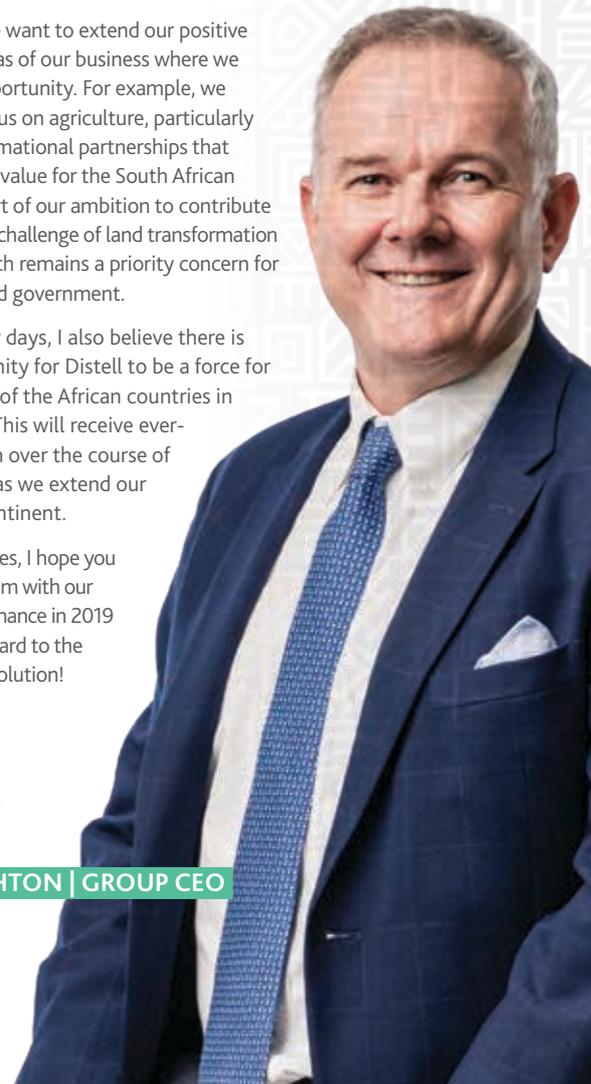
While it is still early days, I also believe there is significant opportunity for Distell to be a force for social good in each of the African countries in which we operate. This will receive ever-increasing attention over the course of the next few years as we extend our reach across the continent.

Despite the challenges, I hope you are as delighted as I am with our sustainability performance in 2019 and are looking forward to the next phase of our evolution!



RICHARD RUSHTON | GROUP CEO

Stellenbosch
27 August 2019



BUILDING ON OUR HERITAGE AND LOOKING AFTER

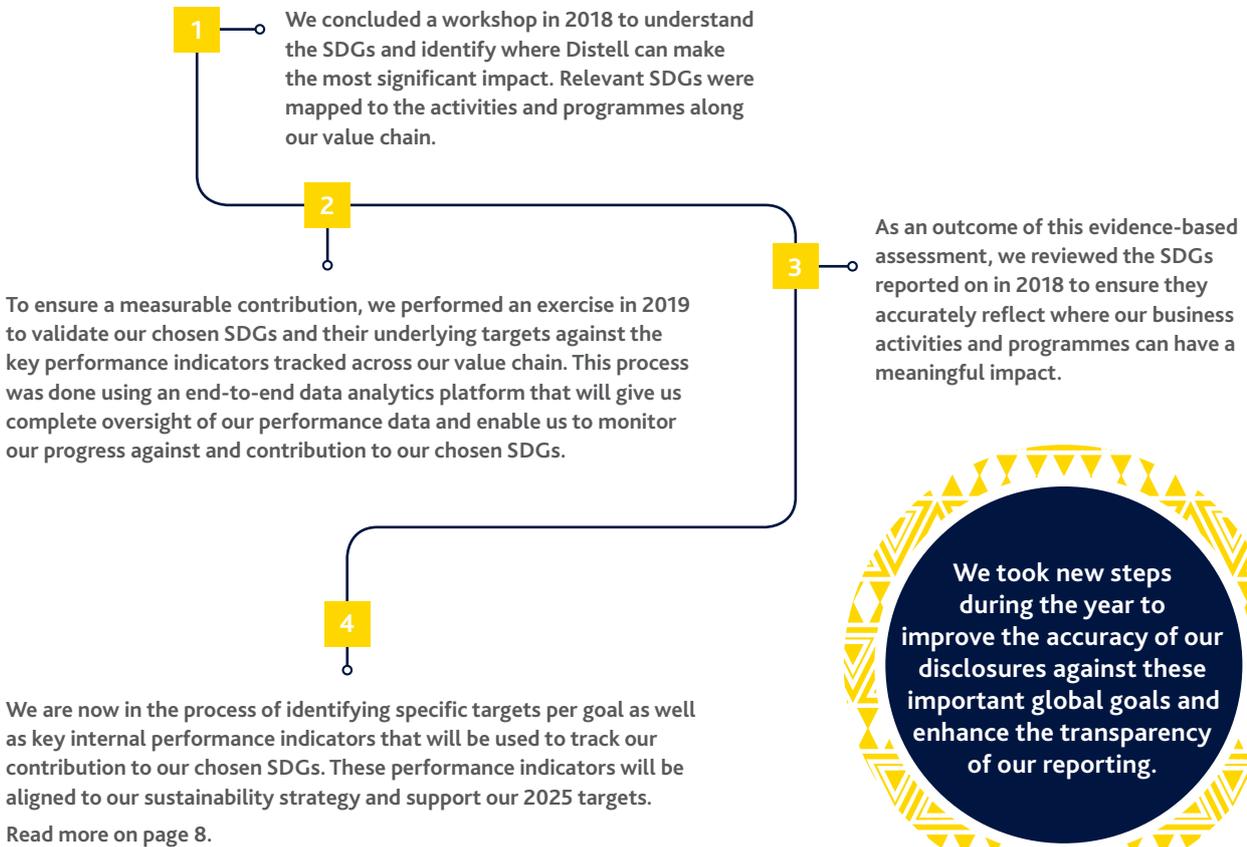
OUR FUTURE

A key aspect of our business transformation journey has been reshaping our culture so that it is aligned with our strategic aspirations. In 2019, we refined our purpose statement and values to reflect Distell's evolution over the years. These foundational elements serve as constant points of reference for who we are and for how we should behave as an organisation.

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

OUR SDG REPORTING JOURNEY CONTINUES TO MATURE



DISTELL'S YOUNG SDG PIONEER: RECOGNISING THE ACTIONS WE HAVE TAKEN TO ALIGN OUR BUSINESS WITH THE SDGS

A Distell employee, Blain van Wyk, was recognised as second runner-up in the 2019 UNGC Network/South Africa Young SDG Pioneer programme. The recognition is a testament to our commitment to drive the SDGs within our business. It further reflects the collective efforts of our sustainability team to foster a culture of shared value creation among our employees and across the entire Distell value chain.



Key:

Our **primary** SDGs include SDGs 3, 6, 8 and 12

Our **secondary** SDGs include SDGs 1, 4, 7, 9 and 13

SDGs 5 and 17 are foundational goals that cut across our value chain

SOUTH AFRICA'S 2019 VOLUNTARY NATIONAL REVIEW: WORKING WITH GOVERNMENT TO ACHIEVE THE COUNTRY'S DEVELOPMENT PRIORITIES

The Global Compact Network South Africa (GCNSA) is part of the UNGC. In 2019, the GCNSA facilitated a review of actions being taken by South Africa's private sector to deliver on the SDGs and the 2030 Agenda for Sustainable Development. South Africa was one of 51 United Nations member states that volunteered to present its Voluntary National Review (VNR).

We are proud to report that our efforts to align the SDGs along our extended value chain were recognised by the GCNSA and were featured as a best practice example in South Africa's VNR. This recognition acknowledges our commitment to work together internally and with other stakeholders to respond to the national and global challenges of poverty, inequality and environmental degradation.

OUR STRATEGY TO TAKE US FORWARD TO 2025

For Distell to thrive, we require prosperous communities and consumers. We therefore aim to stimulate economic prosperity and ensure communities are better off because we are there. Sustainability is a critical enabler of this and, in this way, supports our broader business strategy.

We continued the robust implementation of our sustainability strategy during the year. Notably, we identified four strategic pillars that will guide our performance going forward. These are planet, people, profit and purpose. These pillars are aligned to the key areas along our value chain, namely promoting responsible drinking, achieving transformation, managing our supply chain sustainably and empowering communities.

For each pillar of our strategy, we are in the process of setting ambitious sustainability targets to take us forward to 2025 and want to align these targets to our primary and secondary SDGs. As part of our maturity journey, we tracked our performance for 2019 against the broader SDG targets identified by the United Nations. Going forward, we will identify specific internal targets per SDG that will be aligned to our broader 2025 targets and sustainability strategy.

Read more about our SDG reporting journey on page 6.

PURPOSE

We are committed to leading Africa's alcoholic beverage sector, by leveraging our Brands with Purpose and innovating the 'use to reuse' of produce waste and by-products. This supports our key focus areas 'managing our supply chain sustainably and achieving transformation.



Targets to 2025

We want to continue to embed meaningful Brand with Purpose initiatives where opportunities exist along our value chain for select brands.

What we have achieved

- The Amarula Trust and WildlifeDirect partnered in 2016 and have since launched three global campaigns to raise awareness of the plight of the African Elephant – read more on page 60
- Drostdy-Hof and the Pinotage Youth Development Academy have collaborated to establish a one-year Protégé Programme at Distell – read more on page 32

PLANET

We are committed to managing our environmental matters as an integral part of our business and our licence to thrive. This supports our key focus area managing our supply chain sustainably.



Targets to 2020

We have set ambitious targets to reduce our use of electricity, water and energy as well as our greenhouse gas emissions, effluent discharge and waste management from the 2014 base year. Targets will be revisited at the end of 2020 to consider including Africa and international facilities. This might require a new base year.

What we have achieved



Target 6.3 (improve water quality)

- Volume of wastewater and effluent 16,7% lower than 2017 base year

Target 6.4 (increase water use efficiency)

- Water treatment and water reclamation facilities at three sites

Target 6.6. (restore water-related ecosystems)

- Founding member of the Stellenbosch River Collaborative and active participant in the Co-Go initiative (R1 million donated to date)



Target 12.2 (efficient use of natural resources)

- Water used per litre of production 19,3% lower than 2014 base year

Target 12.5 (reduce waste generation)

- 79 146 tonnes of glass returned and reused
- Only 1% of all packaging by weight is plastic
- Launched GreenUP, a post-consumer waste recycling programme



Target 7.2 (increase renewable energy)

- Springs 1 400 kWp solar PV plant generated 2 036 786 kWh of solar power



Target 9.4 (make infrastructure and industries more sustainable)

- Greenhouse gas emissions 10,5% lower than 2014 base year



Target 11.6 (reduce environmental impact)

- Implementation of lightweight packaging materials under way

PEOPLE

We are committed to ensuring that the communities in which we operate are better off because we are there. Our sustainability purpose also acts as a talent magnet for Distell. This supports our key focus areas empowering communities and promoting responsible drinking.



Targets to 2025

We want to empower communities by creating access to jobs, mentoring women, promoting responsible consumption and encouraging more of our employees to give back through our employee volunteer programme.

What we have achieved



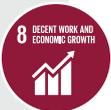
Target 3.5 (strengthen prevention and treatment of substance abuse)

- 196 pregnant women supported through FARR
- 213 pregnant women supported through FASfacts
- Over R20 million invested in harm reduction through Aware.org.za
- Launched our #RespectNotRegret campaign in October 2018



Target 1.3 (implement social protection systems)

- 100% of premium grape and wine suppliers are WIETA certified



Target 8.7 (eradicate forced labour)

- 100% of premium grape and wine suppliers are WIETA certified

Target 8.8 (promote safe and secure working environments)

- Zero work-related fatalities
- 29 878 consultations across our on-site clinics



Target 4.4 (increase youth and adults with relevant skills)

- Funding provided for 23 students to obtain qualifications in the hospitality industry
- Sponsored Ranyaka Community Transformation's Building Business programme
- Headline sponsor of University of Stellenbosch Small Business Academy's Development Programme
- Funder and partner to Chrysalis Academy since 2012



Target 5.5 (effective participation and equal opportunities for women)

- 43% of appointments and 38% of promotions went to women
- 50% gender representation directive set across all management occupational levels



Target 17.16 (enhance partnerships for sustainable development)

- Launched the Distell Gender Inclusivity Flagship Programme using the Women's Empowerment Principles Gender Gap Analysis Tool

PROFIT

We are committed to embedding shared value in our management strategy by identifying business opportunities that also serve as solutions to social problems and, in doing so, achieve economic success. This supports our key focus area achieving transformation.



Targets to 2025

We have set ambitious targets to empower apple and grape farmers and female tavern owners along our value chain as well as create jobs by developing a circular economy for post-consumer waste. We continue to develop and entrench business processes to improve our B-BBEE scorecard.

What we have achieved



Target 8.2 (achieve higher levels of economic productivity)

- Total value of our enterprise and supplier development programme is R89,1 million
- 11 businesses and eight producers signed on to this programme to date

Target 8.3 (promote formalisation of micro-sized enterprises)

- Launched GreenUP, a post-consumer waste recycling programme

Target 8.5 (achieve full employment for all)

- 332 female tavern owners reached through the Distell Taverner Training Programme



Target 12.7 (promote public procurement practices)

- 11% increase in number of black-owned businesses in our supply chain
- 12% increase in number of black women-owned enterprises in supply chain



OUR STAKEHOLDERS

Maintaining sound, transparent relationships with all our stakeholders is a priority because our long-term sustainability depends on them.

Our ability to deliver on our strategic objectives is dependent on a diverse group of stakeholders who all have a legitimate interest in the way we conduct our business. Our approach to stakeholder engagement is therefore aimed at building and maintaining quality relationships that help us achieve more and do better. This is supported by regular engagement with our stakeholders to understand their needs and expectations and respond accordingly. We welcome stakeholder feedback and take it seriously because it is invaluable to our continued success.

The social and ethics committee oversees and monitors the implementation of the Group Stakeholder Management framework, which outlines our philosophy and guides our relationships with stakeholders. Engagement and communication happen at corporate level and at touch points across our business. Information about how we engage with our stakeholders is detailed in our 2019 integrated annual report, available on our website. Insights into programmes and initiatives for our various stakeholders is also featured throughout this report.



Employees

Read more from page 62.



Communities

Read more from page 34.



Suppliers

Read more from page 26.



Government

Read more from page 23.



Strategic business partners

Read more online in our integrated report.



The environment

Read more from page 44.



Consumers

Read more from page 16.



Investors

Read more online in our integrated report.



Trade customers

Read more online in our integrated report.



Industry bodies

Read more online in our integrated report.

WE TAKE GREAT CARE TO ENSURE GOOD GOVERNANCE OF SUSTAINABILITY

Our sustainability strategy is overseen by the sustainability council, which was established in 2017 and provides critical oversight of the various sustainability functions within Distell. Council membership includes senior management and the Group CEO. The council is headed by Bridgitte Backman, our director of corporate and regulatory affairs. The council meets quarterly and monitors Distell's action plans and performance against set metrics relating to:

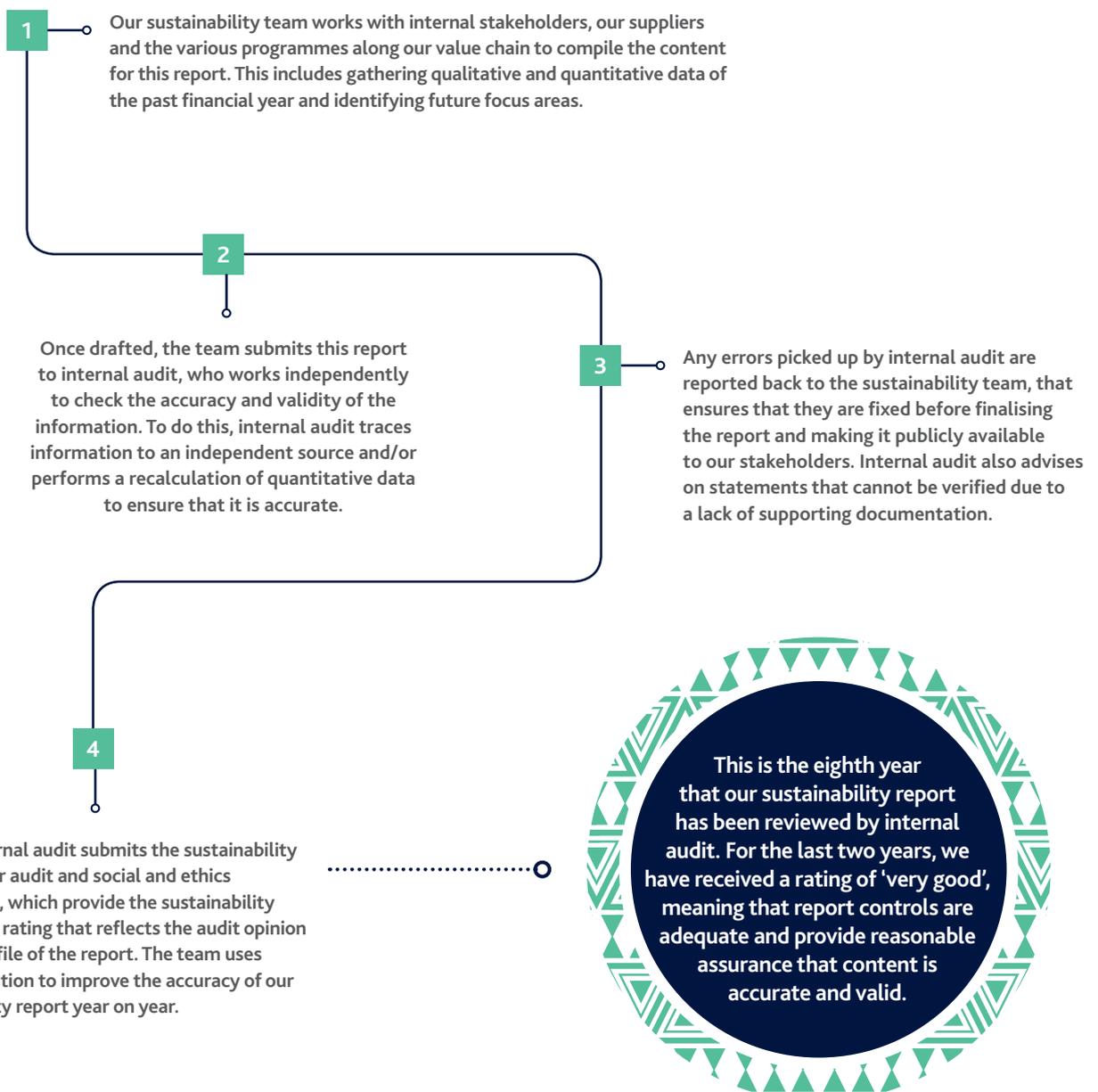
- SHERQ (safety, health, environment, risk and quality);
- Public policy (industry and geography-related) and regulatory affairs;
- B-BBEE and transformation;
- Corporate social investment;
- Enterprise and supplier development; and
- Human rights and social compliance.

The ultimate custodian of sustainability at Distell is our social and ethics committee, which oversees our sustainability performance and provides feedback to our board on whether it believes the business is fulfilling its social and ethical obligations as a good and responsible corporate citizen. The social and ethics committee takes a principles-based approach, guided by regulation 43 of the Companies Regulations and the ten principles of the UNGC.



Taking steps to ensure that the content of this report is accurate and reflects our sustainability performance.

We work with our internal audit team to review the accuracy and validity of this report. Internal audit is a significant contributor to our defence systems and helps to ensure that any reporting or disclosure risks are understood, identified and effectively managed and mitigated.



WE UNDERSTAND THE THINGS THAT THREATEN OUR SUSTAINABILITY

We held a workshop to better understand the sustainability-related issues facing our business. As an outcome of this process, we identified the following as key focus areas to ensure the continued implementation of our sustainability strategy.

SUSTAINABILITY ISSUE

WHAT THIS MEANS TO DISTELL



Mitigating the impact of climate change

We depend on agriculture and a secure supply of water. **Climate change and related extreme weather events may negatively impact the quality and availability of these resources and, in particular, apple and grape production. This affects the security of our supply chain.** Changes in rainfall patterns may particularly affect our ability to access water used in cleaning, processing and the final production of wine and cider.



Responsibly managing materials and waste

We generate waste during **the production, packaging and distribution of our products that must be managed responsibly** to reduce legislative or compliance-related consequences. Consumers are also growing increasingly concerned about the **damaging effects of plastic** on the environment. Failure to manage this material responsibly could result in significant reputational damage.



Securing a reliable supply of water and managing wastewater and effluent responsibly

Distell depends on water for agricultural expansion, the production of raw materials and for manufacturing. The importance of **a reliable water supply is critical.** Wastewater and effluent are by-products of our production processes. Our reputation is at risk if we fail to manage our operations and the potential impact on water quality.



Safeguarding the wellness, health and safety of our employees

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



Promoting individual rights and freedoms across our operations

The focus on social compliance within the wine industry has increased significantly. **Customers and consumers demand assurance that acceptable social standards are being met** by Distell and our suppliers. Failure to meet or exceed these expectations could negatively impact our financial performance or damage our reputation.



Stimulating the growth of resilient local economies

For our business to thrive, we require resilient economies in the areas where we operate. We therefore have to play our part in broader social and economic transformation to **foster inclusive participation and the empowerment of individuals, communities and suppliers along our value chain.**



Securing our talent pipeline

Our decentralised model **requires specialised skills and we need sufficient internal talent to support our inorganic growth pipeline.** Distell's change journey could detrimentally impact our stakeholders. This includes risks related to corporate reputation and the loss of critical skills.

WHAT WE ARE DOING ABOUT IT

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. In response, **we have installed solar PV facilities at one of our sites, and generate biogas/methane-based electricity at one of our sites.** We also **invest in research to support** the sustainability of the supply of key grape and apple requirements.

We reduce the impact of glass in our packaging activities by **adopting the 'three Rs' of waste management: reduce, reuse, recycle.** Where appropriate, we have switched to materials that are more environmentally friendly or reduce volume and weight to landfills. We also **launched our GreenUP initiative** during the year, a recycling programme based in Khayelitsha, Western Cape.

In 2017 we established a sustainable water supply programme and water crisis committee to **develop and implement interventions to reduce water usage and mitigate the threat of Day Zero.** To manage wastewater and effluent, we have water treatment and water reclamation facilities at three of our production sites. We conduct effluent characterisation studies to inform the design of appropriate wastewater treatment facilities at sites.

We have an employee safety, health and wellness programme and a **comprehensive occupational health and safety (OHS) strategy** in place. On-site clinics provide occupational health services to operational employees. Annual **education session and our employee assistance programme (EAP)** offers employees the chance to address personal issues impacting their work.

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

We support government's broader national transformation goals and create opportunities to reduce poverty and inequality, and in particular gender inequality. This is guided by **our integrated B-BBEE strategy and innovative approach to enterprise and supplier development.**

We strengthen our employment policies and practices, and our reward systems, to **ensure the right talent is identified, recruited, developed and retained.** Skills gaps are identified and filled through talent management and recruitment processes. We have leadership capability and development processes in place. Effective change management initiatives support and enable our change journey. Our talent management process is used to protect critical skills.



TELLING OUR STORY THROUGH THE

JOURNEY OF A BOTTLE

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



Today, the bottle's destiny is an accessibly priced, low-alcohol wine. Although the alcohol is less, this wine offers the same depth of flavour and sense of occasion as our alcoholic beverages.

Read more about how we are offering our consumers more choice on page 22.



Ready to leave, the bottle notices the health warning on its product label. This is part of our commitment to brand products with care and promote responsible drinking.

Read more about how we develop and distribute our products responsibly on page 22.



The bottle watches the farm workers among the vines. A lady picking grapes has been there before – she stays with us because labour is decent and her payment is fair. Well-being programmes ensure she is happy and safe.

Read more about our responsible agricultural practices on page 59.



On the factory floor, someone checks carefully to ensure our health and safety standards are met.

Read more about how we are enhancing employee wellness, health and safety on page 66.



As the bottle moves inside to be filled, it sees someone from Distell taking the farmer through an audit to ensure he complies with our social, ethical and environmental standards.

Read more about our responsible agricultural practices on page 58.



The farmer is innovative and his production processes progress all the time. Water is scarce, and the bottle is glad to see new groundwater pumps, water being recycled and less water being used than before.

Read more about what we are doing to reduce our water consumption on page 50.



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

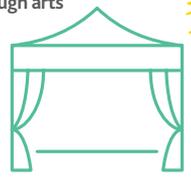
Soon the bottle is empty and it is time for it to be melted down and start afresh.

Read more about what we are doing to reduce the amount of glass we buy on page 54.



The bottle is carried to a nearby show where local youths perform. The show is sponsored by Distell, who is helping to enrich this community and give it a lift.

Read more about how we empower communities through arts and culture on page 40.



The bottle is loaded into a truck. We helped the driver start his own business and he now forms part of our value chain. He handles the bottle with care and soon it is on its way.

Read more about our enterprise and supplier development initiatives on page 28.



The bottle journeys to a local community tavern and is glad to see there are no youths inside. The tavern owner completed our Taverner Training Programme and runs a tight shop.

Read more about this programme and how we encourage responsible trading on page 26.



Served to a table of friends, the bottle notices that one is pregnant and is happy when she waves it away. She has been on the Healthy Mother, Healthy Baby (HMHB) programme and is not drinking while pregnant.

Read more about this and the other programmes we support to promote responsible drinking on page 16.



This time the bottle will carry cider and be part of our 'Give back, Get back' (GBGB) initiative.

Read more about this and our other waste management initiatives on page 54.



We sponsor a waste picker through our GreenUP initiative, a new enterprise supporting our efforts to create a circular economy. The bottle plays its part to create jobs and sustainable income streams in rural economies.

Read more about GreenUP on page 56.



This story formed part of our submission to the GCNSA's VNR and highlights some of the actions we are taking to deliver on the SDGs and South Africa's broader transformation agenda. It further demonstrates our commitment to the UNGC and what we are doing to play our part in shaping a sustainable future.



PROMOTING

RESPONSIBLE DRINKING

As part of our ambition to create memorable moments and craft a better future for all our stakeholders, we promote responsible enjoyment of our products.

3 GOOD HEALTH AND WELL-BEING



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

For us at Distell, we recognise our responsibility to reduce alcohol-abuse-related harm. Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDG 3.

We indirectly contribute to SDGs 5 and 8.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Aware.org.za focuses on key areas to put an end to alcohol abuse and misuse in South Africa.

Our responsibility to promote responsible drinking extends into the communities where our products are consumed, and we are focused on combating the social and economic impact of alcohol abuse. We invest in harm reduction initiatives (including responsible advertising) and ensure that we expand our portfolio to offer consumers greater choice.

CONTRIBUTING TO HARM REDUCTION

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

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

OUR PARTNERSHIP WITH AWARE.org.za

Aware.org.za's targeted on-the-ground programmes are designed to drive social change, promote responsible drinking and make a sustainable difference in communities. To achieve this, Aware.org.za performs ongoing research and provides effective collaboration with partners in multiple provinces across South Africa.

"Aware.org.za is well placed to rewrite the narrative of alcohol abuse in South Africa. Its role is to support businesses and society to achieve deep and sustainable social change for the greater good. Our multi-stakeholder approach makes it imperative to ensure that everyone is aligned and working towards a single goal. This co-ordinated and collaborative effort is supported by Aware.org.za members, who recognise the importance of creating a culture of responsible drinking. This is a journey that will see us not only disrupting the current trends but also turning the tide on alcohol abuse and misuse. It will also make us all responsible for the better!"

Ingrid Louw, chief executive officer of Aware.org.za



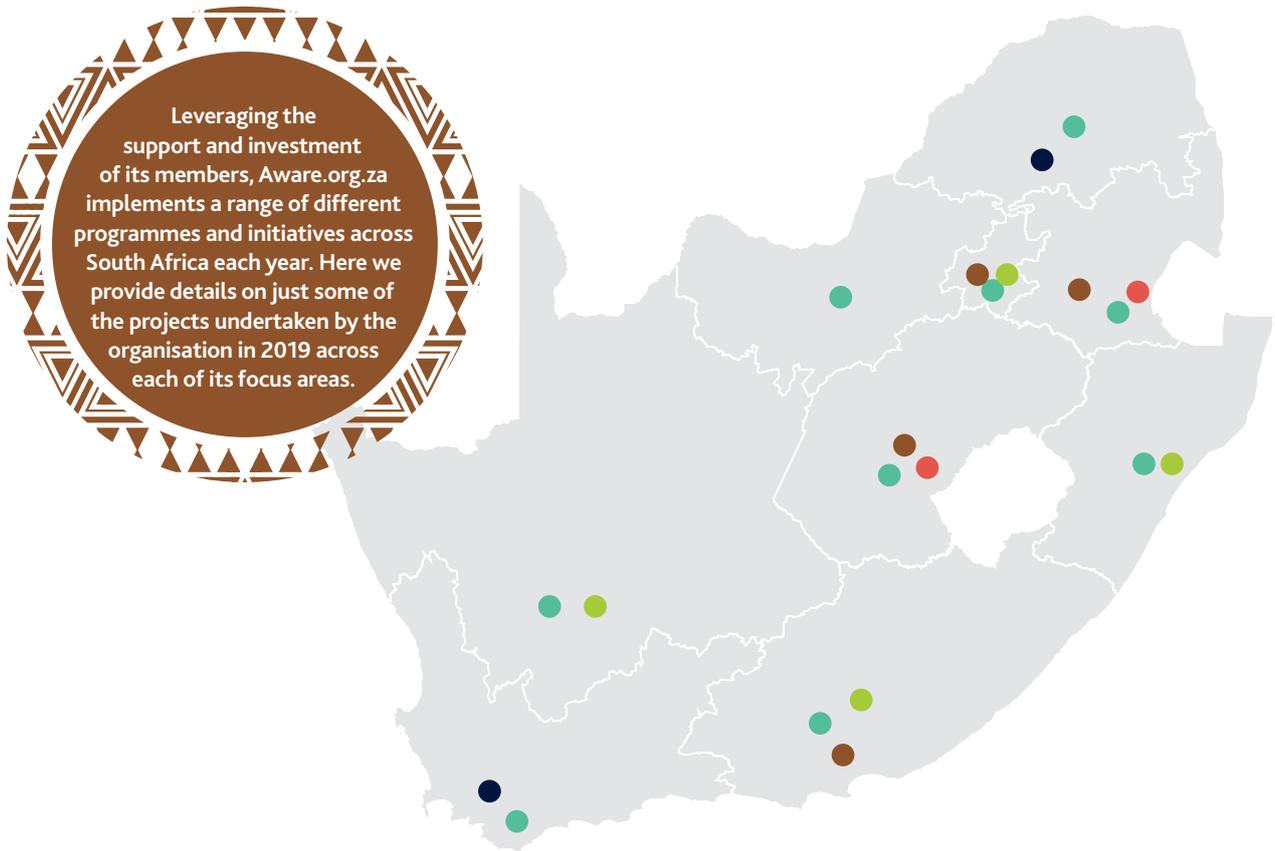
Over
R20 million
invested in
2019

Last year, we committed to strengthening our relationship with Aware.org.za by increasing our annual contribution up from R14 million in 2018. In 2020, we will continue to work alongside Aware.org.za and provide meaningful support and investment.

In addition to Distell, other members of Aware.org.za include various alcoholic beverage manufacturers in South Africa as well as 2 500 primary wine producers.



AWARE.ORG.ZA'S PROGRAMMES ACROSS SOUTH AFRICA IN 2019



Aware.org.za's programme footprint as at February 2019.



A better tomorrow starts today

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

Over the past 12 months, the *It Starts Today* programme was rolled out across Botshabelo and Bushbuckridge communities in the Free State and Mpumalanga and reached 4 953 learners in eight schools.



Know when you are drinking too much

Aware.org.za is focused on enabling a culture of moderation and responsible alcohol consumption. This includes making people aware of the dangers of binge drinking – a term used to describe an excessive amount of alcohol consumed by an individual in a short period of time. This is typically defined as four drinks for women and five drinks for men in about two hours.

In May 2019, Aware.org.za partnered with the Gauteng Liquor Board and the Johannesburg Metro Police Department to create awareness about the harmful effects of alcohol abuse at the South West Gauteng TVET (Technical and Vocational Education and Training) College Career Expo.

During the one-day expo, Aware.org.za reached over 4 000 students and equipped them with the knowledge to make informed decisions about their alcohol consumption.



WINE: 175 mℓ
1/2 of a glass



BEER: 340 mℓ
2/3 of a bottle



SPIRITS: 25 mℓ
1 tot



Safe, sensible and responsible drinking and retailing

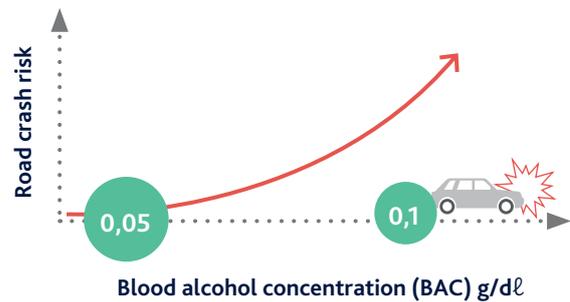
Community formalisation includes collaborating with liquor traders to ensure that communities have access to well-kept safe public spaces and alcohol retail outlets. To achieve this goal, Aware.org.za is collaborating with various strategic partners to roll out its Responsible Traders Facilitation (RTF)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

About 724 tavern owners around Gauteng, Eastern Cape, Free State and Mpumalanga benefited from Aware.org.za's RTF programme. Importantly, these beneficiaries were equipped with an understanding of the implications of applicable liquor laws on their businesses and were provided with mentorship to help them operate legally. Ultimately, the RTF programme aims to foster positive relationships between retailers and the communities they serve.



Having even one drink? Rethink. Don't drink and drive.

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



Their tomorrow starts when you don't drink

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

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



FASFACTS SUPPORTS 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.

The PWMP is managed by a social worker and run in partnership with community members in Worcester, Western Cape. The programme offers support, counselling and mentorship to expectant mothers, as well as training on how to make positive choices during pregnancy. Expectant fathers are also included, thereby encouraging both parents to take responsibility for the future of their unborn child.

In 2019, 12 new mentors were recruited and trained to provide support to pregnant women in Worcester, bringing the total number of mentors in this region to 44. These mentors successfully recruited 153 pregnant women during the year.

Of the 153 pregnant women who were recruited and successfully completed the PWMP in 2019:

97

consumed alcohol when they joined the programme

51

stopped drinking thanks to the mentorship provided by the PWMP

20

started drinking less during their pregnancies

Collaborating with FASfacts in the Eastern Cape

In 2015 we were approached by the Eastern Cape Liquor Board for input on how to manage and reduce the socio-economic effects of excessive alcohol consumption in the province.

Owing to the success of the PWMP in the Western Cape, we entered into a strategic partnership with FASfacts, the Eastern Cape Liquor Board and Rhodes University to roll out the programme in the Mdantsane and Gonubie areas in East London in 2016. Rhodes University was selected as a research partner to ensure that the PWMP is implemented effectively and targets pregnant women most at risk. The PWMP was launched in Mdantsane in January 2018 and 20 mentors were recruited into the programme. In year one, 60 pregnant women were recruited and successfully completed the PWMP in March 2019. A second group of 60 women were recruited in April 2019.

Of the 60 pregnant women who were recruited and successfully completed the PWMP in 2019:

55

consumed alcohol when they joined the programme

39

stopped drinking thanks to the mentorship provided by the PWMP

9

started drinking less during their pregnancies



"Our relationship with Distell spans more than 10 years, four communities and two provinces, impacting the lives of many pregnant women and their families. Since the inception of the PWMP, Distell has provided invaluable guidance, input and support. This has ensured that we can continue our work and expand our programme. Importantly, Distell's support has enabled us to measure the PWMP's social return on investment and gain a meaningful understanding of how the programme impacts communities and influences pregnant moms to make healthy choices that will have a lifelong positive impact on the lives of their babies."

Francois Grobbelaar,
chief executive officer of FASfacts



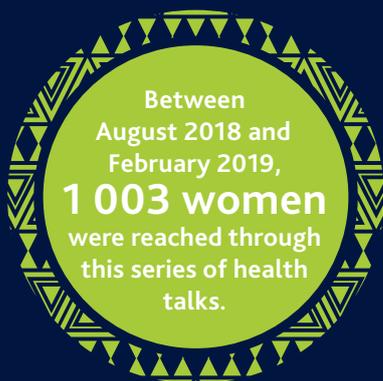
To strengthen the reach and impact of the PWMP, FASfacts appointed an office manager and two full-time community workers in Worcester as well as a full-time community worker in Mdantsane. The community workers make a significant contribution to the success of the PWMP as they provide a critical link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

FARR FOCUSES ON THE PREVENTION AND MANAGEMENT OF FASD

FARR is one of South Africa's leading organisations driving research on FASD and has implemented nationally acclaimed prevention, support and management programmes across South Africa.

We fund FARR's Healthy Mother, Healthy Baby (HMHB) programme, which supports pregnant women in vulnerable communities around Upington, Northern Cape, irrespective of whether they use alcohol or not. The programme provides motivational group support, home visits and a buddy system to help expectant mothers avoid prenatal alcohol abuse, entrench harm reduction thinking and enjoy healthy pregnancies and happy babies.

Between August 2018 and July 2019, 196 women were recruited to the HMHB programme. FARR also presented a series of health talks at its various clinics to raise awareness about the dangers of drinking during pregnancy, encourage community and partner support for expectant mothers and share key insights related to preventing FASD.



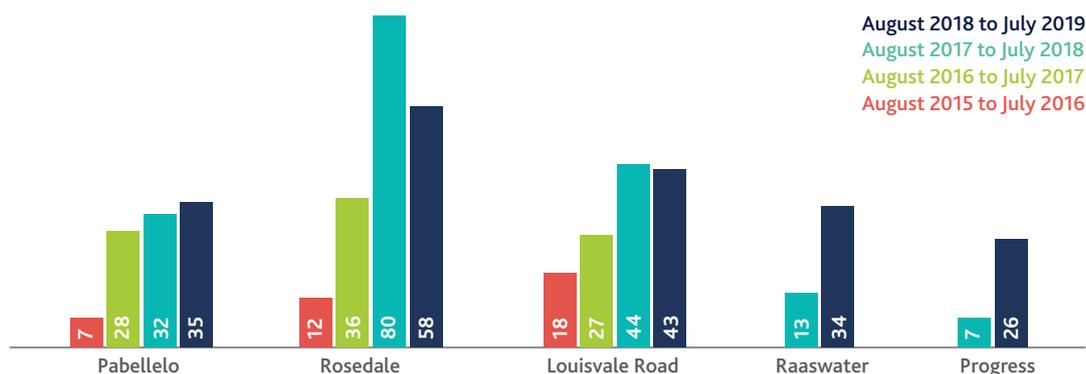
The HMHB programme is bolstered by the FARR Training Academy, which targets health professionals, social workers, community leaders and educators, and provides them with the knowledge and tools to spread awareness about prevention. This strengthens the capacity of communities to build positive futures for their children.



"Research in our country indicates that there are many individuals and communities with low alcohol literacy and little knowledge about the harmful effects of alcohol abuse and FASD. The support provided by Distell over the past three 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."

Dr Leana Olivier, chief executive officer of FARR

NUMBER OF MOTHERS PARTICIPATING IN THE HMHB PROGRAMME



OFFERING OUR CONSUMERS MORE CHOICE

While there is an increasing call from wellness-focused consumers for premium non-alcoholic* and low-alcohol experiences, they still desire the same depth of flavour and sense of occasion associated with alcoholic drinks.

Our current portfolio of non-alcoholic and low-alcohol brands spans the following categories:



Non-alcoholic sparkling wine:
**CHAMDOR,
J.C. LE ROUX**



Low-alcohol wine:
**DROSTDY-HOF
LIGHT, FLEUR DU
CAP LIGHT**



Low-alcohol cider:
**SAVANNA
LIGHT**



Non-alcoholic cider:
**SAVANNA
LEMON**

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

* According to regulations relating to the labelling and advertising of foodstuffs, non-alcoholic means not more than 0,5% alcohol by volume.

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.



MAKING SURE WE ADVERTISE RESPONSIBLY

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

We launched our #RespectNotRegret campaign in October 2018. This campaign encouraged responsible alcohol consumption among consumers by reminding them that no matter what they choose to drink, they must know when they have had enough. #RespectNotRegret reflects our ongoing efforts to create awareness about the dangers of alcohol abuse and was advertised on national and regional radio stations and via social media, reaching over three million people nationwide.

 Over 1,4 million consumers reached via three SABC radio stations

 Over 2 million consumers reached via social and digital media platforms

 Facebook was the best performing platform, reaching 1,9 million users

 18- to 24-year olds were the best performing age group on social media

These figures reflect the festive period from October 2018 to December 2018.



WORKING ALONGSIDE GOVERNMENT TO COMBAT ALCOHOL ABUSE

South Africa continues to grapple with the economic and social impact of alcohol abuse. We understand the challenge the government is facing and are committed to working collaboratively to find sustainable solutions in combatting and reducing alcohol harm. For example, our advertising is sensitive to vulnerable consumer groups and we focus our education and awareness efforts on responsible consumption.

We are actively addressing other aspects of the policy:

Mitigate the socio-economic impact of alcohol abuse and alcohol-related harm

We actively raise awareness of the long-term effects of alcohol abuse. This includes a strong focus on FASD. Read more from page 16.

Transform South Africa's alcoholic beverage industry

Our comprehensive and integrated B-BBEE strategy helps us achieve our own transformation aspirations and those of government. Read more from page 25.

Collaborate on key aspects of regulation to improve implementation and adherence

We actively engage with government on proposed legislation through the South African Liquor Brand Owners Association (SALBA) and other industry bodies.

PROMOTING RESPONSIBLE DRINKING BY COMBATING TRADE IN ILLICIT ALCOHOL

Illicit trade in alcoholic beverages, including trade in counterfeit products and cross-border smuggling, remains a key business challenge and poses a risk to our consumers.

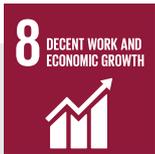
Global market research company, Euromonitor International, undertook a study to determine the impact of the illicit trade of alcohol in seven African countries, including South Africa. The study, released in 2018, concluded that one in four bottles of alcohol consumed are illicit, representing 25,8% of the market. In addition, it found that the South African economy suffered a fiscal loss of R6,4 billion in 2017 due to illicit alcohol activities. Importantly for our consumers, illegal alcohol products pose a serious risk to their health and safety as they contain potentially dangerous substances.

We have developed an internal framework to address this issue and, through SALBA, CGCSA and other industry bodies, we play an important role in managing and co-ordinating industry initiatives to combat the illicit trade in alcohol.



ACHIEVING TRANSFORMATION

Transformation is integrated into every aspect of our business and along our value chain. In action, this means accepting differences, recognising the value of diversity and accelerating lasting socio-economic growth in the key markets and communities in which we operate.



A continued 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.

For us at Distell, we focus on inclusion and economic growth along our value chain to reduce poverty and inequality (including gender inequality). Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDGs 8 and 12.

We indirectly contribute to SDGs 1, 5 and 17.



We are focused on doing more of the right things for the right reasons while supporting government's broader national transformation goals. This includes creating opportunities to reduce poverty and inequality, in particular gender inequality. This vision is outlined in government's National Development Plan. We are proud of our commitment to build and strengthen South Africa's economy. We contribute to achieving the full potential of people and communities across the country through various initiatives, which are discussed on the following page and unpacked in more detail throughout this report.

EQUALITY, TRANSFORMATION AND EMPOWERMENT MEAN BETTER BUSINESS AND STRONGER COMMUNITIES

According to the World Economic Forum, it may take another 202 years to close the global economic gender gap if we continue at the current rate of progress. Companies around the world are therefore acting to promote gender equality and women's full participation and leadership in the workplace, marketplace and community, underpinned by the Women's Empowerment Principles (WEPs). These principles are advocated by the United Nations Women and the UNGC.

As part of our mission to do things better, we used the WEP Gender Gap Analysis Tool in November 2018 to assess gender equality within our business. Developed in consultation with more than 170 companies, this online tool uses a global framework and helps companies identify strengths, gaps, and opportunities to improve their gender equality performance. We achieved a score of 30% (against a global average of 26,6%) and the ranking of 'Improver'. This means that we understand the importance of gender equality but are still working on a strategic approach to implement our commitment and measure and report on progress. We are up for the challenge and are taking steps to contextualise and localise the suggested management practices for the business units across our value chain. This will help ensure that our approach to gender equality is aligned with global better practice. Going forward, our efforts in this regard will fall under the Distell Gender Inclusivity Flagship Programme.

"Diversity and inclusivity allows us to broaden our horizons and unlock creativity and innovation. The Distell Gender Inclusivity Flagship Programme therefore exists to not only frame Distell's conversation around diversity and the importance of inclusivity, but also to guide the approach and direction of projects in the value chain which are relevant for women and viable for business. This helps benefit social cohesion and strengthen the business case for inclusion."

Bridgitte Backman, director: corporate and regulatory affairs at Distell

"We are committed to our transformation journey, which aims to craft a culture of inclusivity with rich values, varied ideas and perspectives. This ultimately provides Distell with a competitive edge, which contributes towards sustainable business success."

JP van der Walt, director: human resources at Distell

DELIVERING ON OUR B-BBEE COMMITMENT

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

	MAXIMUM POINTS AVAILABLE	DISTELL'S VERIFIED SCORE FOR FY2018	DISTELL'S VERIFIED SCORE FOR FY2019 ¹	
Equity ownership	25	25	25	The Distell Development Trust contributes to our B-BBEE ownership. Read more from page 70.
Management control	19	5,75	6,40	We understand the importance of and support inclusive transformation to realise South Africa's full potential. Our National Employment Equity Plan 2017–2022 sets key workforce transformation milestones. Read more from page 68.
Skills development	20 + 5 BONUS = 25	18,12 + 1,93 BONUS = 20,05	17,95 + 3,88 BONUS = 21,83	We have a range of skills development programmes in place to support and develop our employees. Read more from page 64.
Preferential procurement	25 + 2 BONUS = 27	25 + 2 BONUS = 15,07	14,49 + 1,5 BONUS = 15,99	Distell's inclusive purchasing strategy grows our preferential procurement pool and creates market accessibility. This is particularly important for small- and medium-sized black-owned and black women-owned businesses. Read more from page 32.
Enterprise and supplier development	15 + 2 BONUS = 17	15 + 2 BONUS = 17	15 + 2 BONUS = 17	Where market access has been created but capacity is still required to meet the market need, our enterprise and supplier development strategy facilitates business development and incubation. Read more from page 28.
Socio-economic development	5	5	5	We create value for the communities in which we operate by leveraging strategic partnerships across South Africa. Read more from page 34.
Total	109 + 9 BONUS = 118	83,94 + 3,93 BONUS = 87,87	83,84 + 7,38 BONUS = 91,22	Level 3 contributor

¹ Our B-BBEE scorecard was issued on 9 October 2019 for the 2019 financial year. This scorecard is valid until 8 October 2020.

"Distell has taken a focused approach to B-BBEE and related elements. A concerted effort has been made to ensure integration of projects across the scorecard for maximum impact and business functions have taken ownership of the work in their area of responsibility. This has resulted in many initiatives not only meeting B-BBEE requirements but also having real social benefit. When B-BBEE is integrated into our business strategy, the impact is transformational."

Nichole Solomons, manager: socio-economic development at Distell





TOGETHER WE PROSPER: INTRODUCING OUR TAVERNER TRAINING PROGRAMME

Distell developed a Taverner Training Programme designed to empower female taverners with basic business and in-trade execution skills to grow their businesses sustainably. The programme is a first for Distell and advances collaboration from the boardroom to the taverns along our value chain.

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

"The programme was designed to empower primarily retailers with business and tavern operations skills to profitably grow their businesses while, at the same time, developing a purposeful partnership with their suppliers, in this case Distell."

Eddie Morris, CEO: Universal E.M. Solutions

"I came here thinking it was just another session filled with things I wouldn't be able to apply in my business. However, after the two days, I am more aware of how I can improve and make an impactful change to my business."

Tryphina Adonis, owner of Tryphina's Liquor Store in Khayelitsha, Western Cape

"I am extremely proud to be part of this training programme. The module I am most passionate about is responsible retailing and legal compliance, which empowers and encourages socially responsible trading. This is important for Distell, as we remain committed to the guidelines prescribed by government to address concerns about alcohol abuse-related harm in South Africa."

Jolene Henn, head of Corporate Affairs Southern Africa



"This is a first for Distell - working with our taverners and training them. We want to share our knowledge and we could feel from the energy in the room and hear from the questions being asked that we are at the start of a fantastic journey together."

Wim Bührmann, managing director: Distell Southern Africa



"Our tavern owners are our business partners, and we aim to prosper together. We are developing small-sized, largely female, retailers' skills and competencies to improve the profitability and sustainability of their businesses and accordingly the quality of life of their families. We also want to improve the welfare and development of the communities in which we operate together."

Eric Leong Son, Group manager: Sustainability at Distell



"I have been listening to the experiences of the people here. I constantly asked myself whether I was doing the right thing and, after the two days here, I am reinforced that where it concerns my business, I have been on the right track."

Luvo Ntuma, owner of Madlamini's Place in Khayelitsha, Western Cape



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

In South Africa, entrepreneurship and the growth of small- and medium-sized enterprises (SMEs) are widely recognised as critical to achieve inclusive economic growth and development and stimulate job creation.

We are working hard to transform our supply chain and contribute to meaningful development that supports a more equitable and sustainable society. We are doing this by increasing the number of black-owned and black women-owned enterprises from which we procure goods and services. We are also empowering small business owners with the tools they need to become key partners to our business.

As it remains a challenge to scale up the inclusion of SMEs in our core business value chain, we take a collaborative approach with our E+Scalator programme, which was launched in 2016 with six key objectives in mind:

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

The total value of our E+Scalator programme is R89,1 million, comprising R51,7 million in interest-free loans, R21,4 million in equity investments and R16,1 million in kind support. During the year, we reassessed how we measure the contribution of the SMEs participating in our E+Scalator programme – with a focus on job creation, ownership and the realisation of broad-based empowerment. Going forward, this will help ensure that we create a truly transformed and inclusive supply chain that delivers a meaningful impact for our business and those of our suppliers.

AGRI+GATOR

We also launched our Agri+Gator programme in April 2018. Agri+Gator aims to provide structured engagement and direct support to improve the yield, output, participation, access to market and growth of empowered apple and grape farmers within our value chain. We plan to scale up investment into our Agri+Gator programme in the upcoming financial year and have already onboarded eight new producers as part of this programme.

E+SCALATOR

9

investment cases completed

11

businesses signed on the E+Scalator programme

17/17

available points for the enterprise and supplier development realised in 2019

The strength of our E+Scalator programme was acknowledged as we were announced as the overall winner at the 2019 Absa Business Day Supplier Development Awards. These awards recognise leading companies in South Africa who are championing supplier development, building resilient supply chains and creating lasting value that moves beyond compliance.

"At Distell, we aim to be the partner of choice with government. Accordingly, we aim to drive change by empowering sustainable land transformation. We see this as an integral part of our success. We have embarked on a journey with a solid task force to mobilise the right resources and skills internally, as well as lobby externally, to drive this programme and act as a catalyst for South Africa's land transformation agenda, with a particular focus on the apple and wine sector."

Wim Bührmann, managing director: Distell Southern Africa



"Distell worked closely with us to source the necessary funding required for the expansion of our apple orchards. By having the right partner for our business, we were able to fast track the growth and development of our farm as a viable, profitable and sustainable commercial fruit farming business."

Malcolm Abrahams, chairperson of the Klipfontein Agricultural Trust

"The judges felt that Distell's enterprise and supplier development drive speaks to their bold vision of creating value to enrich the lives of our people, shareholders, and the communities that they work and live in. It shows their genuine commitment to enterprise and supplier development. Distell appears fully committed to building and diversifying their supplier base, with efforts that extend well beyond the scorecard. Distell is actively pursuing higher levels of innovation, efficiency opportunities and value partnerships, and are well justified the title of overall winner."

From competition to collaboration: building resilient supply chains and the economy together (www.sdawards.co.za)



HELPING SMALL BUSINESSES THRIVE THROUGH EFFECTIVE SUPPLIER DEVELOPMENT



OMEGA PACKAGING: AN ONGOING SUCCESS STORY

Omega Packaging is a 100% black-owned manufacturing business that has supplied us with cardboard bottle partitions made from 100% recycled material for the last seven years. The business is labour intensive and employs people from the Cape Flats (Western Cape) and its surrounding areas. Omega Packaging joined our E+Scalator programme in 2017 and has since become a leader in its field, bolstered by Distell's support.

"Distell is willing to walk a long way and treat their suppliers like partners. The agreements they sign with suppliers like us enable us to plan on a longer-term horizon - something that is instrumental for a business owner to survive and prosper in a very competitive and tough marketplace. For example, they provided an opportunity for us to get the machinery and equipment we have been dreaming about for seven years! We have been operating with machines that are 60 years old and with Distell's support, we could sign an exclusive use agreement for sub-Saharan Africa with a USA-based company. Our machine arrived in December 2018, and it is world-leading equipment."

Steve Smith, operations director at Omega Packaging

DEFYNNE NURSERY: CREATING A FUTURE-FIT VALUE CHAIN

DeFynne Nursery is a 100% black-owned, 50% women-owned nursery in Wellington in the Western Cape. Owners Elton Jefthas and Jackie Goliath have over 40 years combined experience in the plant-breeding industry.

They started DeFynne Nursery in 2001, specialising in propagating and cultivating fynbos species for sale to retailers like Woolworths and Builders Express, and major plant nurseries like Stargrow. In 2017 they expanded into the propagation and cultivation of deciduous fruit trees.

The nursery operates on a 25-hectare farm, acquired by the Western Cape Department of Agriculture through their Proactive Land Acquisition Strategy (PLAS) programme. 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.



GREENLITE CONCRETE: VALUE THROUGH INNOVATION

Coal ash is the waste produced by burning coal at our distilleries. As part of our commitment to disposing of coal ash in the safest, most environmentally responsible way, we partnered with Greenlite Concrete, a specialist alternative building products manufacturing company in the Western Cape.

In 2018, we gave Greenlite an interest-free loan of R1,8 million to buy a specialised truck and crusher. These are used to remove coal ash from various Distell sites and to refine the coal ash into fly ash. Greenlite uses the fly ash to manufacture beneficially reused concrete blocks. The use of this waste product from our brandy manufacturing process creates a circular economy and reduces our environmental footprint.



KLIPFONTEIN FRUIT FARM: EMPOWERING APPLE FARMERS ALONG OUR VALUE CHAIN

Apple juice concentrate is a critical ingredient in cider production. As the second largest global producer of ciders, the sustainable sourcing of apple juice concentrate, ideally from empowered local sources, is strategically important for our business. Even more important is sustainable transformation of South Africa's agricultural sector to stimulate economic growth and inclusion. We currently source two-thirds of our apple juice concentrate locally but want to do more.

Klipfontein Fruit Farm is an apple and pear farm in the Villiersdorp area of the Western Cape. The business is jointly owned by Klipfontein Agricultural Trust (51% black ownership) and the Stargrow Group (49% ownership).

In October 2018, we approached Klipfontein with the hope of integrating the farm into our supply chain via the agri-based arm of our enterprise and supplier development programme, Agri+Gator. Once onboard, we collaborated with Coca-Cola Beverages South Africa (CCBSA) to help Klipfontein secure R20,6 million in funding from the Mintirho Foundation – a CCBSA-driven agricultural fund that supports historically disadvantaged farmers and small suppliers across South Africa.

We are proud of this leading example of industry collaboration. Not only have we partnered to increase the footprint of orchards supplying CCBSA and Distell, we have also maximised the economic benefit for empowered farmers. Looking forward, we plan to investigate additional joint intervention opportunities with CCBSA and other project financiers to realise even more value for South African farmers.

"Working with Distell and Stargrow has helped the Klipfontein Agricultural Trust transform its empty fields into world-class orchards. We are now using the lands acquired for us through the government's Land Redistribution for Agricultural Development (LRAD) Programme for productive use, creating productive orchards that will create wealth for ourselves and our children."

Derich Priga, deputy chairperson of the Klipfontein Agricultural Trust

"The Distell apple and grape transformation programme was selected as a Presidential Job Summit programme - and we are on track to achieve our targets."

Bridgitte Backman, director: corporate and regulatory affairs at Distell

"Enterprise and supplier development is the most important component of local economic development as it is businesses that create sustainable jobs and wealth creation opportunities in society. The Distell strategy is therefore based on providing businesses with the services and support they require to help them overcome the many challenges that prevent them from growing their businesses. As part of Distell's contribution to South Africa's National Development Plan, we help businesses to increase their capacity to create wealth and jobs."

Charles Wyeth, Group manager: local economic development at Distell



SUPPORTING ECONOMIC INCLUSION THROUGH A FOCUSED APPROACH TO PREFERENTIAL PROCUREMENT

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

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

We do this through a focus on:

- **Certificate compliance:** We collaborate with our suppliers, particularly SMEs, and encourage them to obtain and provide us with valid B-BBEE certificates to safeguard our partnerships with them.
- **Shift spend and supply:** We continue to shift spend from generic suppliers to 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.

We increased our preferential procurement score from 15 to 16 points out of a maximum of 25. We also increased the number of black-owned and black women-owned enterprises in our supply chain:

+11%

in black-owned enterprises – this resulted in a 36% increase in spend.

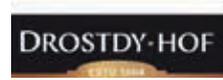
+12%

in black women-owned enterprises – this resulted in a 10% increase in spend.

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

Read more about how we reduce our environmental impact along our value chain from page 45.

BRAND WITH PURPOSE



DROSTDY-HOF AND PYDA: A COLLABORATION FOR CHANGE

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

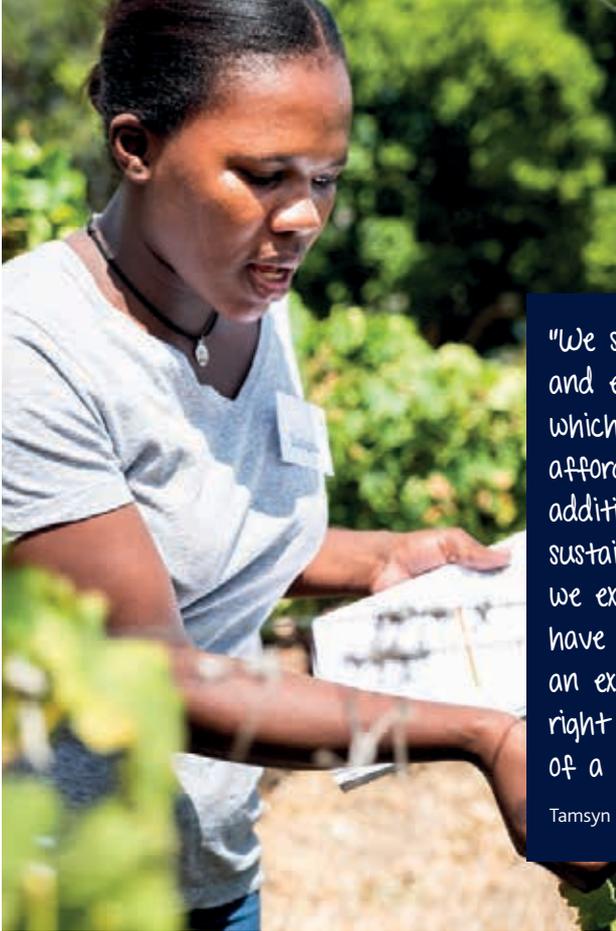
Based in Stellenbosch, Western Cape, PYDA adopts an innovative approach to develop young talent for employment. The Academy targets historically disadvantaged South Africans between the ages of 18 and 25 and offers a holistic year-long work readiness programme focused on demand-led locally prominent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

90% retention rate

Over 90% of graduates have been employed within six months of completing the programme.

Drostdy-Hof has collaborated with PYDA to accelerate the wine career of a promising young woman by giving her the opportunity to embark on a one-year Protégé Programme at Distell after successfully graduating from PYDA. The programme will include exposure to various aspects of the wine business – from production and planning to marketing and sales. It will also include a four-week programme in Sweden, which is one of Drostdy-Hof's key consumer markets. Importantly, the Protégé will be mentored by several members of Distell's senior executive team. The successful intern will be selected in November 2019 and the internship at Distell will commence in January 2020.

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



"We see the industry guidelines to promote social and eco-sustainability as a starting point from which to continually improve ourselves. We can't afford to sit back. We must keep on exploring additional ways to enhance our social and eco-sustainability standards and credentials. It's what we expect from ourselves and what wine lovers have the right to expect from us too. PYDA has an excellent track record and we believe it is the right partner in our goal to accelerate the career of a talented and deserving young woman."

Tamsyn Parkins, Drostdy-Hof international marketing manager



"Meaningful work for our graduates in demand-led industries is the fundamental outcome of our programme. That's why we are excited to be able to offer this post-graduation career break to the right woman student. It is an exceptional learning opportunity. Judging by the calibre of our graduates, we expect excellent standards and it will be a tough task to identify the single best candidate."

Nikki Munro, PYDA executive director



EMPOWERING COMMUNITIES

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

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

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



INVESTING IN PROGRAMMES TO GROW BUSINESS SKILLS AND ACCELERATE JOB CREATION

BERGZICHT TRAINING: TRANSFORMING LIVES THROUGH MEANINGFUL EMPLOYMENT

Since 1992, Bergzicht Training has provided more than 12 000 unemployed, unskilled and semi-skilled students from disadvantaged areas in the Western Cape with opportunities to acquire market-related skills sought in the hospitality and tourism, child-care, and health- and frail-care sectors. Students receive vocational and personal life skills development to ensure they can fulfil the requirements for entry-level employment. Bergzicht Training also introduced a student-mentoring programme in 2018 that is overseen by a registered social worker and available to students during their training and up to a year after they enter the job market. This helps maintain Bergzicht Training's high job placement ratio – with 82% of 147 students placed in 2018.

We fund Bergzicht Training's CATHSSETA Accredited Food Service and Food & Beverage Service Assistant Programme

Run over ten weeks, the qualification is internationally renowned in the hospitality industry and prepares learners to work in the hospitality- and tourism-related industries as waiters, bartenders and kitchen assistants. On completion, students are often placed in well-known restaurants, guest houses, hotels and wine estates in and around Stellenbosch and the Winelands area.



"When I joined the Bergzicht family, I believed it was a second chance to uplift my skills and knowledge, think positively and move forward in life. In particular, Spier is a big opportunity and will open closed doors."

Yandisa Silhetho graduated in 2019 and was recently appointed as an apprentice at the Spier Kitchen in Stellenbosch, Western Cape.



"Not only is Distell a generous and loyal funding partner, they also show true interest and belief in Bergzicht Training - providing skills training that leads to sustainable careers and opportunities for entrepreneurship for our beneficiaries."

Renske Minnaar, chief executive officer of Bergzicht Training

In 2019, we provided funding for 12 students to complete the CATHSSETA Accredited Food Service and Food & Beverage Service Assistant Programme.

STELLEMPLOY: REALISING THE CULINARY DREAMS OF VULNERABLE YOUTH

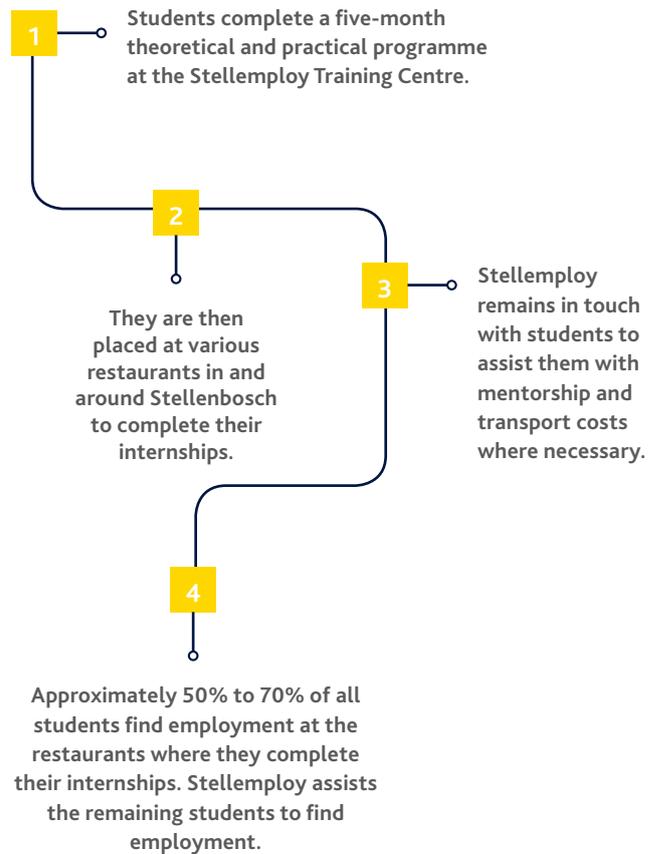
Stellemploy is a community enterprise that was founded in 1995 to support unemployed youth between the ages of 18 and 35 who live in the communities in and around Stellenbosch, Western Cape.

We have been a long-time supporter of Stellemploy and first partnered with the organisation in 2005 to assist with funding the Stellemploy Training Centre. The centre was expanded to include a kitchen in 2007 and we scaled up our sponsorship to include funding for Stellemploy's Chef Assistant Programme. This two-month skills course empowers youth with the knowledge and training they need to become employable in South Africa's hospitality industry.

During the year, Stellemploy changed its accreditation from City & Guilds to Highfield Qualifications – a global leader in compliance and work-based learning and apprenticeship qualifications. This step change now provides beneficiaries with an internationally-recognised qualification within the hospitality industry and will help to enhance their career prospects locally as well as open doors in restaurants around the world. Of the 11 students who completed the Chef Assistant Programme during the year, six were selected to do the Chef Programme that commenced in July 2019.



In 2011 Stellemploy approached us to partner with the Swiss-South African Cooperation Initiative (SSACI) and fund a pilot programme to train 12 chef students over a period of 12 months. The programme was a resounding success and today one of the students, Marvin Robyn, is a head chef at Grande Provence, a well-known restaurant near Franschhoek in the Western Cape. Another of the students, Jamy-Lee Schruder, is a sous-chef at Cuvée at Simonsig Estate, Stellenbosch, while other students who completed the Chef Programme in recent years are working at well-known restaurants in and around Stellenbosch, including Delaire Graff, Makaron, Eike and Volkskombuis.



RANYAKA COMMUNITY TRANSFORMATION: ACTIVATING COMMUNITIES

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

We partnered with Ranyaka Community Transformation in 2018 and proudly sponsored the Stellenbosch-based component of the Ranyaka Community Transformation's Building Business programme. This programme develops entrepreneurs and enterprises and promotes economic inclusion by helping informal micro and small businesses grow through training, access to market and inclusion in local supply chains.

Ranyaka Community Transformation hosted two product showcase events in Stellenbosch, Western Cape. Approximately 50 entrepreneurs were interviewed to determine the feasibility of their businesses and the level of support required going forward. Ranyaka Community Transformation then matched the entrepreneurs to various institutions to help facilitate their development journeys.



University of Stellenbosch Small Business Academy

Five entrepreneurs were selected to participate in a nine-month incubation programme offered by the University of Stellenbosch Small Business Academy. This programme was sponsored by Distell and various other organisations.

Ranyaka Enterprise Development Academy

Ten entrepreneurs received basic Business Model training during a five-day Enterprise Development Academy sponsored by Distell.



"Through Ranyaka Community Transformation, we learnt from other businesses as well as how to promote Yeyethu Design Studio among investors. Ranyaka helped us with our website, logo and branding. Importantly, Ranyaka connected our business with the Small Business Academy. I now have the opportunity to gain valuable knowledge related to marketing, finance and investing. This is transforming me into a business woman who is equipped to make it in my industry - and we would like to thank Ranyaka Community Transformation, the Small Business Academy and Distell for trusting Yeyethu Design Studio and giving us an opportunity to grow. We hope our success will also help others from our community. In 2020, we plan to start a boutique clothing line and establish the first clothing manufacturing factory in Kayamandi with the potential to employ at least 10 people. We want to visit schools and create awareness about fashion design and the possibilities that exist within the industry."

Bulelwa Tito was one of the five entrepreneurs selected by Ranyaka Community Transformation to participate in the nine-month incubation programme offered by the University of Stellenbosch Small Business Academy. Bulelwa established Yeyethu Design Studio in Kayamandi, Stellenbosch, in 2018 with her business partner, Lerato Mtiya. Yeyethu Design Studio manufactures clothing and crafts. The business also offers training in basic sewing and fashion design to women from the local community.



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

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

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

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

In addition, the programme offers modules in computer skills, business essentials, marketing, financial management, and business plan development and presentation. Academic assignments are based on the small business owner's own business to develop sustainable business practices. Through this blended learning approach, participants come to understand the unique issues facing their businesses and find solutions to grow and expand.



"I could see my business was struggling in terms of proper financing and marketing. The course boosted my confidence. It taught me how to reinvest in my business for growth and differentiate it from other street food trucks. After receiving the award, I got great publicity and spoke about the course on platforms I never thought I would visit. The fact that I can say I studied at the University of Stellenbosch's Small Business Academy is a big deal and great accreditation. I can now employ staff and even empowered one staff member to start her own business. I bought assets, such as a laptop and food grill, which enabled me to grow WooWoods. Looking into the future, I want to open a bakery in the heart of Khayelitsha and buy a third food truck."

Lisa Ndyalivani is a female entrepreneur from Khayelitsha who established a mobile coffee and health food business, WooWoods, in 2016. Looking for the opportunity to expand her business, Lisa enrolled in the Small Business Academy's Development Programme in 2018. At the end of the nine-month programme, Lisa was named the Distell Top Student and overall winner of the Small Business Academy awards. Lisa currently employs two people and owns two food trucks.



CHRYSALIS ACADEMY: TRANSFORMING VULNERABLE YOUTH INTO COMMUNITY LEADERS

The name 'Chrysalis' describes the transformation of a larva into a butterfly in a protective cocoon (the Academy) – this symbolises the Academy's goal to transform vulnerable youth into community leaders.

The Chrysalis Academy aims to unleash the potential and deepen the resilience of youth across the Western Cape through an empowering and holistic three-month residential programme. This programme has been cultivated over the last 19 years and exposes youth between the ages of 18 and 25 to a challenging but exciting learning environment. More than 500 students benefit annually. The programme touches on physical, mental, emotional and spiritual dimensions and includes four phases:



Orientation phase: Introduce youth to personal mastery, emotional intelligence, diversity and inclusivity and leadership skills.



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



Skills phase: Learn basic skills such as electrical circuitry, firefighting, welding, cookery, youth development and a range of other skills. The focus on technical and entrepreneurial skills training has increased to help youth become independent and economically self-sufficient.



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

In 2019 we have contributed to the partaking and completing the course, benefiting 374 (2018: 371) students. All youth who complete the programme are provided with a one-year placement opportunity to gain work experience. Youth are also provided with five years of aftercare support.



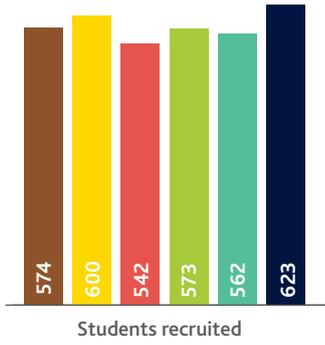
"Our core value drivers centre on our belief in the wholeness of young people and that they are capable of personal mastery. In addition, our work is driven by a strong love for humanity. Through their interaction with our employees and their peers, these young people learn about their oneness and diversity as South Africans and Africans. This is further consolidated through daily singing of the national anthem, raising the South African flag and doing community service. This fosters peace and nation-building. Over the years, our collaboration with Distell as a main corporate funder to our programme has evolved into a genuine partnership. We value their enthusiasm and interest in our work!"

Lucille Meyer, chief executive officer of Chrysalis Academy

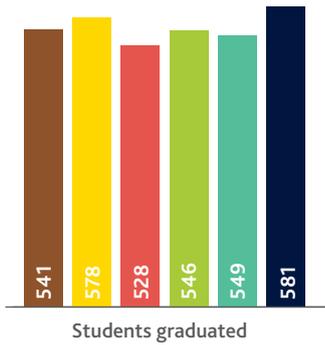




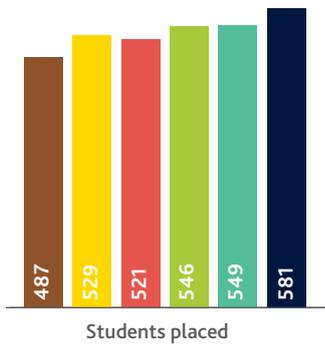
THE REACH OF THE CHRYSALIS ACADEMY IN RECENT YEARS



61 more students recruited in 2019



32 more students graduated in 2019



32 more students placed in 2019

2013/2014 | 2014/2015
 2015/2016 | 2016/2017
 2017/2018 | 2018/2019



EMPOWERING COMMUNITIES THROUGH ARTS AND CULTURE

We believe in the value of arts and culture and the role it can play in the development of youth and women in particular. Cultural Times, the first global map of the cultural and creative industries, was published by EY in 2015. This report estimates that cultural and creative industries generate US\$250,0 billion in revenue a year and create 29,5 million jobs worldwide. We therefore continue to support cultural and creative industries to fuel South Africa's economy and benefit community upliftment at large.

THE ZABALAZA THEATRE FESTIVAL: STRENGTHENING THE PERFORMING ARTS IN SOUTH AFRICA

Since 2011, The Zabalaza Theatre Festival has provided opportunities to more than 150 000 young South Africans in the performing arts industry. This reflects their vision to support communities across the country and create opportunities for them to use their talent, energy, education and enthusiasm to work in and strengthen the performing arts industry.

The Zabalaza Theatre Festival is a Baxter Theatre Centre Development Programme that focuses 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 2019

552

beneficiaries who started the project

275

beneficiaries who finished the project

277

women beneficiaries

344

black beneficiaries

58

beneficiaries who gained access to jobs

9

beneficiaries who gained access to education



"Distell has been an ardent supporter and partner of The Zabalaza Theatre Festival since its inception in 2011. Over the years, it has grown from strength to strength, creating opportunities and positively impacting the lives of many artists, communities and audiences. Our partnership with Distell has helped the Baxter Theatre Centre Development Programme and The Zabalaza Theatre Festival invest in the future of South Africa's arts in so many ways - from developing emerging young artists and encouraging the creation of new and relevant South African works, to the building of audiences. We thank Distell for taking this journey with us."

Lara Foot, chief executive officer and artistic director of the Baxter Theatre Centre





THE DISTELL NATIONAL PLAYWRIGHT COMPETITION: DEVELOPING YOUNG WRITERS

The National Arts Festival and Distell joined forces to showcase South African storytellers with the launch of the Distell National Playwright Competition in 2018.

The competition honours the late Adam Small and his wife Rosalie Small for their contribution to South African literature, philosophy, education and advocacy against social injustice. The competition calls for powerful stories that promote diversity and inclusivity in any of South Africa's 11 official languages. Importantly, it is a celebration of talent and transformation that targets debut playwrights who are yet to stage their work.

From 164 national entrants, writer and performance poet Koleka Putuma was selected as the winner of the Distell National Playwright Competition in 2019. She won R25 000 as well as the opportunity to produce her play at the Market Theatre in Johannesburg, Gauteng. The four other finalists each received a cash prize of R5 000 as well as mentoring from a professional writer to ensure that their scripts reach the stage.

We also offered a series of workshops for emerging playwrights that were presented during the National Arts Festival in Makhanda, Eastern Cape. These workshops were run by an experienced scriptwriter and arts practitioner and participants were given the opportunity to network with industry professionals. Altogether 29 participants from Gauteng, Eastern Cape and Western Cape attended these workshops. This is further evidence of our commitment to showcasing new and exciting South African voices.

"The partnership between Distell and the National Arts Festival is a natural collaboration between two strongly South African brands that are passionate about the arts and the impact that the arts can have on the lives of our people. We are excited about the meeting of minds and seeing how the relationship grows in years to come."

Tony Lankester, chief executive officer of the National Arts Festival

"We are excited about our partnership with the National Arts Festival and the platform this competition creates for developing young writers like Koleka, whose stories need to be heard. We look forward to seeing her script come to life."

Simoné Benjamin, project manager: arts and culture at Distell



"I am thrilled to have the opportunity to share my work on such a huge platform, and to be backed by Distell and the National Arts Festival means a great deal. I am nervous and excited at the same time. This story is important to me, and I feel incredibly privileged that the adjudication panel felt that it was important to share this story with others and to give it life beyond the page."

Koleka Putuma, winner of the 2019 Distell National Playwright Competition





ARTSCAPE THEATRE CENTRE: TRANSFORMING STUDENTS INTO PROFESSIONAL ARTISTS THROUGH TRAINING AND DEVELOPMENT

To help address the skills shortage in South Africa's theatre industry and enhance the training and education of potential artists, Artscape Theatre Centre developed a training programme. This programme is run through The Artscape Technical Training Academy (ATTA) and provides students with theoretical, practical and production experience in all technical disciplines required in the performing arts.

ATTA hosts technical internships in stage management stage lighting, stage sound and wardrobe. The purpose of these internships is to:

- provide students with integrated workplace learning through teaching and skills transfer; and
- provide students with access to industry professionals and job experience.

"Distell's funding contributes to education, job creation and to the overall viability of the art industry in South Africa. Our partnership with Distell also helped us build new audience bases that see the value of theatre as an industry and career opportunity."

Dr Marlene le Roux, chief executive officer of Artscape Theatre Centre

US WOORDFEES AND AMAZINK: SUSTAINING AND GROWING COMMUNITIES THROUGH VISUAL AND PERFORMING ARTS

We are a proud supporter of the US Woordfees, one of South Africa's largest visual and performing arts festivals. In 2019, we signed up as a Gold Sponsor of this prominent festival to help extend its impact and strengthen its contribution to the intellectual and creative empowerment of communities and individuals.

We sponsor the In Solidarity prize, which is awarded to an individual who plays an important role in bringing artists closer to communities. In 2019, this prize went to Felicia Lesch, who has worked in the local communities in and around Stellenbosch for the past 20 years using music to bridge social, economic and geographic barriers.

Our funding also goes towards Amazink, South Africa's first informal settlement theatre restaurant that is in Kayamandi, Stellenbosch. This sponsorship supports the collaboration between the US Woordfees and Amazink and helps bring to stage unique performances while creating opportunities for locals and tourists to experience the authentic culture of South Africa's township life. Ultimately serving as an enterprising community project, Amazink teaches skills, identifies talent and has been the launching pad for several young artists in the country.

"Belief in the social impact of the arts as a driving force in the transformation of society is fundamental to the core values of Woordfees. Each year, the In Solidarity Award goes to an individual who played an important role in bringing artists closer to communities. In 2019, Felicia Lesch, who started the US Jazz Band and Conservatorium Certificate Programme received this recognition. Another important component in the social commitment of the festival is Amazink. His township theatre-restaurant experience in Kayamandi combines the development of local talent with economic empowerment and the promotion of tourism. It makes a real difference in the lives of people - not only from the community of Kayamandi but to all those who attend the shows. Without the financial support of Distell, neither the In Solidarity Award or Amazink Live would be possible. Distell also provides vital infrastructure for hospitality at our festival venues. Our partnership with Distell is an outstanding example of the transformative power of collaboration. We are not only partners because of our geographical proximity but more importantly, because our purpose and intention align to ensure that all Stellenbosch communities thrive."

Saartjie Botha, festival director of Woordfees



For more than five decades, the Fleur du Cap Theatre Awards have honoured excellence in theatre. Along with other initiatives such as the Distell National Playwright Competition, these awards support our commitment to empowering communities through arts and culture. Winners are chosen from productions performed at professional theatre venues in and around Cape Town, and theatre practitioners are recognised for their acting, directing, staging and technical abilities. Awards are considered in 26 different categories, including awards for Lifetime Achievement and Innovation in Theatre.



MANAGING OUR SUPPLY CHAIN SUSTAINABLY



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

For us at Distell, we preserve and protect the environment on which we depend. This includes developing reliable, sustainable and resilient infrastructure. Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDGs 6 and 12.

We indirectly contribute to SDGs 7, 9 and 11.



We understand our long-term sustainability is intrinsically linked to the natural resources we depend on, from farm to consumer and back again. We must therefore ensure our supply chain practices are efficient, agile and protect the environment, while meeting our customers' requirements in full.

To further optimise our supply chain we realigned the technical Health, Safety, Environment, Risk and Quality components of our manufacturing operations under a separate SHERQ (safety, health, environment, risk and quality) strategy. This strategy has three main focus areas. For each of these focus areas we are in the process of setting challenging sustainability targets to take us forward to 2025. Read more on page 8.



QUALITY AS A DRIVER OF EXCELLENCE

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

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

Our quality scorecard is carefully monitored and our performance against targets is reported to the social and ethics committee. All targets were met in 2019 with the exception of non-conforming quality write-offs. This is despite a 35% decrease in write-off costs associated with non-conforming products compared to 2018.

MANAGING OUR ENVIRONMENTAL RESPONSIBILITY

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



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



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



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



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



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



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



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

"The cornerstone of Distell's product success is built on a relentless pursuit for quality perfection - we aim to continuously delight our customers and consumers. Long-term improvement opportunities exist along our supply chain and distribution networks that build on the strong SHERQ foundation established in 2019. These strategies include improved electronic technology and increasingly stringent governance systems that are fuelled by our desire for innovation. I am extremely encouraged by the passion for continuous improvement that is lived by each Distell employee. Together we are committed to improving each day for a Better Distell and a Better World."

Anthony Jagessur, Group manager: SHERQ at Distell



PRESERVING OUR ENVIRONMENT

We monitor our performance against sustainability targets for 2020 related to water, electricity, fossil fuel-based energy usage and wastewater discharged.

Our goal	Base year 2014***	Target 2019***	Actual 2019	% reduction achieved	2019 Target achieved	Target 2020***	Target 2020 on track
Reduce water usage by 15% (ℓ/ℓ)*	3,893	3,387	3,141	19,3%	✓	3,309	✓
Reduce non-renewable electricity usage by 20% (kWh/ℓ)	0,129	0,107	0,109	15,5%	✗	0,103	✓
Reduce on-site fossil fuel based energy usage by 20% (MJ/ℓ)	1,23	1,02	1,119	9%	✗	0,988	✓
Reduce greenhouse gas emissions by 20% (tCO ₂ e/ℓ)	0,254	0,212	0,227	10,6%	✗	0,202	✓
Reduce effluent volume produced by 10% (ℓ/ℓ)	2,370**	2,251	1,973	16,8%	✓	2,133	✓
Reduce effluent load discharged by 20% (kg CO ₂ /ℓ)	11,482	10,104	10,903	5%	✗	9,186	✓

ℓ: Litre

kWh: One kilowatt hour

MJ: One megajoule

tCO₂e: Tonnes of carbon dioxide equivalent emissions

* Litres of water used per litre of packaged product

** The target to reduce effluent volume produced by 10% and effluent load discharged by 20% is off a 2017 base year and not a 2014 base year

*** Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and portion of Groenhof farm in 2018)

"The Distell supply chain plays an integral role in the design, development and execution of our strategy. We are committed to be recognised as environmental stewards in our industry, treading lighter on the planet with a specific focus on minimising plastic use in our packaging. We are passionate about building sustainable sourcing models and practices with a specific focus on relevant agriculture value chains. The activation of our social compliance programmes within our own operations and our broader supplier and producer base is a priority pursued with urgency."

Johan van Zyl, Director: global supply chain at Distell





In 2015 we introduced revised resource efficiency targets for 2020 as we reached our initial targets set for 2018 at the end of 2014. The revised 2020 targets are broken down into annual sub-targets to help us drive annual improvements and ensure we reach our long-term goals.

Reduce water usage by 15%

We maintained our performance below the 2020 water usage target. Water use will reduce further in the new financial year once the commissioning of the wastewater treatment and water reclamation facilities at our Springs, Wellington and Adam Tas facilities is complete. The construction of all three facilities was completed during the reporting year. Read more from page 50.

Reduce non-renewable electricity usage by 20%

We did not reach our 2019 reduction target. This was despite the benefits of the Springs 1 400 kWh solar PV electricity generation plant, which generated 2 036 786 kWh of solar power during the year (2018: 2 249 823 kWh). The new wastewater treatment facility at Springs became operational in October 2018. The biogas/methane based electricity generation step was not part of the initial construction phase but was completed towards the end of the reporting year and the benefits will be visible during the new financial year. Read more from page 48.

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

Overall, our fossil fuel-based energy usage decreased in comparison to 2018 but we were unable to reach our 83% reduction target from our 2014 base year – achieving 91%. This can be attributed to: the reduction of fossil fuel used at Greenpark due to the improved condensate return system installed as well as the reduction of production activities in line with the planned site closure; the reduction in activities at our Ecowash second-hand bottle washing facility due to some stock keeping units moving into one-way glass; and overall efficiency improvements at Nederburg due to increased production activities. Read more from page 48.

Reduce greenhouse gas emissions by 20%

We were unable to reach our 2019 reduction target of 80% for our GHG emissions per litre of packaged product (kg CO₂e/l) from the 2014 base year, achieving a 89,5% reduction. Our performance is therefore lagging behind our pre-set glide path. We are completing an evaluation of the businesses case for installing solar PV installations at seven of our production sites. Once approved, the installations will be implemented on a priority basis and as soon as practically possible. We are also evaluating a potential electricity wheeling agreement, which will see us receiving hydro-electricity at four of our production facilities. Read more from page 48.

Reduce effluent volume produced by 10%

In the year under review the absolute volume of waste water and effluent from our sites increased by 0,4% to 1 369 706 l (2018: 1 364 256 l), while our wastewater intensity increased to 1,9730 litres of effluent per litre of packaged product (2018: 1,9572 l/l). This increase is due to an increase in water use at the sites. Read more from page 50.

Reduce effluent load discharged by 20%

While we were unable to achieve our 2019 target, effluent load discharged was reduced by 22,4% to 10,903 kg CO₂/l – down from 14,044 kg CO₂/l in 2018. This was due to the treatment benefits obtained from the Adam Tas and Springs effluent treatment plants. Read more from page 50.



CURBING OUR CARBON EMISSIONS

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

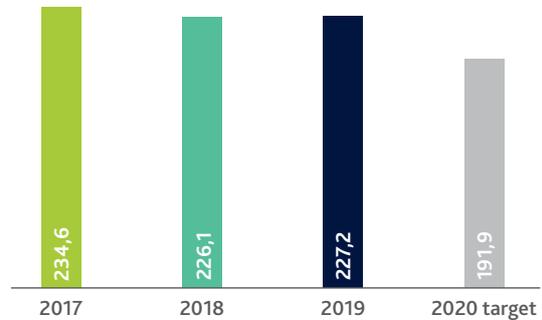
How we did in 2019

Direct emissions decreased by 0,01% to 157 708 tCO₂e (2018: 157 718 tCO₂e). Total GHG emissions, including Scope 3 and 'out of scope' emissions, amounted to 542 387 tCO₂e (2018: 542 673 tCO₂e). This is a 0,05% decrease from last year. Overall, our fossil fuel-based energy usage decreased in comparison to 2018, but we were unable to reach our 83% reduction target from our 2014 base year.

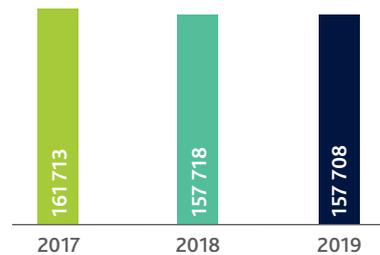
We are completing an evaluation of the business's case for installing solar PV installations at seven of our production sites. Once approved, the installations will be implemented on a priority basis and as soon as practically possible. We are also evaluating a potential electricity wheeling agreement, which will see us receiving hydro-electricity at four of our production facilities. This follows the successful signing of a wheeling agreement for hydro-electricity from the private L'Ormarins hydro-electrical scheme.

We reduce our non-energy-related GHG emissions by capturing, purifying and using the CO₂ released during the fermentation of apple juice for cider production and fermentation of grain for whiskey production to carbonate our products. This reduces our CO₂ purchases. CO₂ captured increased by 1,3%.

GHG EMISSIONS (kg CO₂e/l)*



OUR CARBON FOOTPRINT (tCO₂e)*



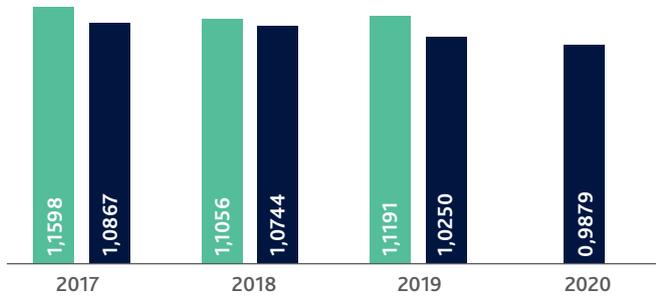
* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).

"The Distell supply chain has been on the journey to improve our environmental performance (reduce our resource usage and environmental discharges) since 2010. Looking back at the last 10 years, we are proud of the progress made and excited about the opportunities to further improve over the next 10 years."

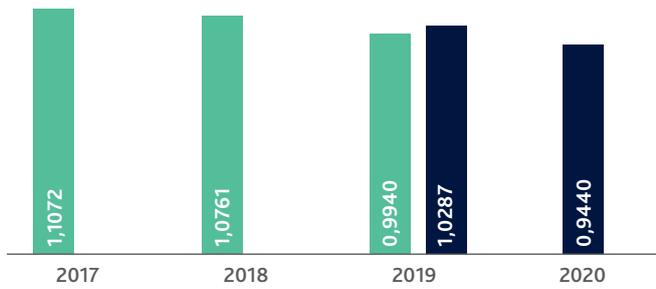
Jacques Rossouw, Group manager: environmental sustainability at Distell



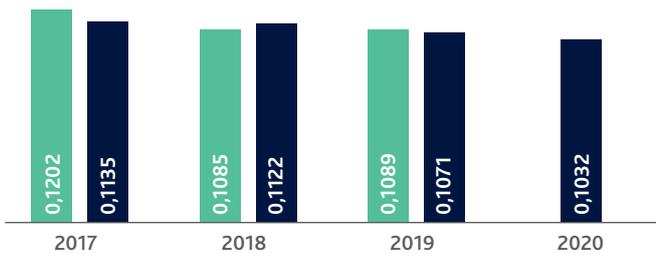
FOSSIL FUEL-BASED ENERGY USAGE (MJ/ℓ)*



FOSSIL FUEL-BASED ENERGY USAGE (MJ/ptu)*



ELECTRICITY USAGE (kWh/ℓ)*



* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).

Achieved | Target



TACKLING WATER CONSUMPTION

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

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

How we did in 2019

We maintained our performance below the 2020 water usage target. Water use will reduce further in the new financial year once the commissioning of the wastewater treatment and water reclamation facilities at our Springs, Wellington and Adam Tas facilities is complete. The construction of all three facilities was completed during the reporting year.

WATER USAGE (e/l)



Achieved | Target

MANAGING EFFLUENT AND WASTEWATER

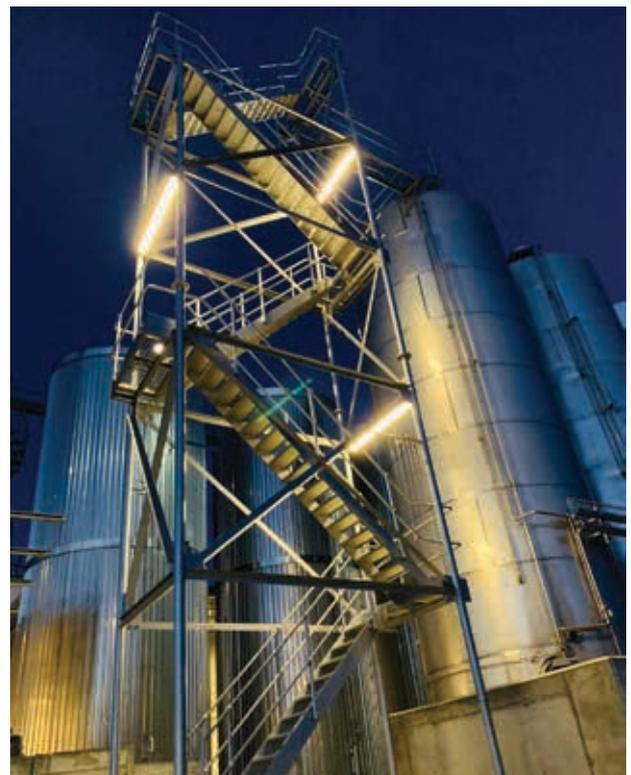
The bulk of our wastewater results from washing and cleaning in place (CIP) practices. CIP is critical to ensure our products comply with product quality and health and safety standards and cannot be eliminated. Our approach is to look for ways to reduce the load on the local authorities and use treated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

How we did in 2019

The absolute volume of wastewater and effluent from our sites increased by 0,4%, while our wastewater intensity increased to 1,9730 litres of effluent per litre of packaged product (2018: 1,9572 e/l).

The commissioning of the Adam Tas anaerobic water treatment facility in Stellenbosch is complete and the construction of the new wastewater treatment facility at our Springs production plant was completed early in 2019. The anaerobic treatment facility will produce biogas/methane, which will be used to generate electricity at the plant. A portion of the wastewater will be treated to produce drinking water for non-product contact reuse at the site. The design of the new anaerobic wastewater treatment facility at our Worcester facility was completed and construction of the plant will commence in the in the first quarter of the new financial year.

An effluent characterisation study was completed at our Wadeville production plant. Similar studies will be completed at our Port Elizabeth and Monis facilities in the new financial year.



WE RECEIVED INTERNATIONAL RECOGNITION FROM NORDEA FOR OUR WATER-SAVING EFFORTS IN THE FACE OF DAY ZERO

In 2018, Nordea undertook a study to investigate the impact of the historic drought experienced in the Western Cape that resulted in the threat of Day Zero – a day when the City of Cape Town’s taps would run dry for homes and businesses, and residents would have been required to queue for water at communal water points.

In particular, Nordea investigated the level of awareness among certain South African companies in which it invests to better understand their water-related risks, the potential impact of Day Zero on their businesses and their responses to the crisis. This included unpacking the initiatives implemented across South Africa’s agricultural and manufacturing operations to mitigate this risk.

We are proud to report that Distell’s water-saving efforts were recognised by Nordea and featured as a case study in its publication: ‘Waterproof Investments: Analysis of water-related risks within South African companies’.



Who is Nordea?

Nordea is the largest wealth manager in the Nordics with approximately €312 billion in assets under management and approximately 11 million customers across the Group. Nordea is the third-largest corporation in the Nordic region and one of the top 10 financial services companies in Europe based on market capitalisation. Nordea invests approximately €90 million into South African companies that are exposed to increasing water security risks. Among these, more than 50 companies and various sectors are represented, including Distell.

“As investors, our intention is to influence investors as well as banking communities to demonstrate better visibility of their water-related risks and protect our customers’ long-term assets. We therefore need to understand water-related crises, such as the water shortage in Cape Town, as well as what we can learn from them in order to apply these learnings to our investments and operations worldwide.”

Sasja Beslik, Head of Sustainable Finance at Nordea Bank, is a Swedish and international financial expert known for promoting financial sustainability across the world. He has been employed by Nordea since 2009.

“As an agri-business operating in a water-distressed region, we have recognised our moral duty to use and manage water responsibly for many years. Day Zero therefore did not drastically change how we operate but rather endorsed our ways of working. It further acted as a catalyst to be even more aggressive with how we use water and we initiated water management programmes that helped reduce our water usage by 38%. I was enormously encouraged by how our teams stepped in to find innovative solutions to help us save water. It is a finite resource and we have an obligation to use and manage water responsibly as a business and a partner in society. Incremental investment is required to support the programmes we have in place as well as the ones we plan to implement going forward but I see this as part of our efforts to secure our licence to thrive.” Richard Rushton, Group CEO of Distell



CO-GO AND THE STELLENBOSCH RIVER COLLABORATIVE: ENABLING COLLABORATIVE SPACES FOR ENGAGEMENT AND ACTION

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

Last year we reported on the important work being done by the Stellenbosch River Collaborative (SRC), a group of like-minded organisations and people working to restore health to the rivers in the Eerste River Catchment.

Launched in 2013, the SRC brings together various stakeholders that include non-profit organisations, non-governmental organisations, government agencies, conservation and community-based organisations, industry and academic institutions to address the problems around degraded ecosystems and the social and economic risks to communities who live around and rely on these rivers.

This collaboration is key to addressing the deteriorating water quality and requires these different stakeholders to work together to find a solution to a complex problem. However, these stakeholders are often from different sectors of society and struggle to understand one another's viewpoints, frustrations and ideas.

One of the SRC's main ambitions has therefore been to develop a collaborative governance framework to influence policy and enable sustainable water stewardship strategies, not only in the Eerste River Catchment but across South Africa. This led to the launch of the Collaborative Governance (Co-Go) initiative in November 2018.

Co-Go encourages ongoing, multi-stakeholder engagement and action by providing a collaborative space within which decision-makers and community leaders across sectors and industries can connect. Co-Go uses science-based turnaround strategies with sustainable links between the environment, society and governance to develop new ideas, relationships and commitments and inspire innovative solutions to this complex problem.



What is an ecosystem?

An ecosystem includes all the living things (plants, animals and organisms) within a particular area interacting with one another and with their non-living environment (weather, earth, sun, soil, climate and atmosphere). Ecosystems are the foundation of all living and non-living things on the planet and determine the health of the entire earth system.

What is the Eerste River Catchment and why is it important?

The Eerste River originates in the Jonkershoek Mountains in the Stellenbosch region of the Western Cape. It has a catchment area of 420 km² and it is approximately 40 km long. The Eerste River supports a number of land uses that include nature conservation, commercial forestry, residential use, various forms of agriculture (vineyards, orchards and crop production) as well as communal grazing.



We are proud to be a founding member of the SRC and active participant in the Co-Go initiative. We have donated R1 million to date and have pledged our continued support to 2023.



Where there are dragonflies, there is hope and harmony

The symbol of Co-Go is the dragonfly, an ancient aquatic creature that has shown remarkable resilience and adapted to changing environmental conditions over the past 40 to 60 million years. However, the dragonfly, particularly endemic or near-endemic species, is highly sensitive to new threats such as water pollution, land degradation and the presence of alien or invasive trees.

When dragonflies start to vanish, it tells us that the health and overall environmental quality of their ecosystem is under threat. Without them, the number of flies and mosquitoes alongside rivers will increase and there will be a loss of fish and bird life.

In this way, the dragonfly gives human beings a strong indication of whether we are caring for or damaging our natural environment and the freshwater systems on which we depend. Their disappearance is a critical call to action to intervene before it is too late.

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



AfrAsia Bank Limited Mauritius hosted the first edition of the AfrAsia Bank Sustainability Summit in Mauritius in October 2018. This summit aimed to bring together local and international companies to share experiences and lessons learned on common sustainability issues as well as explore the implementation of SDGs in business. Dr Charon Büchner-Marais, research associate at the University of Stellenbosch Water Institute and the initiator and co-ordinator of the SRC and Co-Go initiative, was invited to talk at this summit and share learnings with over 200 professionals from around the world.

"Proverbially speaking, we all live downstream. We need to reimagine how we deal with socio-ecological systems. Co-Go provides a new governance arrangement where different role players can learn and experiment together to solve complex problems."

Dr Charon Büchner-Marais, research associate at the University of Stellenbosch Water Institute and the initiator and co-ordinator of the SRC and Co-Go initiative. Charon completed her PhD on transformative collaborative governance relations for sustainability through the University of Stellenbosch Business School.

"Co-Go represents an ecosystem and the ethos behind transformational partnerships that bring together a broad network of stakeholders under a common purpose. We all want clean rivers that can prosper, and this requires a coming together of different resources across sectors. Most importantly, Co-Go is about creating fair and equal value for the benefit of a broad range of stakeholders. We welcome the opportunity to partner with civil society, municipalities, academia and the private sector in a non-competitive environment. Within this space, we are excited to form partnerships and take decisive action based on sound research and science."

Eric Leong Son, Group manager: sustainability at Distell





MINIMISING PACKAGING AND WASTE

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

How we did in 2019

We bought 245 755 tonnes of new glass, a 3,4% increase compared to 2018 (237 598 tonnes). This increase can be attributed to the reduction in the number of glass bottles collected through our ongoing 'Give back, Get back' (GBGB) initiative due to the fact that some previously returnable SKUs were changed to one-way glass bottles. Through this initiative we reused a total of 79 146 tonnes (2018: 93 560 tonnes) of glass. This amounts to 139,4 million bottles (2018: 168,5 million) and represents 24,4% (2018: 28,3%) of our total glass requirements. The volume of glass recycled increased to 6 736 tonnes. This is a 6,3% increase from 2018.

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.

OTHER PACKAGING AND PRODUCTION WASTE (TONNES)	2017	2018	2019
Cartons and paper	1 490	1 118	1 118
Plastic ¹	1 040	818	826
Tetra Pak ²	0,00	0,00	0,00
Metal (including cans) ³	276,5	244,1	118

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

² Data not reported at the time.

³ Includes only metal can waste.

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

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

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

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



COLLABORATING WITH INDUSTRY TO REDUCE PLASTIC WASTE

As a member of the Consumer Goods Council of South Africa (CGCSA) we proudly support president Cyril Ramaphosa's 'Good Green Deeds Campaign', which aims to raise awareness of the need to protect the environment and promote a cleaner and litter-free South Africa. Importantly, this initiative affirms our belief that a low-carbon future is not only possible but also important for the country's future success.

By signing this pledge, we commit to:

- adopting more environmentally friendly business practices, particularly how we produce, use and reuse plastics;
- investing more money on research and development to explore producing environmentally friendly products that can be safely reused, recycled or composted; and
- investing in recycling industries and infrastructure development to collect and manage waste, while promoting transformation in the industry.

Our Group CEO Richard Rushton has been invited to speak at the 2019 CGCSA Summit to be held in November 2019 on the topic of: 'Building business models that deliver value for consumers aligned to the SDGs'. This presents a great opportunity to share and gain insights into the environmental sustainability challenges facing South Africa as well as how industry can get involved to enhance public-private partnerships for the betterment of our country.



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

At Distell, we are always on the lookout for opportunities to empower individuals along our value chain and leverage our sustainability objectives for good. This includes finding innovative and enterprising ways to minimise the environmental impact of our business activities. An exciting development during the year was the launch of GreenUP, a recycling programme based in Khayelitsha, Western Cape.

GreenUP aims to achieve a cleaner environment by formalising an effective value chain for the collection, separation and processing of recyclable post-consumer waste. Importantly, GreenUP is about empowering communities and includes the creation of sustainable income streams for environmental assistants (EAs) (also known as waste pickers) in Khayelitsha, who are provided with training, resources and access to recyclable waste buy-back centres (BBCs) near their working environments.

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

Looking forward, we envision that we will be able to register a minimum of 200 EAs with BBCs in Khayelitsha, which is one of South Africa's fastest growing townships.

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



"We're thrilled to work alongside Distell on this exciting initiative, which is an example of a successful Public-Private-People partnership, particularly because of its focus on addressing socio-economic challenges that we're currently facing. We believe that this initiative will have long-term benefits not only for the Environmental Assistants, who are being empowered through this initiative, but also for the broader Khayelitsha community."

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

GreenUP supports a prosperity journey

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

1

EAs gather and collect recyclable materials from the street, informal dumps and households. GreenUP helps grow the capacity of EAs by mapping efficient waste collection routes, providing trolleys, bags and protective gear, and pairing them with BBCs and taverns.





"This is a living for us, which many don't understand. I can pack for Bloemfontein today with only my bank card and live under a bridge; I promise you within a few months I would have shelter and able to afford the things I need. For me, recycling is an opportunity to wake up and do something for myself."

Franscina Mayongo started as an EA and progressed to be a BBC owner. She has a contract to collect waste from a supermarket in Khayelitsha and is empowering women through waste and recycling within the community.



"I am proud of the work I do. In my heart, I know that I enjoy making a living in my own way and I enjoy being self-employed. I also really love the work I do. Some people give me the things I need and others gather things and leave them for me. My heart feels great. Maybe one day I will be able to get something better than what I have now so I know I can't give up. I started a long time ago and will continue while looking forward to what my future holds."

Bhasi Nkumanda started recycling waste in 2004 by collecting glass waste products in Khayelitsha. He did this to earn money but also to help clean up the township in which he lives.



In 2019, Bhasi Nkumanda and Franscina Mayongo partnered up and opened their own BBC leveraging the support of our GreenUP programme. Together they are now empowering other members of the community, with a strong focus on onboarding women as EAs.

2

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



3

By working with EAs and BBCs in Khayelitsha, the GreenUP campaign aims to restore the dignity of the individuals and to change the stigma around them so that they can do their work efficiently and meet their waste targets.



4

The recyclable waste EAs collect includes paper, plastic, bottles and cans, which are sent to recycling processors. This provides an income for BBCs to grow their businesses and to encourage other EAs to ultimately become BBCs.



RESPONSIBLE AGRICULTURAL PRACTICES

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

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

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



WIETA

WIETA is a non-profit, voluntary association that was formally established in 2002 and has been instrumental in bringing together stakeholders in the Western Cape wine industry to discuss and debate issues around ethical trade. Distell has been a member of WIETA since its inception and all farms we own comply with WIETA's Code of Conduct. This Code of Conduct is founded on social compliance principles that include not making use of child labour, ensuring all employment is voluntary and employees work in a healthy and safe working environment, and the prohibition of harsh or inhuman treatment and unfair discrimination.



WORLD WILD FUND FOR NATURE AND THE BIODIVERSITY AND WINE INITIATIVE

The Biodiversity and Wine Initiative (BWI) 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.

LACON GMBH

LACON GmbH is an international independent organisation that inspects and verifies compliance of agricultural produce, foods, food products, and feed with national, international, and private standards. In June 2018, LACON GmbH issued Papkuilsfontein Vineyards with an organic certificate according to its LACON Organic Standard and National Organic Programme (USDA). LACON GmbH further issued our Adam Tas and Nederburg cellars with an organic certificate.

INTEGRATED PRODUCTION OF WINE SCHEME (IPW)

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

AMFORI BSCI

The amfori BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. It offers companies a common code of conduct and a holistic system towards achieving social compliance in the supply chain. All of our farms and wineries comply with the amfori BSCI Code of Conduct. This includes similar social compliance principles as described for WIETA. However, the amfori BSCI Code of Conduct includes additional requirements that are focused on environmental protection, ethical business behaviour and protection for young workers.

PROCARE: A STEP CHANGE IN HOW WE APPROACH 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 psycho-social wellness.

Distell partnered with ProCare to provide psycho-social support to the farm workers and their families on five of our farms: Papkuilsfontein, Nederburg, Plaisir de Merle, Groenhof and J.C. Le Roux. ProCare also undertook a needs assessment on these farms to identify opportunities to do more and increase the level of support we provide. The results of this needs assessment were shared with internal and external stakeholders (including union members and relevant industry bodies).

The strength of this partnership was acknowledged at the 2019 Nedbank Vinpro Information Day, an industry-led event that looks at how South Africa's wine and brandy industries can be more sustainable, profitable and competitive.

Read more about our work with WIETA and how we commit to responsible agriculture from page 58.



"ProCare Western Cape has been working in the agricultural sector for the last 16 years and currently rolls out a programme across five of Distell's farms, helping farm workers and their families with any psycho-social problems they may experience. We think this is very important and Distell agrees you don't build a business, you build people and these people build the business."

Sunette Le Roux, executive manager (operations) at ProCare

"At first ProCare was met with a bit of distrust by the work force, as they have been let down in the past by similar projects. However, with the programme running for almost a year now and extra work being done with the farm workers' children and families, the trust is slowly but surely being built up again and a strong relationship is being formed. We hope this programme continues long into the future so the trust and cooperation can get stronger over the years and there can be a real and positive impact for the next generation."

Paul Laas, farm manager at Plaisir de Merle

"Distell places great importance on social compliance, with specific emphasis on the distribution of wealth, opportunities and privileges within society. To this end, employees are encouraged to exercise their right to freely associate with a union of their choice or to refrain from union membership. The collective bargaining associated with significantly represented unions are governed through bi-annual forums that address employee rights and allow for collective solution-driven discussions. This creates an environment that promotes social justice, labour peace and democracy in the workplace."

Paul Barendse, Group manager: industrial and employee relations at Distell





BRAND WITH

PURPOSE

AMARULA IS INTIMATELY CONNECTED TO AFRICA'S ELEPHANTS THROUGH ITS SHARED ROOTS IN AFRICA

The global passion for Amarula, the authentically African liqueur produced from the majestic marula tree, has raised more than €50 000 for elephant conservation through donations to WildlifeDirect in the last year.

The Amarula Trust and WildlifeDirect joined forces in 2016 with the shared vision to protect Africa's elephants.

The harsh reality is there are only 400 000 elephants remaining in Africa, and every 25 minutes another elephant disappears. If it continues at this rate, Africa's elephants may become extinct by 2030. Amarula is intimately connected to the elephants through our shared African roots and the unique marula fruit. As a brand, we drive awareness and education of their conservation.

Dr Paula Kahumbu and her team at WildlifeDirect work tirelessly to help protect these magnificent animals to ensure their future existence. Every initiative that raises the awareness of the plight of these animals and generates funding for conservation is vital in the battle against their potential extinction.



"The Amarula Trust was created in 2008 as a non-profit organisation with the aim of protecting our African giants. Our passion and shared vision to drive elephant conservation through education is underpinned by our partnership with global conservation organisation, WildlifeDirect, and its dynamic Kenyan-born CEO, Dr Paula Kahumbu. Dr Paula is a visionary with her tireless mission to connect people to wildlife and nature and inspire them to act to conserve it."

Gillian Skinner, marketing director of Distell International





Elephants are a keystone species with an enormous influence on the ecosystem, and their extinction will have a catastrophic impact. This is the reason the Amarula Trust is involved and committed to protecting them in Africa.

BUILDING OUR PEOPLE

Our employees are critical in enabling us to shape the future and craft a legacy. We are committed to creating a positive and safe work environment with opportunities for career development.

Our employee composition

Employees	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	1	1	11	–	1	–	4	19
Senior management	7	13	9	74	–	2	4	23	132
Professionally qualified ¹	46	43	14	129	18	33	10	108	401
Technically skilled ²	306	213	16	216	127	178	16	209	1 281
Semi-skilled ³	682	529	12	31	156	147	6	50	1 613
Unskilled ⁴	260	171	3	8	70	109	–	–	621
Total permanent	1 302	970	55	469	371	470	36	394	4 067
Temporary employees ⁵	75	29	9	38	69	37	12	54	323
Offshore	124	10	1	213	28	16	–	154	546
Grand total	1 501	1 009	65	720	468	523	48	602	4 936

¹ Professionally qualified and experienced specialists and mid-management.

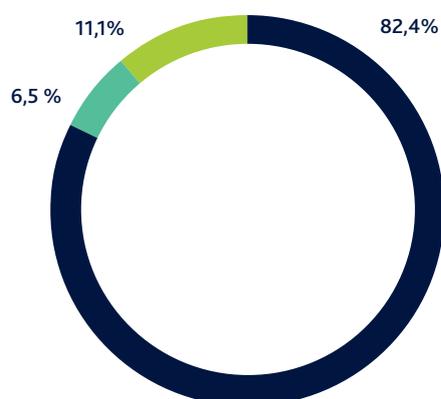
² Skilled technical and academically-qualified workers, junior management, supervisors, foreman and superintendents.

³ Semi-skilled and discretionary decision-making.

⁴ Unskilled and defined decision-making.

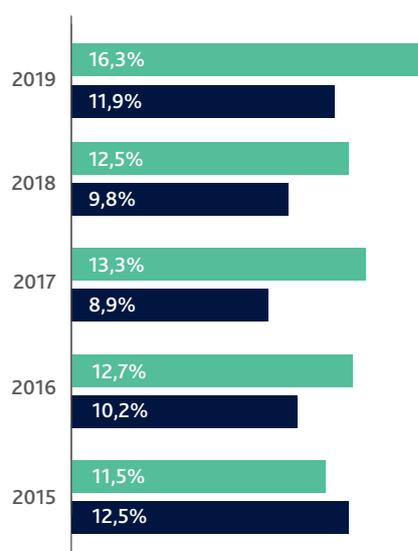
⁵ Temporary employees include those employees who only work for a period on contract.

Employee split



International | South African temporary | South African permanent

New appointments and turnover



Turnover | New appointments

ENHANCING OUR EMPLOYEE VALUE PROPOSITION

We are re-evaluating our Employee Value Proposition (EVP) and will launch a project in the upcoming financial year to align our value proposition to a future-fit Distell. This will include a specific focus on millennials (people born between 1981 and 1996) and centennials (people born from 1997). We will also launch an EVP survey to determine the key value drivers that should be implemented at Distell to deliver a refreshed and rewarding experience for our employees.

DISTELL'S CULTURE CHANGE JOURNEY

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

Our purpose – creating memorable moments, crafting a better future – captures the customer and consumer experience associated with our award-winning brands. It also recognises our role as a corporate citizen and the obligation to act responsibly.

Our values – customer and consumer focus, excellence and one Distell – have been reshaped to reflect what we stand for as an organisation and act as guiding principles. At the foundation of these values is a commitment to our consumers and customers, characterised by an unwavering passion to serve their needs with integrity and excellence.

We continue to implement a culture change roadmap to align our employees with our values and successfully embed and deliver on our key success drivers. Our executive management team understands the crucial role it plays and made great progress during the year to workshop and agree on the behaviours and actions needed to drive this journey from the top and lead by example. Several 'Leading Change' and 'Coping with Change' workshops were also held in 2019 to embed and strengthen the change agility of our employees and executive management team.

Going forward, our revised purpose statement and values will become the non-negotiable watermark of everything we do at Distell. To reinforce these values, we will undertake practical culture-shaping workshops. Various campaigns and initiatives will be introduced

across the business to reward and reinforce desired behaviours. We will also conduct a follow-up culture-shaping survey to assess any positive or negative shifts since the baseline assessment that was done in 2018.

Our workplace must provide our employees with what they need most to grow and remain motivated, passionate and committed to Distell.

OUR EVP FOCUSES ON:



Great company, culture and leaders

Employees can learn and grow across a wide range of global business processes and functions that make up our expanding value chain.



Well-being

Our approach to well-being is holistic and includes a focus on career, physical, spiritual, financial, community and social well-being.



Exciting work

We are committed to crafting an exciting workplace that contributes to an effective and productive workplace culture.



Development opportunities

We provide stimulating training and development opportunities that are linked to our employees' individual development plans.



Reward

We consider the principles of market competitiveness, internal equity and pay for performance to ensure our reward offering is fair and aligned with best practice.

GIVING BACK TO COMMUNITIES THROUGH OUR FORGOOD PLATFORM

Through our employee volunteer programme, employees are able to make a significant contribution to their communities. We launched Distell ForGood in 2018 – an online platform that enables employees to sign up and make a contribution to any one of the more than 380 non-profit organisations on the platform. Employees can volunteer time, goods or funds. Alternatively, they can choose another way to make a lasting difference.

We also ran various campaigns in 2019 where employees could lend a hand within their communities. For World Environment Day, employees volunteered their time and skills to paint a GreenUP buy-back centre in Khayelitsha as well as clean up a section of the Eerste River in Stellenbosch. To support International Nelson Mandela Day, employees from Western Cape, New Germany, Bloemfontein, Gauteng and Eastern Cape volunteered to help Rise Against Hunger achieve its goal of packing three million meals across nine cities between 12 and 20 July. Meals were then distributed to early childhood development centres countrywide. Employees also took part in the Cycle For Life Event hosted in aid of Helderberg Hospice, a Somerset West-based organisation offering support to those facing a life-threatening illness.



SUPPORTING OUR EMPLOYEES THROUGH LEARNING AND DEVELOPMENT PROGRAMMES

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

Talent management and succession planning are guided by our dynamic talent management strategy. We conduct annual talent review forums (regionally, functionally and globally) to ensure that we stay on top of our human resource requirements and identify any skills gaps across our business.

Our talent management strategy is supported by SuccessFactors, – a web-based, innovative solution that provides visible alignment between our succession and talent management processes. The learning module of SuccessFactors went live in October 2018. This module enables eLearning across the organisation and will provide a comprehensive, centralised learning and development platform for our employees.

PROGRAMMES IN 2019

Accelerated Development Programme

Since the launch of this flagship 24-month programme in May 2016, a new group of employees has embarked on the Accelerated Development Programme. The programme aims to accelerate the development of internal high-potential candidates and strengthen our succession plan for general management roles. Of the 11 employees enrolled in the programme, 10 are African, Coloured and Indian employees and three are female employees.

Supervisory (team leader) and middle-management development programmes

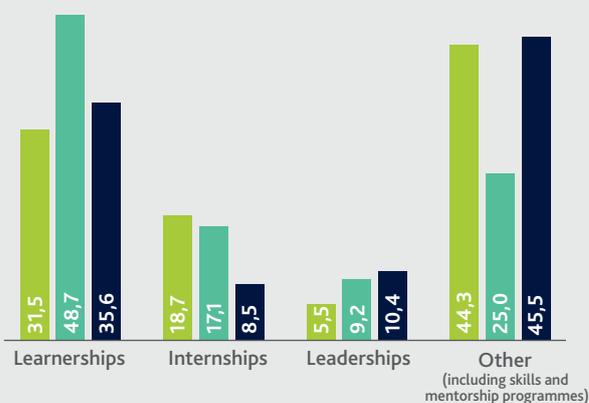
These above programmes target our first-line supervisors and middle management and provide them with hands-on knowledge and the necessary skills to lead their teams effectively.



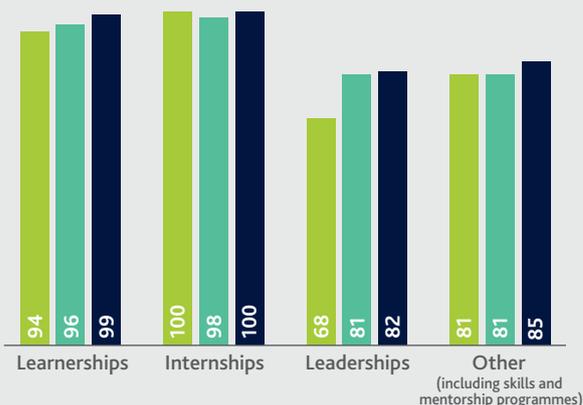
TOTAL SPEND ON TRAINING INITIATIVES

We continue to invest in training and growing our future leaders.

LEARNING AND DEVELOPMENT PERCENTAGE SPLIT (%)

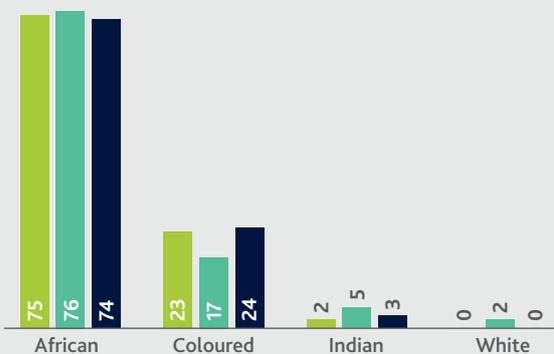


PERCENTAGE OF LEARNERS WHO ARE PDIs (%)*



* Previously disadvantaged individuals.

INTERNS BY RACE (%)



2017 | 2018 | 2019

WHAT WE DID IN 2019

We launched our People Toolkit for line managers

The People Toolkit equips line managers with an end-to-end overview of employee-related processes and practices.

We launched our Talent Talks platform

The Talent Talks platform helps to ensure ongoing and proactive engagement with key stakeholders and employees on talent themes that are important to our business. We also shared the first issue of our Talent Talks Digi-Mag with employees in December to showcase key talent highlights and talent practices.

We collaborated with LinkedIn

Our first Talent Event was hosted at the House of J.C. Le Roux in collaboration with the LinkedIn team from Ireland. As part of the event, the LinkedIn team shared the latest insights on the impact of digital technology and artificial intelligence on talent acquisition strategies.

We ran a Springs Strategic Recruitment Campaign

A multi-pronged strategic recruitment campaign that leveraged digital platforms, billboards, radio and social media was initiated to attract key talent for our Springs manufacturing unit.

We developed a focused Africa LinkedIn career life page

We created a career page on LinkedIn specifically for our African operations to help strengthen our brand and ensure that we grow our talent footprint across the continent.

We launched an Africa Strategic Recruitment Marketing Campaign

As part of our Africa Talent Acquisition Strategy, we launched a social media campaign to attract qualified local professionals in the countries in which we operate, outside of South Africa.

We successfully conducted a Global Talent Review

Our annual Global Talent Review was conducted in January 2019. Through robust roundtable discussions and cross-functional collaboration, Distell's executive management team discussed and reviewed succession planning and talent pools available for mission-critical roles as well as business unit capability. A comprehensive list of 64 high-potential African, Coloured and Indian individuals was identified. All identified employees have clear career paths and development plans in place to accelerate their progression at Distell.

"Our best-in-class HR practices and processes play a strategic role in supporting Distell's transformation journey. This is underpinned by our commitment to the importance of our employees, who are pivotal in crafting our many success stories."

JP van der Walt, director: human resources at Distell



"The pace and ability at which organisations can effectively transform and live out values of inclusivity, diversity and innovative ideas will propel them to greater success, allowing them to effectively drive change and make a positive impact on people, planet and profit. At Distell we show up passionately and consistently to be a catalyst of this holistic transformation, not only in our industry, but in our beautiful country we call South Africa."

Natasha Moller, global lead talent and culture at Distell



ENHANCING EMPLOYEE WELLNESS, HEALTH AND SAFETY

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

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



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



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



We have established on-site clinics at our bottling plants and manufacturing and distribution sites to provide occupational health services to operational employees. These services range from fitness assessments to helping employees manage their chronic illnesses. Altogether 29 878 consultations were carried out during the year.



We conduct annual education sessions that cover different wellness topics that could possibly be affecting our employees. Multiple training sessions were held during the year, attended by 549 employees. Training touched on several topics that included first aid, financial planning and stress and anxiety, among others.



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

74

**Number of injuries
resulting in lost time**
2018: 100 | 2017: 138

1 015

**Number
of lost days**
2018: 1 213 | 2017: 1 722

302

**Number of
site incidents**
2018: 333 | 2017: 414

6

**Number of reported
occupational diseases**
2018: 0 | 2017: 6

0

**Number of work
related fatalities**
2018: 0 | 2017: 0

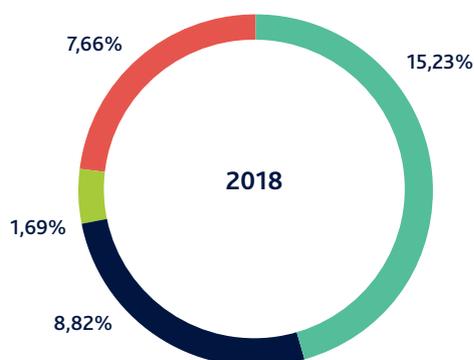
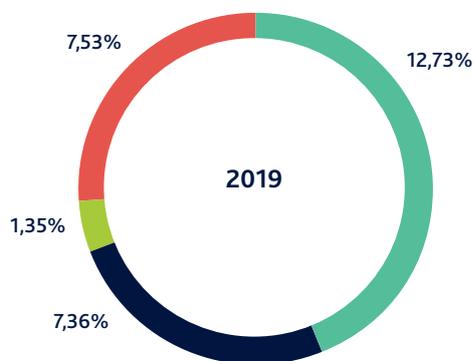


ENSURING SOUND EMPLOYEE RELATIONS AND FAIR EMPLOYMENT PRACTICES

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

We fully support our employees' right to freedom of association and recognise their right to belong to a union of their choice or to refrain from union membership. To support open communication, managers meet regularly with union representatives at plant level. In South Africa, 28,97% (2018: 33,40%) of our permanent employee base is unionised, with several unions represented. We have formalised relationships with the Food and Allied Workers Union (FAWU), the National Union of Food, Beverages, Wine, Spirits and Allied Workers (NUFBWSAW) and the Agricultural Broadbase and Allied National Trade Union (ABANTU).

Trade union representation



NUFBWSAW | FAWU | ABANTU | Other

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

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

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

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

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

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

"The concept of human rights is of great significance to Distell, and it is for this reason that all our employment practices are built on the premises of equal treatment and respect for the individual irrespective of race, gender, ethnicity or creed."

Paul Barendse, Group manager: industrial and employee relations at Distell



CREATING A DIVERSE WORKING ENVIRONMENT

We strive to be representative of all South Africans and everyone who represents our business operations outside of South Africa. This ambition shapes our corporate culture and pushes us to work harder to attract and retain diverse talent. Achieving our transformation and diversity ambitions also depends on our ability to embrace each employee's potential and ensure they feel that Distell is invested in their future and the legacy they will leave behind.

To achieve our transformation goals, we remain committed to appointing and promoting people from designated groups, fast-tracking diversity, providing talented individuals with targeted coaching and mentoring, and creating opportunities for women and people with disabilities. Our revised National Employment Equity Plan 2017–2022 has been rolled out across all business functions. This plan remains our primary strategy to attain set transformation and diversity targets and address government's national transformation goals. The plan prompted us to reflect on actions and soft behaviours required to embed an all-inclusive culture throughout our transformation journey:

We invest in EAPs, including a bursary scheme and learnerships aimed at disabled learners. These investments affirm the value we place on our employees.

We have maximised our appointments and promotions for the reporting year despite external challenges such as war on talent, increasing competition and demand-supply of skills.

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

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

INCREASING THE REPRESENTATION OF EMPLOYEES WITH DISABILITIES WITHIN DISTELL

We are working hard to increase the participation of people with disabilities in learnerships. A total of 83 learners (2018: 85 learners) participated in and completed our learnership programmes during the year, which included business administration and practice, hygiene and cleaning, as well as plant production. Four learners were permanently absorbed by an external business partner, and we continue to collaborate with other organisations to assist in the challenge of absorbing these learners into suitable roles.

Doing more for employees with disabilities in 2020

Given the low representation of persons with disabilities within Distell, we will embark on an internal Disability Campaign in the upcoming financial year. This campaign will aim to create awareness on various disabilities and encourage employees to declare their disability status.

ACCELERATING THE ROLE OF WOMEN IN THE WORKPLACE

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

43%
of appointments
and **38%**
of promotions
went to women

We set a **50%** gender representation directive across all management occupational levels

Future plans to support the acceleration of women within Distell include strategic partnerships with Business Engage, 30% Club Southern Africa and the United Nations Women Flagship Programme.

PROGRESS AGAINST OUR EMPLOYMENT EQUITY TARGETS

Between 30 June 2018 and 30 June 2019,* we have made the following progress against our employment equity targets for appointments and promotions within the business:

	2017	2018	2019	Target 2022
PERCENTAGE OF PDIs – TOP AND SENIOR MANAGEMENT				
Appointments	64%	69%	56%	75%
Promotions	50%	56%	54%	75%
PERCENTAGE OF PDIs – MIDDLE MANAGEMENT				
Appointments	78%	89%	81%	90%
Promotions	45%	78%	87%	90%
PERCENTAGE OF PDIs – JUNIOR MANAGEMENT				
Appointments	90%	95%	92%	95%
Promotions	88%	89%	93%	95%

*** Addressing our workforce profile was a key imperative during our recent reorganisation process. As a result, for the period of July to August 2019, the below employee movements were made:**

- Top and senior management: 100% (1/1) PDI Appointments and 93% (14/15) PDI Promotions
- Middle management: 100% (9/9) PDI Appointments and 91% (30/33) PDI Promotions
- Junior management: 100% (23/23) PDI Appointments and 85% (35/41) PDI Promotions

"Diversity, inclusivity and transformation are key business imperatives for Distell as they represent our employees, customers, consumers and communities at large. We are on a collectively-owned journey that embraces our individuality, creativity and passion towards the betterment of the business and communities."

Elizabeth Msimang, Transformation manager at Distell

"The People Agenda has always been a critical lever within Distell's Africa Growth Strategy. Ensuring that we have sound capability to build key functional skills for our in-market talent as well as aid our people to grow professionally remains a top priority for the HR Africa team. Other key pillars include several engagement initiatives. These range from a people engagement platform called #Africhat to certain key community engagement interventions driven by our people on the ground. We win with our people, which is why we win as a company."

Danny Alexandre, Head: Human Resources Africa at Distell

We continue to leverage our Accelerated Development Programme to fast track the career development and progress of PDI candidates.

Read more about this programme from page 64.



DEVELOPMENT TRUST

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

Empowerment of black women in rural communities

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

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

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

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

Education and work readiness

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

Rural Education Access Programme (REAP): Based across South Africa, REAP assist learners from poor 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.

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 assists with placing participants in paid internships or learnerships within the hospitality industry after they graduate.

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



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

Lisle Svenson, chairperson: Distell Development Trust and Lwazi Mankhla, head: Distell Development Trust



Youth employment and entrepreneurship

Ray Mhlaba Skills Training Centre: Based in the Eastern Cape, the Ray Mhlaba Skills Training Centre is a vocational skills development organisation focusing on the social upliftment of underprivileged youth, with the aim of reducing 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 focuses on supporting unemployed youth between the ages of 18 and 35.



THE BACKGROUND OF THE DISTELL DEVELOPMENT TRUST

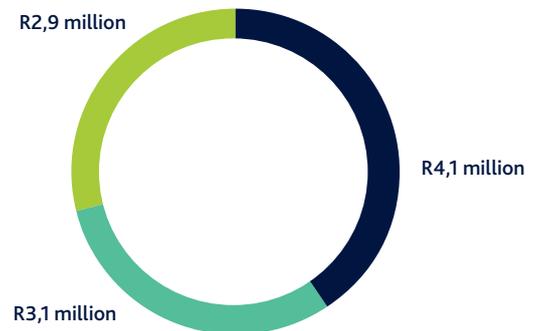
The main purpose of the Distell Development Trust is to identify opportunities to advance black economic empowerment in the interest and benefit of beneficiaries. The trust deed further specifies that 85% of beneficiaries should be black people, and at least 50% of these beneficiaries should be women. This is done with the aim of alleviating poverty, unemployment and inequality.

Since the trust is a B-BOS (Broad-based Ownership Scheme), it is required to fulfil its mandate. This is assessed independently by an Independent Competent Person's Report.

"Funding provided by the Distell Development Trust created permanent jobs for 28 rural women living on Middelpos Farm and nine surrounding farms. Previously, these women only had seasonal farm work for two months of the year. The women grow organic vegetables that feed 47 rural farm children daily as well as 65 household farms on a weekly basis. They are also being upskilled with entrepreneurial training that supports an alternative rural economy on Middelpos farm, with the potential to create between 150 and 200 permanent jobs for farm women in the near future. Other positive outcomes for these women include an uptake in responsible drinking habits, better job performance and improved basic literacy."

Ingrid Lestrade, Director of Middelpos Farm

ACTUAL SPEND PER STRATEGIC PILLAR



Empowerment of black women in rural communities

(2018: R2,5 million)

Youth employment and entrepreneurship

(2018: R1,9 million)

Education and work readiness

(2018: R3,1 million)



ABOUT

OUR REPORT

Our sustainability report provides insight into matters that are vital to our future prosperity and discusses our responsible management processes. These processes are crucial to enable us to deliver on our health and safety, social, environmental, transformation and economic imperatives.

The report is aimed at a wide range of stakeholders who influence our business. These include trade customers, investors, strategic business partners, suppliers, communities, government, consumers and our employees.

WHAT IS INCLUDED IN AND EXCLUDED FROM THIS REPORT

The report covers the non-financial performance of Distell Group Holdings Limited (Distell or the Group) for the year ended 30 June 2019 and relates to our operations in South Africa only, unless indicated otherwise. We have an extensive worldwide distribution network that is supported by local production capability in South Africa, Scotland, Angola, Kenya and Nigeria. We also have joint-venture and associate partnerships in countries that include Tanzania, Zimbabwe and Angola.

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

HOW WE ASSURE THE INFORMATION IN THIS REPORT

In adherence 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. Additionally, Distell's audit and social and ethics committees have reviewed this report. While third-party assurance has not been sought for all information contained in this report, certain information, such as that relating to B-BBEE and certain environmental information, has been independently assessed and verified. Refer to our integrated report for a full list of our accreditations and certifications.

PROVIDE US WITH FEEDBACK OR REQUEST MORE INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

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



WWW.DISTELL.CO.ZA

