

Sechaba Brewery Holdings Limited

# *Sustainable Development Report 2012*

Ten Priorities. One Future.



*Making a difference through beer*



An affiliate of SABMiller plc





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### Front Cover

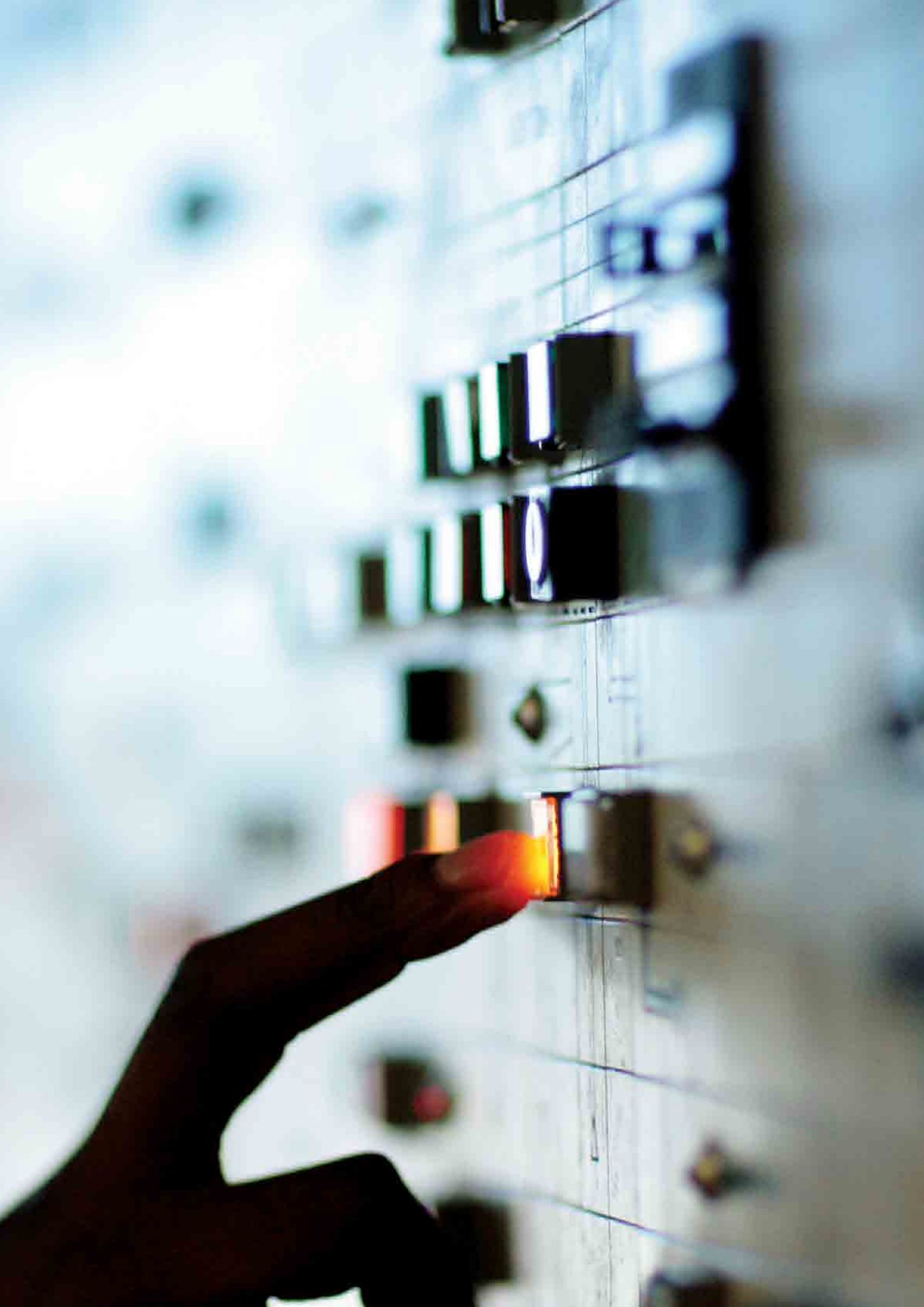
Sechaba Brewery Holdings Limited  
Sustainable Development Report  
2012



### More Information

Sechaba Brewery Holdings Limited  
Annual Report 2012





## About Sechaba Brewery Holdings Limited

Sechaba Brewery Holdings Limited is an investment company with interests in Kgalagadi Breweries (Pty) Ltd (KBL) and Botswana Breweries (Pty) Ltd (BBL).

It holds 60% of the shares of these two companies and is an affiliate of SABMiller plc, who through SABMiller B.V. holds a 40% share. Kgalagadi Breweries (Pty) Ltd and Botswana Breweries (Pty) Ltd are sole brewers for their product categories in Botswana.

Local spent increased to

**P220,592,785**

from P159,043,882, a 38.7% increase from previous year.

The head offices of KBL and BBL are located in Gaborone, Botswana's capital city, where the companies also maintain offices for sales, distribution, marketing and corporate affairs. KBL has one clear beer brewery, a sparkling soft drinks plant and six sales and distribution depots. BBL has four traditional beer breweries and five distribution depots strategically located in the east, north and south of the country.

SABMiller Plc has management control in both operating companies in a partnership that dates back to 1977. As one of the largest brewing companies in the world, it contributes the benefit of its management, technical, brand building and distribution expertise to KBL and BBL.

Together KBL and BBL employ over 1100 people throughout the country. The mission, values and strategies of the broader SABMiller Group, tailored to the needs of the Botswana market, are firmly entrenched in each company. Botswana currently has a population of approximately 2 million people and a beer consumption of about 20 litres per capita.

*We have stepped up our coal procurement from Morupule Colliery and local suppliers of raw materials such as maize grits and sugar*

## Joint Statement by the Managing Director and the Corporate Affairs & Strategy Director



We are clear that our business is not something separate from society. It is, at one and the same time, an employer, a customer, a supplier and a taxpayer.

This report summarises the remarkable efforts of Sechaba Brewery Holdings Ltd to embrace sustainable development as a critical success factor for the business as denoted through the Ten Priorities. One Future: our sustainable development strategy.

**Lehlohonolo J Matsela**  
Group Managing Director

**Tickey Pule**  
Corporate Affairs and Strategy Director

Sustainable development is fundamental to our business success. We have a clear and well-embedded approach that continues to deliver tangible benefits for our business and the communities in which we work.

We understand that our long-term profitability depends on being part of a successful economy where jobs are created, incomes increase and the quality of life for our communities improves.

### Ten Priorities. One Future.



*Making a difference through beer*

### A force for good

We believe that the most effective way for Sechaba Brewery Holdings Limited to meet its sustainable development objectives is by maximising the success of the business.

We are clear that our business is not something separate from society. It is, at one and the same time, an employer, a customer, a supplier and a taxpayer. The interests of Sechaba and the wider community are therefore inextricably linked.

Our activities provide high-quality products that society wants and enjoys. As long as our market remains free and competitive, our business will succeed if we manage our relationships well, use resources efficiently and meet the needs of our consumers and the communities in which we operate. This robust approach to sustainable development underpins both our ability to grow and our licence to operate.

A well-managed and growing business is good for wider economic development: it leads to greater employment, more taxes paid and greater investment in our economy and communities.

### **Making partnership a central part of our approach**

We recognise that by building lasting partnerships we can ultimately create more value for our business and make greater difference in the market than if we worked in isolation.

We have directly developed partnerships and projects with our stakeholders and communities who in turn enhance our ability to operate and enable us, with improved insight and knowledge, to become effective in implementing meaningful programmes for our local communities.

### **Integrating sustainable development into business strategy**

We believe that in order for our companies to achieve competitive advantage – and ultimately profitability – sustainable development needs part of what we do every day. It needs to be integrated into our decision making and the way we run our business.

Strategic focus is underpinned by our 10 sustainable development priorities. These define the material issues for our business and have been developed through extensive consultation with both internal and external stakeholders.

We focus our resources on the priorities which we believe are the most material for our business. As a result we have established four key focus areas, namely alcohol responsibility, HIV/AIDS, enterprise development and corporate social investment (CSI). We feel that these are the issues which have the potential to impact on all parts of the business and which are best tackled through a consistent strategic focus.

## **talking alcohol.com**

**encouraging people to make informed choices about alcohol**

► visit [talkingalcohol.com](http://talkingalcohol.com)



### **Discouraging irresponsible drinking**

We promote responsible consumption as part of our day-to-day activities, whether designing marketing campaigns, developing new products or selling our beers in the market place. We also strive to ensure that our employees understand the risks that arise from irresponsible drinking and we expect high standards from them – 100% of our employees are now trained in the six core principles of our Alcohol Framework.

We believe that consumers should receive accurate and balanced information about irresponsible consumption and to this end we have launched a number of targeted information campaigns for our stakeholders.

We continue to promote **TalkingAlcohol.com**, a website that educates users about alcohol and its consumption in an engaging and readily understood format, employing the latest research and expert advice. Although the site includes some facts about certain brands, it contains no marketing information. Instead visitors are provided with expert advice on topics related to drinking such as health, parenting and social considerations. Other areas focal areas include drink driving, underage drinking, gender issues as well as tips on how to drink sensibly.

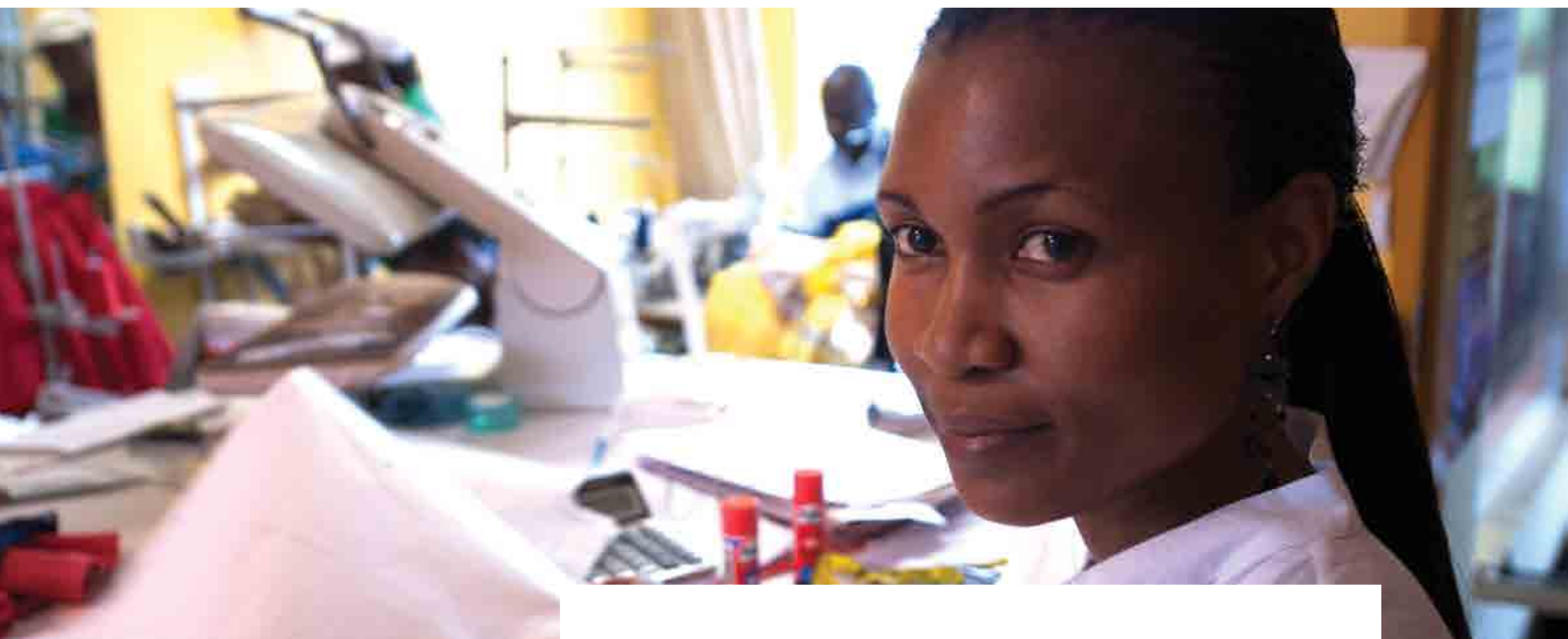
### **Investing in local suppliers**

Enterprise development supports the long-term growth and stability of both our business and our economy. KBL and BBL recognise that using local suppliers for their raw material procurement not only supports local entrepreneurship but can also benefit the business commercially.

Local sourcing is often more cost-effective than importing raw materials, and encouraging enterprise in our supply chains directly contributes to our economy. Our close collaboration with suppliers continues to ensure that we procure high quality goods and services to protect against reputation risk. At the same we are facilitating employment creation and providing opportunities for Botswana entrepreneurs to be empowered and to improve their standard of living and that of their employees.

Local spend for the Group has increased from P159,043,882 in 2012 to P220,592,785, signifying an increase of 38.7%. We have stepped up our coal procurement from Morupule colliery and our purchases of raw materials such as maize grits and sugar from local suppliers. We have also increased our focus on raising our suppliers' awareness of responsible sourcing practices. To this end, require that our suppliers act ethically by not polluting the environment, by adhering to policies and procedures that govern the use of natural resources and by promoting employee welfare through HIV/AIDS policies.

## Joint Statement by the Managing Director and the Corporate Affairs & Strategy Director (continued)



To date, KickStart has distributed close to P9 million to youth entrepreneurship projects and provided business skills training to 107 young entrepreneurs.

**The programme has enabled more than 30 young Batswana entrepreneurs to realise their dreams of owning a business. In addition, over 80% of the supported businesses are still in operation.**

### Benefitting communities

We believe that the prosperity of our business is closely aligned to the health and wellbeing of the communities in which we work. Our corporate social investment (CSI) activities aim to improve the quality of life for Batswana, helping us to build strong relationships with communities, consumers and our employees.

The KBL and BBL CSI strategy is driven by Kgalagadi Beverages Trust (KBT) and reflects group strategic themes of benefiting communities and encouraging enterprise development; and at least 80% of our CSI spend is focused in these areas. Our CSI projects are independently evaluated, providing an unbiased appraisal of their effectiveness against specific targets and positive impact on society. As a result of this level of commitment, KBT, KBL and BBL are recognised by external stakeholders as national leaders in CSI.

In 2004, KBL and BBL launched KickStart, their flagship youth entrepreneurship development programme that is aimed at assisting young people aged between 18 and 30 years to start a business or expand their existing businesses. KickStart continues to be highly successful in inculcating a culture of entrepreneurship among young Batswana who have over the years seized the opportunity as a platform for growth and business success.

KickStart promotes business awareness and builds capability among young people through training, providing grants as start-up capital and mentoring and assistance during the business set-up phase. To date, KickStart has distributed close to P9 million to youth entrepreneurship projects and provided business skills training to 107 young entrepreneurs. The programme has enabled more than 30 young Batswana entrepreneurs to realise their dreams of owning a business. In addition, over 80% of the supported businesses are still in operation.



### Contributing to the reduction of HIV/AIDS in Botswana

Over the past decade, Kgalagadi Breweries Limited and Botswana Breweries Limited have consistently made calls to all stakeholders to tackle HIV/AIDS stigma and prejudice as a way to remove barriers to effective treatment. Project Tshelang was among the first initiatives of its kind in Botswana when it was launched in 2001.

Tshelang means “Live” or “Stay Alive” and provides a consistent set of guidelines for managing employees with HIV, AIDS and other chronic diseases to ensure the fair and consistent treatment and support for all KBL and BBL and those that depend on them.

The focus of Project Tshelang continues to include prevention of new infections and manage the spread of HIV by providing employees and their families with education, awareness programmes and access to Voluntary Counselling and Testing (VCT). HIV-positive employees, once diagnosed, have access to the companies' managed healthcare system, including the provision of free anti-retroviral drugs for employees and their immediate dependants. Project Tshelang also provides medical assistance for chronic illnesses including arthritis, asthma, epilepsy, gout, heart conditions, hypertension, thyroid dysfunction, hepatitis A, B and C.

Some HIV-positive employees at KBL and BBL have championed communications to fellow employees, encouraging them to be tested and to learn more about HIV/AIDS. These champions and peer educators continue to play a major role in changing behaviours and perceptions amongst their colleagues as well as preventing new infections.

In Over the past year, Botswana Medical Aid (BOMaid), the leader in managed-health care in Botswana, was contracted to further enhance the services of Project Tshelang. Employees and their families continue to demonstrate their confidence in the confidentiality and benefits of Tshelang.



## Overview of Progress: Our Performance at a glance

*The table below summarises the progress we have made over the past year against our 10 sustainable development priorities.*

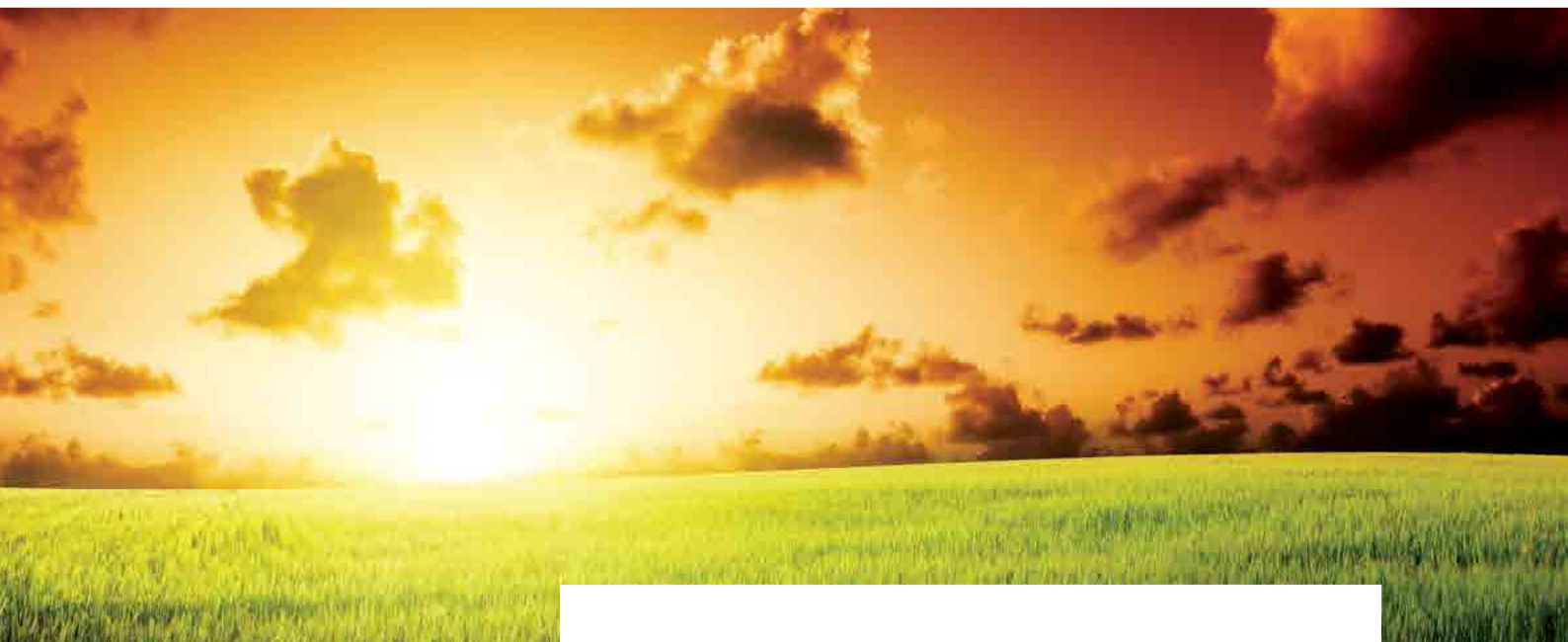
 <h3>Discouraging irresponsible drinking</h3> <p><b>Why is it a priority?</b> Our beer adds to the enjoyment of life for the overwhelming majority of our consumers. We care about irresponsible alcohol consumption and we work collectively with stakeholders to address the harmful effects.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>Continue with Alcohol Behaviour and Communication (AB&amp;C) training to have 100% of employees trained.</li> <li>Fully explore and articulate our strategy to promote responsible alcohol consumption and protect our Licence to Trade (LTT).</li> <li>Ensure that all communications on alcohol for sales promotions, advertisements are presented to the Sales and Marketing Compliance Committee (SMCC) and evaluated for compliance to our Policy on Commercial Communication (POCC) before being broadcast or implemented.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>95% of employees have undergone Alcohol Behaviour &amp; Communication training (AB&amp;C). The training is now offered as a standing agenda in the induction training for all new employees.</li> <li>A three-year alcohol strategic plan has been developed and plans underway to focus on targeted interventions against irresponsible alcohol consumption.</li> <li>Comprehensive Sustainable Development and Licence to Trade Strategies have been developed and are being implemented to support our Responsible Alcohol Way and support our Six Alcohol Principles that combine to form our alcohol positions.</li> </ul>	 <h3>Making more beer using less water</h3> <p><b>Why is it a priority?</b> We aim to be more efficient in our water use, understand our watersheds and engage with our suppliers. This will cut costs, reduce risks and benefit local communities.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>Make progress towards the Group water target.</li> <li>Develop new stakeholder partnerships to address water supply and quality risks.</li> <li>Invest in Can Line process improvements to consolidate water savings at the Sparkling Soft Drinks Plant (SSD).</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>In the year, KBL's average water consumption reduced from 7.44 to 5.6 hectolitres of water for hectolitre of beer produced and 2.67 to 2.5 hectolitres of water for hectolitre of soft drinks produced, representing a 25% and 6% improvement respectively on previous year.</li> <li>Our year on year performance for soft drinks improved from a position of second to being rated the best for water efficiency in SABMiller Africa.</li> <li>A Can Filler Vacuum Pump has been installed at the Sparkling Soft Drinks Plant (SSD) has led to considerable water savings as water is pre-chilled and vacuum pumped to increase to re-circulation cycles and reduce fresh water intake.</li> </ul>	 <h3>Reducing our energy and carbon footprint</h3> <p><b>Why is it a priority?</b> We use energy to produce and transport our products. We aim to become efficient, manage our carbon footprint and explore cleaner sources of energy. This will save money and resources and reduce our greenhouse gas emissions.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>Make progress towards the new carbon target.</li> <li>Improve the combustion capability of coal in order to reduce usage and environmental impact.</li> <li>Improve our management of carbon in distribution and retail refrigeration.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>Over the past year our average energy consumption for beer production improved from 321MJ/hl to 272 MJ/hl, representing a 15% improvement from previous year.</li> <li>We now employ coal additives to our boiler combustion mix to improve coal combustion, thereby reducing boiler fire-side tube scaling and emissions.</li> <li>Sparkling Soft Drinks (SSD) improved from 21.05 MJ/hl to 19.00 over the year, representing a 10% improvement on previous year and best energy performance for SSD in SABMiller Africa.</li> </ul>	 <h3>Packaging reuse and recycling</h3> <p><b>Why is it a priority?</b> Packaging protects our products but has wider impacts. By reducing the weight of our packaging, reusing bottles and encouraging recycling we're saving money and raw materials and reducing pressure on local waste services.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>Develop a light-weighting system for our beverage cans.</li> <li>Improve the percentage of returnable bottles in support of the KBL Bottle Returns Policy thereby reducing the environmental impact of our packaging.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>We have run a light-weight trial run on our Canning Line to test the efficacy of the system in relation to our market and environmental conditions.</li> <li>All our packaging is now free of heavy materials.</li> <li>Our bottle returns policy for the 750ml quartz has led to the increase of returnable bottles from 92% to 93% over the year; and from 65% to 93% over the past three years.</li> <li>We continue to work closely with Non-Governmental Organisations (NGOs) such as Tshomarelo Tikologo who collect and recycle our Non-returnable (NRB) bottle packs as well as Collect-A-Can who recycle our downstream can waste.</li> </ul>	 <h3>Working towards zero-waste operations</h3> <p><b>Why is it a priority?</b> Much of our waste can be a valuable resource for farmers and food producers as well as a potential energy source. We aim to minimise the amount of waste we send to landfill, so saving money and reducing its environmental impact.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>Investigate more ways to reuse brewery waste.</li> <li>Increase the percentage of waste recycled/reused in line with our aspiration to achieve a zero-waste brewery system.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>A review is currently underway to select vendors who can best recycle KBL and BBL boiler ash in ways that provide greatest benefit and impact to the community.</li> <li>100% of our organic waste was reused or resold for further use.</li> <li>This year at least 85.84% of site waste (excluding hazardous waste and refrigerants) was recycled, sold for recycling or reused and municipal and hazardous dumps checked for integrity.</li> <li>We continue to work closely with Non-Governmental Organisations such as Tshomarelo Tikologo who collect and recycle our Non-returnable (NRB) bottle packs.</li> </ul>
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 <p><b>Encouraging enterprise development in our value chains</b></p> <p><b>Why is it a priority?</b> We recognise the fact that our influence extends beyond our immediate operations to include those of our value chain partners – for example, suppliers of our raw materials and distributors of our products.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>• Increase the number of smallholder farmers in our pilot Project Thusanang.</li> <li>• Develop and launch the KBL and BBL corporate social investment documentaries.</li> <li>• Upscale communications about KBL and BBL CSI initiatives in order to increase public awareness and feedback as well as the participation of key stakeholders.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>• Project Thusanang has been expanded to serve in three farmer clusters and the sizes of the farm holdings and the number of farmers per cluster increased from 4 to 5.</li> <li>• KBL and BBL CSI documentaries 'Our Story' have been premiered to stakeholders and aired on Botswana Television (Btv).</li> <li>• KBL and BBL are recognised by external stakeholders as national leaders in CSI.</li> </ul>	 <p><b>Benefiting communities</b></p> <p><b>Why is it a priority?</b> The prosperity of our local communities and that of our operations is mutually dependant. Our corporate social investment (CSI) initiatives aim to improve the quality of life for local people, helping us build strong relationships with communities, consumers and our employees.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>• Continue the funding of our enterprise development programme KickStart.</li> <li>• To lend support and funding to entrepreneurial vehicles such as The Business Place, that reflect our values of inculcating entrepreneurship development in Botswana.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>• KickStart continues to invest towards improving the prospects and lives of youth entrepreneurs in Botswana.</li> <li>• Over the past year, KBL donated sum of P150,000 to support the business place, bringing the total support to P400,000 over the past three years.</li> </ul>	 <p><b>Contributing to the reduction of HIV/AIDS</b></p> <p><b>Why is it a priority?</b> Managing the HIV/AIDS pandemic is of critical relevance in Botswana. Our HIV/AIDS program, Project Tshelang provides extensive support for employees and their families. We ultimately seek to develop programmes for our communities and suppliers to ensure the well-being and health of staff and the communities in which we operate.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>• Further increase the percentage of HIV-positive employees and spouses on our managed healthcare programme, Project Tshelang.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>• 75% of employees went for Voluntary Testing and Counselling (VCT).</li> <li>• The re-launch of Project Tshelang to increase awareness of the programme to employees and stakeholders.</li> <li>• Managed Healthcare Care – All employees are now fully covered by the company for membership of BOMaid. This has given all employees and their families access to medical treatment they could previously not afford, resulting in a workforce that is more aware of its health status.</li> <li>• We now have 124 peer educators amongst our employees. This means that there are 1 peer educator for every 8 employees at KBL and BBL. This is within the SAM requirements of a ratio of a minimum of 1 peer educator per 8 employees.</li> </ul>	 <p><b>Respecting human rights</b></p> <p><b>Why is it a priority?</b> We conduct our business with respect for our national culture, different local laws, norms and traditions. We promote the values of the international community, namely the Universal Declaration of Human Rights.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>• Complete adherence to ensure that the Employment Act of Botswana underpins all our employment policies and practices.</li> <li>• Improve on the group Sustainable Assessment Matrix (SAM) stairway for respecting human rights.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>• Potentially significant human rights risks which are foreseeable have been identified and discussed at executive level and policy enforced to ensure that all employees are aware of the benefits of our ethics, whistle blowing processes and more recently; a revised policy of our anti-bribery policy.</li> <li>• KBL and BBL are recognised by stakeholders as being Employers of Choice.</li> <li>• A diversity policy has been agreed and implemented covering ethnicity, gender and disability.</li> <li>• KBL and BBL are Equal Opportunities Employers.</li> </ul>	 <p><b>Transparency and ethics</b></p> <p><b>Why is it a priority?</b> We're committed both to transparent sustainable development reporting and to high ethical standards in general. To this end, we have a Code of Business Conduct and Ethics which applies to all employees and third parties acting on our behalf.</p> <p><b>Targets we set ourselves</b></p> <ul style="list-style-type: none"> <li>• Actively promote our Code of Conduct and Ethics to all our employees and third parties acting on our behalf.</li> <li>• Continue stakeholder dialogues on alcohol, water and enterprise development through our wide-ranging initiatives.</li> <li>• Continue to aspire to the highest levels of corporate governance and transparency in our reporting. Conforming to international reporting standards and practices for our businesses.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>• We have broadened our stakeholder engagements on alcohol through the Botswana Alcohol Industry Association (BAIA) and our own initiatives employing various media and messaging.</li> <li>• Enterprise development continues to be a critical aspect of empowering our communities through KickStart and our distribution owner-driver model that has positively impacted on involved entrepreneurs.</li> <li>• Our whistle blowing policy is regularly communicated to all employees and suppliers to ensure that we maintain the highest standards of ethics and corporate governance.</li> <li>• Employees regularly receive communication in relation to our 10 sustainable development priorities with a focus on their involvement.</li> </ul>
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## Managing Sustainable Development

*A robust, rigorous and transparent approach to meeting our 10 sustainable development priorities*



### A clear strategy

Our approach to sustainable development is based on 10 priorities that we refer to as Ten Priorities for our One Future (**Ten Priorities. One Future**). These articulate the key issues for our business, our employees and external stakeholders; and focus the business on the main environmental, social and economic risks and opportunities that we face. They provide firm and consistent principles that management uses as the basis for integrating sustainable development into business strategy, planning and decision-making.

### A focused and sensible approach

While we're committed to meeting minimum standards against each of the 10 priorities, our business focuses on the priorities most critical to the Botswana market.

We understand that society and our economy are continually evolving and therefore take a pragmatic view, adapting our sustainable development work to adequately address different challenges as they manifest themselves; focussing on the areas of alcohol responsibility, enterprise development, HIV/AIDS and benefiting communities.

### The Sustainability Assessment Matrix (SAM)

We integrate sustainable development into the day to day management of our business.

KBL measures sustainable development performance using a bespoke Sustainability Assessment Matrix (SAM) which is a system used for collecting, storing and presenting KBL's performance in Sustainable Development against the 10 sustainable development priorities.

Each priority has a 'stairway' that plots a course through the five levels of performance from minimum standard to leading-edge. To achieve each performance step (or level), our business must meet a series of assessment criteria which include both quantitative and qualitative measurements. Progress is assessed every six months.

### Extending our reach through partnerships

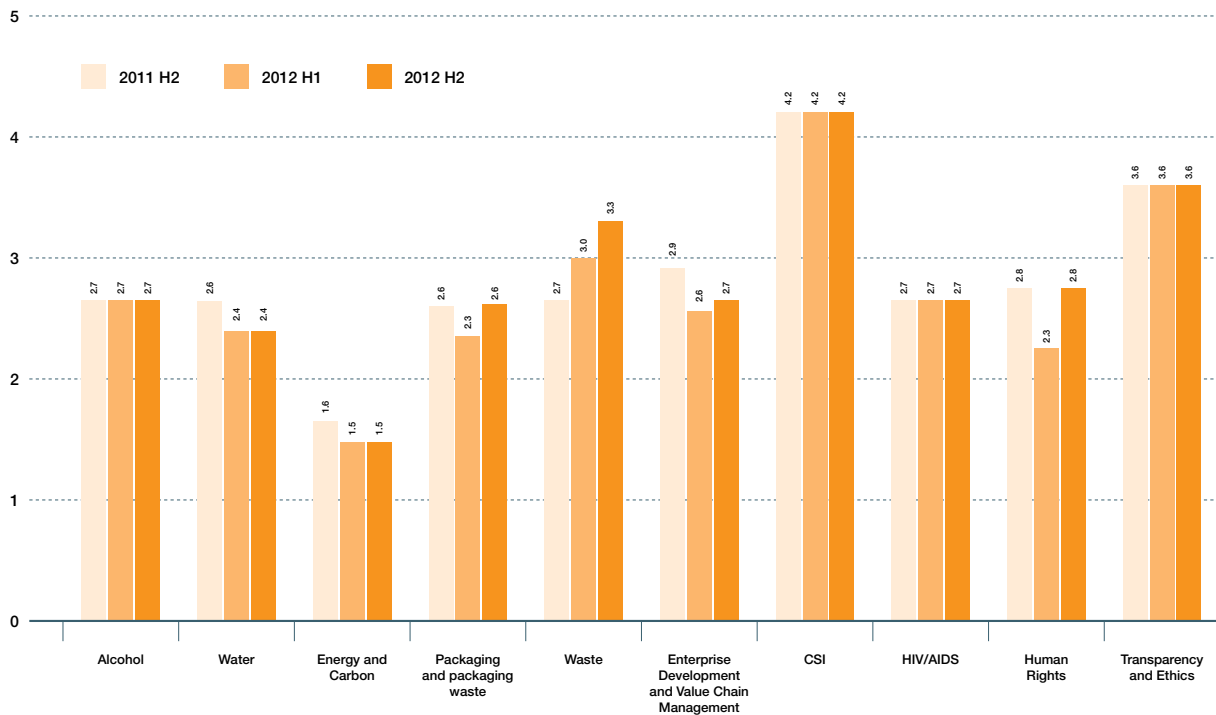
As our approach matures and our understanding and capability grows, we have developed valuable partnerships with organisations that can provide us with the expertise and insight required for tackling our priority issues. Such partnerships include the Botswana Alcohol Industry Association (BAIA) and the Tripartite Alliance: KBL, Botswana Medical Aid (BOMaid) and the Motor Vehicle Accident Fund (MVA), Botswana Substance Abuse Support Network (BOSASNet) and Botswana Red Cross. This enables us to extend our reach into local communities in a way that makes the most difference to them and generates the greatest impact for our business. In total, our partners include government, NGOs, academic institutions and suppliers.

## The Sustainability Assessment Matrix (SAM): 2012 results

### Stairway level assessment criteria

5	<b>Leading edge:</b> Performance that represents genuine global leadership on an issue.
4	<b>Best practice:</b> Achieving what is currently considered to be global best practice in a particular field.
3	<b>Developing leadership:</b> Applying a comprehensive approach including innovative tools and widespread engagement.
2	<b>Progressing:</b> Ensuring consistent performance is achieved in a particular field.
1	<b>Minimum standard:</b> All operations must achieve level 1, or have a plan in place to do so, as it represents management of our key sustainable development risks.

### Kgalagadi Breweries (Pty) Ltd 2012 Sustainable Development Results



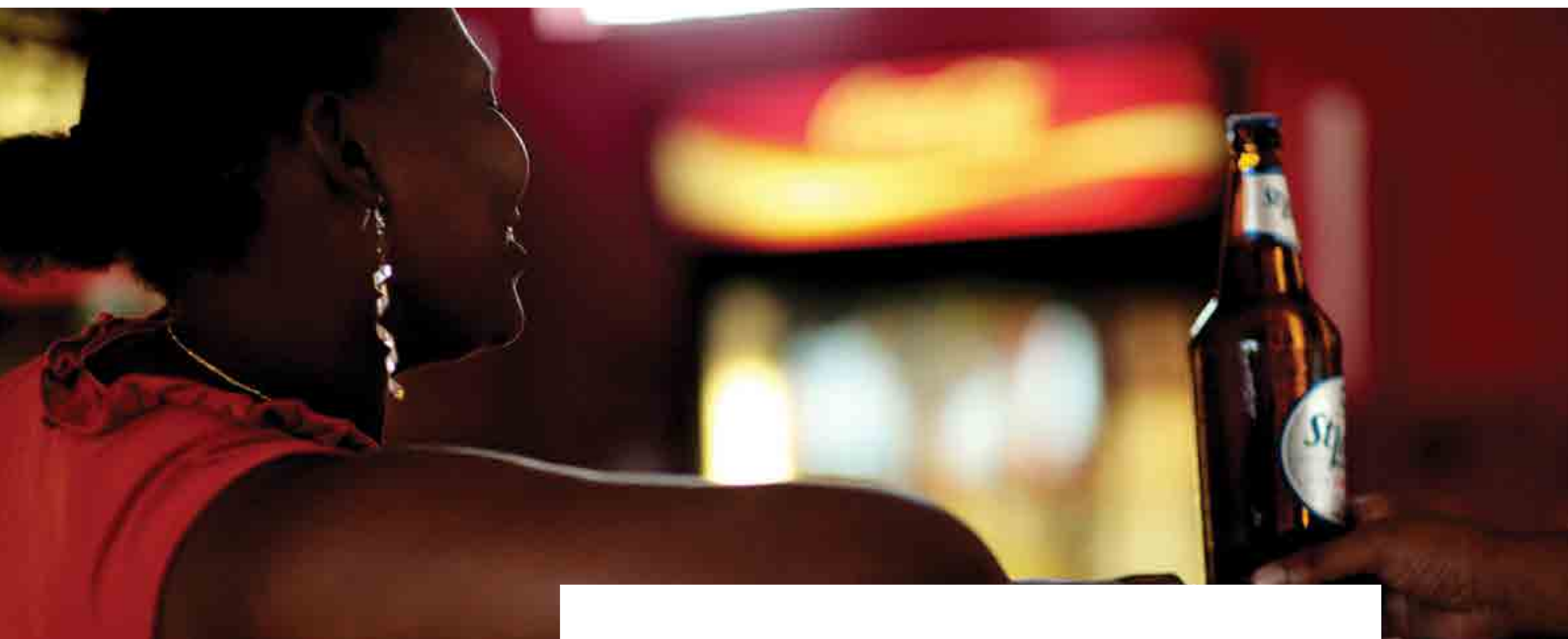
### Kgalagadi Breweries Limited 2012: SAM Highlights

There has been a progressive and continuous improvement in the performance of sustainable development at KBL, particularly in terms of the Company's approach to Corporate Social Investment CSI (level 4.2), packaging reuse and recycling (2.6) and working towards zero-waste in our operations (3.3). The composite score achieved is 2.87.



## Discouraging Irresponsible Drinking

*Providing balanced and accurate information to consumers and taking direct action to discourage irresponsible drinking*



Other strategies to promote compliance with the regulations include making Chibuku available in what have traditionally been clear beer outlets.

Efforts have also been made to engage the existing retailers and shebeen owners on the impending regulations with a view to assisting them in mitigating the impact on what they have come to rely on as their livelihood.

### Why is this a priority?

Discouraging irresponsible drinking is one of our four focus areas for sustainable development. We know that every day the majority of our consumers drink and enjoy our beers responsibly. However, we also know that a minority drink to excess, drink underage, or drink and drive.

### Building our capabilities and knowledge

In 2008 we implemented our Alcohol Framework which sets out our Six Alcohol Principles. These principles build on our long-standing commitment to address irresponsible drinking and reduce alcohol related harm.

In order for KBL and BBL to be credible partners in reducing alcohol related harm, all our employees must aspire to high levels of conduct in relation to alcohol consumption and take the possibility of irresponsible alcohol consumption into account when conducting business.

Over the year we continued training our employees in order for them to understand the debate and embrace their role in promoting alcohol responsibility in the workplace, at home and in the community. The training programme consists of Alcohol Behaviour and Communication (AB&C) and Alcohol Intelligence Quotient (AIQ) modules and aims to embed our principles and best practice regarding alcohol communication and consumption.

These common modules are supported by specific training elements for employees in marketing and sales. So far, 100% of our employees have undergone training for both AB&C and AIQ.

### Chibuku Beer Gardens Programme

Following the government's notice of its intention to regulate the sale of traditional beer, specifically the abolition of in-home sale and consumption, Botswana Breweries has continued to invest heavily in channel formalisation exercises that seek to create new markets in the licensed trade.





This is done through the Chibuku Outlet Development Program where clearly designated Chibuku outlets will begin to operate under the new traditional beer regulations. The objective of trade formalisation is to move traditional beer outlets from residential areas to commercial areas in line with government regulation. BBL has embarked on the Chibuku Outlet Development Programme ahead of the proposed Traditional Beer Regulations to ensure sustenance of its business and complement responsible trading practices.

The project has met with challenges, the most prominent being availability of land and lack clarity and issuance of trading licenses. Over 90% of the traditional beer retail trade currently takes place in residential areas, and although BBL has significantly invested in the trade, licensing for traditional beer outlets still remains a challenge as no licenses are currently being issued.

The Traditional Beer Regulations are scheduled to take effect in July 2012, however, BBL continues to engage with government and to lobby for a deferment as it is expected that the implementation of the regulations will shock the

entire industry and could prove to be devastating for retailers, distributors, and suppliers; and for BBL itself, particularly in the light of the many obstacles hindering a smooth transformation of the route-to-market.

Other strategies to promote compliance with the regulations include making Chibuku available in what have traditionally been clear beer outlets, as well as developing beer gardens by maximising available licensed space, providing adequate seating areas and shaded surrounds. The Club Chibuku programme targets those outlets that are ready for licensing as well as preparing existing Chibuku depots for licensing once the regulations are promulgated. So far, five beer gardens have been developed at Tlokweng, Ramotswa, Kanye, Maun and Tonota. Four mini beer gardens have been developed at Gabane, Mogoditshane, Letlhakane, Orapa, Francistown, Radisele and Masunga.

Efforts have also been made to engage the existing retailers and shebeen owners on the impending regulations with a view to assisting them in mitigating the impact on what they have come to rely on as their livelihood.

## The Way to Win with Licence to Trade (The Way)

**The Way to Win with Licence to Trade (The Way) is our approach to building organisational capability to assess and respond to the opportunities and risks arising as a consequence of being a producer and marketer of alcohol beverages.**

The changes and challenges that are impacting our shareholder value fall into three areas: societal perceptions of our product and of us as a brewer and marketer, the increasing regulation of alcohol marketing and availability and the structure and rates of product taxation and levies on alcohol sale.

Through our Licence to Trade strategy (LTT), we set out steps to ensure that our business' commercial strategies and plans reflect the alcohol landscape and address licence to trade issues. LTT integrates alcohol and licence to trade issues into our strategy and planning processes and demonstrates our concern about the harmful effects of irresponsible alcohol consumption.

Our aim is to be prepared and proactive in defining and shaping our future, so that we build credibility for the long term, provide organisational focus, achieve balanced regulatory outcomes and lead our industry peers in alcohol responsibility. Achieving this aim will in turn contribute to enhancing shareholder value and consolidating our competitive advantage.



## Discouraging Irresponsible Drinking (continued)

*Providing balanced and accurate information to consumers and taking direct action to discourage irresponsible drinking*

Our Alcohol Policy is regularly communicated to employees and is applicable to all employees (including part-time employees) and forms part of our induction programme. This includes all procedures regarding employee alcohol assistance and discipline.

### Employee Alcohol Policy

Our Employee Alcohol Policy sets out the Group Policy and expectations relating to the consumption of alcohol by employees of KBL and BBL. The policy seeks to ensure the health and safety of our employees, to maintain high levels of individual behaviour, and to establish uniform standards for responsible alcohol consumption by employees.

We actively communicate, outline and enforce procedures with respect to company events, company pubs, and alcohol testing.

Our Alcohol Policy is regularly communicated to employees and is applicable to all employees (including part-time employees) and forms part of our induction programme. This includes all procedures regarding employee alcohol assistance and discipline.

Last year the Alcohol Use Disorders Identification Test (AUDIT), a self-assessment tool that is used to indicate the likelihood of alcohol dependence was provided to all employees to help them to determine the degree of risk associated with drinking.

### Responsible Commercial Communication

Our Code of Commercial Communication (the “Code”) provides our companies with consistent, minimum content and placement standards for commercial communication. The Code is applied in relation to advertising in all media (including the internet and text messaging), packaging, promotions, product placement, merchandising, sponsorship, and research and is implemented by the Sales and Marketing Compliance Committee (SMCC).

The SMCC comprises representatives from the Human Resources, Sales, Marketing and Corporate Affairs teams from both KBL and BBL. The committee meets regularly to ensure that:

- Responsible messaging on all packaging is adhered to
- Prominent display of responsible messaging during all KBL and BBL-sponsored events is enforced
- Responsible consumption messages are carried in all our adverts
- Marketing follows all policy regarding procedure the creation and sharing of market research
- A formal process to receive and address complaints from consumers on our commercial communication is accessible and functional
- Ensuring that regular communications are provided for employees to understand the Code.

### Sechaba's core principles on alcohol









## Making more beer using less water

*Taking a holistic approach to tackle the water challenges faced by our business and the communities in which we work*



Botswana is a semi-arid country and water is a scarce and valuable resource.

**We are aware of the issues of scarcity and accessibility and understand that local water challenges are best solved in partnership with NGOs, government and other stakeholders.**

### Why is this a priority?

By its nature, brewing is a water-intensive process. Making more beer using less water is one of our focus priorities for sustainable development.

Botswana is a semi-arid country and water is a scarce and valuable resource. We are aware of the issues of scarcity and accessibility and understand that local water challenges are best solved in partnership with NGOs, government and other stakeholders.

We continue to foster a collaborative approach to ensure the best outcome for our business and for the local community.

### Understanding our responsibilities

Water reduction is a long-term key performance indicator for all Sechaba operating plants. Our water strategy is based on the 5Rs (Protect, Reduce, Reuse, Recycle and Redistribute), a comprehensive risk-based approach to managing water in our business and in the value chain. This model provides a consistent approach, recognising our local water issues and circumstances.

We consciously manage water conservation and our employees are continuously reminded of the need to conserve water and to report all leaks and to make sure that these are attended to immediately.

### Protect – tackling water scarcity

Our Coca-Cola bottling plant has undertaken a Source Vulnerability Assessment (SVA) to review potential water risks to the bottling facility taking into consideration social, political and environmental issues in Botswana.

### Reduce, Reuse and Recycle – improving water efficiency in our operations

The brewing process accounts for the majority of our water consumption within our breweries. Water is also used for other processes such as cooling, cleaning and pasteurisation. We are continually evaluating and using new processes to reduce water consumption, including recycling it for use in secondary processes such as cooling and cleaning.



## Water is one of the biggest challenges facing the world in the 21st Century.

It's a risk to our business and we are working hard to understand our global water footprint, so we can make more beer using less water.

Our goal is to reduce water use by 25% per litre of beer by 2015. By then we aim to use just 3.5 litres of water to make a litre of beer in our breweries.

You can make a difference by understanding your own water footprint and taking steps to reduce it.

**Look out for hints and tips to help you save water.**



*Making a difference through beer*

We have set our target to reduce our water use per hectolitre of clear beer by 25% between 2008 and 2015. Over the past year, KBL and BBL have made good progress in reducing water consumption. Water performance for our beer production improved on prior year by 25% from 7.44 to 5.6 hectolitres of water per hectolitre of beer produced and by 6% from 2.67 to 2.5 hectolitres of water per hectolitre of soft drinks produced. This performance qualifies our Sparkling soft Drinks plant (SSD) as the best in SABMiller Africa when it comes to water efficiency.

We have taken innovative steps to adapt our manufacturing processes in order to reduce water consumption within our breweries. For example, at the KBL Beer Plant, the dumping of condensate that is used to heat-up boilers in the brewing process traditionally represented losses of valuable water which could be returned to the boiler at elevated temperatures. Condensate return pumps have now been commissioned and have been running for the past two years and consistent reductions in both water and coal consumption are being realised.

Installation of metering on the water circuitry was completed at both our beer and soft drinks plants. By installing additional meters at key usage points, losses can be identified promptly, leading to better management and swift corrective action. Water balances conducted at all plants have identified how water is used across the manufacturing process.

Our sparkling soft drinks plant is currently in the process of validating the new Radical Waters technology to clean and rinse production equipment. Radical Waters uses an electrically charged salt water solution to produce catholytes and anolytes. Catholytes are used to remove organic soiling and residue, while anolytes are highly effective against bacteria. It is conservatively estimated that the new technology will reduce water consumption by 30%. Adoption of this technology is expected to deliver substantial savings in both energy and water.

Over the past 12 months additional investments were made on upgrading water filters from mild steel to stainless steel. This has improved sterilisation efficiencies and resulted in up to 5% reduction in water use.

### Redistribute – supporting local communities

As well as looking for efficient ways to recycle water within our production process, our spent water is sent to the effluent treatment plants of Gaborone City Council (GCC), a role that has recently been delegated to the Water Utilities Corporation (WUC). This water is further treated and distributed for community gardening and farming projects at Glenn Valley and in the vicinity of Gaborone. There are current plans by the government to further treat this water to be recycled for domestic use.

CO<sub>2</sub>

## Reducing our energy and carbon footprint

*Reducing our energy consumption and reducing greenhouse gas emissions*



Our plants conduct flue gas analysis in order to measure and manage the efficiency with which we combust coal to produce beer.

To augment the value of this investment, over the past year we have begun coal combustion optimisation and reducing boiler fireside tube scaling and emissions.

### Why is this a priority?

Climate change is an issue of global concern. Aside from its broader economic and social impacts, climate change could directly affect many aspects of our business in the coming years, including availability of water and crops – the essential inputs of the brewing process.

### Being energy efficient

We are challenging ourselves to make our breweries more efficient. This means using better measurement systems, improving staff awareness and investing in new technologies. At our KBL Beer, Technical Plant, we are testing new technologies and processes to help save energy. Over the past year we have stepped up scheduled refrigeration audits and commissioned additional steam meters to increase awareness of energy conservation and to improve management efforts.

Last year we reported the introduction of third party coal analysis and the Botswana Bureau of Standards (BOBS) weighbridge to check coal weight in order to measure and adequately control the quality and quantity of coal used in our operations; a process known as coal management analysis. Our plants conduct flue gas analysis in order to measure and manage the efficiency with which we combust coal to produce beer. To augment the value of this investment, over the past year we have begun coal combustion optimisation and reducing boiler fireside tube scaling and emissions.

Monitoring our consumption of steam and electricity for controlling usages continues to yield improved efficiencies. Steam meters for the Beer Plant and electricity meters for the SSD Plant were installed to monitor daily energy consumption in order to improve conservation and management. Variable Speed Drives for major consumers in refrigeration have been installed in order to reduce electricity consumption significantly and improve refrigeration optimisation by matching compressor and pump loadings specifically to plant cooling requirements.

To reduce energy use and carbon emissions, the KBL Beer Plant has automated its boilers and corrected the power factors of all major equipment at manufacturing sites. This has reduced the electricity used during periods of peak demand. Boiler overhaul and optimisation audits initiated have been completed and we have seen a reduction in our coal consumption. Over the past 12 months our average energy consumption for beer production improved from 321 MJ/hl to 272 MJ/hl, representing a 15% improvement from prior year. Throughout the business, employees are continually reminded and encouraged to switch off lights and air conditioners when they leave their offices for extended periods of time.





## Packaging, reuse and recycling

*We have adopted a new packaging sustainability strategy*



### Why is this a priority?

Packaging protects and ensures the quality of our products for the enjoyment of our consumers, and so needs to be safe and fit for purpose. We recognise that the manufacture and disposal of our packaging substrates have their own environmental consequences which we must take into account.

### Taking a holistic approach

Our packaging is also subject to a series of safeguards to ensure that it is safe for our consumers and meets relevant regulations in terms of its potential toxicity, environmental impact and safety.

### Using returnable bottles and reducing product packaging

Using returnable bottles means that packaging only needs to be manufactured once and then used again and again, saving raw materials and resources used in the manufacturing process. A number of marketing and sales initiatives that started three years ago have continued in the outgoing year, focusing specifically on returnable glass bottles. The Returnable Glass Bottles (RGB) side of business has grown significantly over the year under review, resulting in a reduction in waste and positive impact on the environment.

While recycling of cardboard and cans and reusing of bottles has been a major focus area in recent years, KBL have paid increased emphasis on bottle light-weighting which has resulted in the reduction in mass of the 1.25ml bottle from 968g to 880g and the 300ml from 305g to 285g, thereby reducing materials used for each bottle. Lighter packaging uses fewer raw materials and less energy to manufacture and transport. This integrates well into our sustainable development priorities that impact on packaging for positive environmental impact. Our strategic drive to produce more returnable glass, versus one-way packs of cans, also reduces waste and our impact on the environment. Exploration for possibilities of light-weighting our Poly Ethylene Triglyceride (PET) 2 litre bottles for sparkling soft drinks and our bottles for Source Still Water are now at an advanced stage.

*The Returnable Glass Bottles (RGB) side of business has grown significantly over the year under review, resulting in a reduction in waste and positive impact on the environment.*



## Working towards zero-waste operations

*Being innovative and using brewery waste as a valuable resource*



Last year 23% of general site waste (paper, plastics, metal, cullet, pallets and crates) produced from our clear beer and sparkling soft drinks operations was recycled and 86% of waste generated from our operations was either resold or recycled.

### Why is this a priority?

Much of our waste can be a valuable resource for food producers and farmers as well as being a potential energy source. By keeping the amount of waste we send to landfill at a minimum, we save money and reduce our impact on the environment. We follow the principles of waste hierarchy to reduce, reuse or recycle our waste in a more efficient and ultimately value-enhancing way.

### How we deal with our waste

We seek to manage the materials that other companies regard as waste in order to achieve zero waste in our operations.

Almost two-thirds of our waste is organic material produced as a by-product of the brewing process. This includes spent grains, waste yeast and trub (a residue created from the brewing process). Spent grain represents the largest by-product in the brewing process. All our spent grain for both KBL and BBL is further reused as it is sold to local farmers for use as animal feed. All waste yeast produced for the period was sold on for further reuse.

Last year 23% of general site waste (paper, plastics, metal, cullet, pallets and crates) produced from our clear beer and sparkling soft drinks operations was recycled and 86% of waste generated from our operations was either resold or recycled. This represents a 16% improvement on prior and is in part a result of the selling off and disposal of obsolete waste steel that had accrued from changes and upgrades in production line configurations.

*By keeping the amount of waste we send to landfill at a minimum, we save money and reduce our impact on the environment.*



## Encouraging enterprise development in our value chains



### *Promoting enterprise development and sourcing materials locally*

#### Why is this a priority?

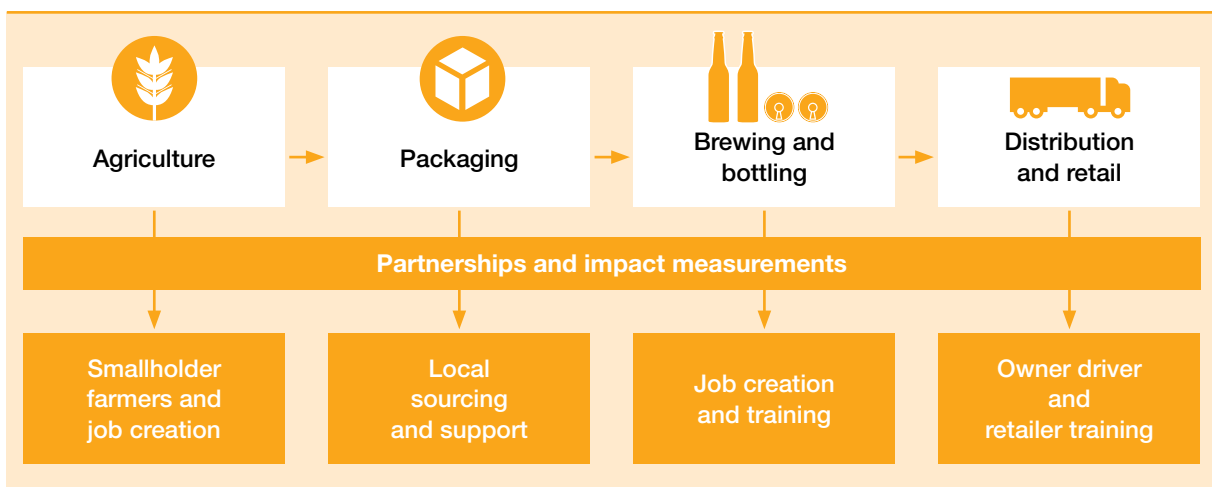
Encouraging enterprise development in our value chains is one of our focus areas for sustainable development.

KBL and BBL have a reach that extends well beyond our own operations. The decisions we make about where we buy our raw materials, capital equipment and business services can affect the communities in which we work. There are also advantages to be gained by working in partnership with our suppliers to deliver more cost-effective and better quality materials.

Beer is a local product – brewed, sold and consumed locally in Botswana. It makes sense for us to source the raw materials that we can locally, thereby contributing to a healthy, growing economic environment. We continue to work closely with our suppliers to secure supplies of quality goods and services, protect against reputation risk while at the same time creating employment and opportunities to empower Botswana entrepreneurs and improve the standard of living for our communities.

It is important that we manage this balance well. As our business grows, develops and our contribution to the economy becomes greater, understanding the role we play helps to influence the decisions we make across the business.

#### The Sechaba Enterprise Development Model







## Encouraging enterprise development in our value chains (continued)



The pilot project was initiated at Mmalore farms in the first year and following some promising results was expanded to include a cluster at Tswagare Farms and one in Leshibitse prior to the last ploughing season.

### Project Thusanang pilot scheme

Project Thusanang was commissioned with aspirations to empower local small-scale subsistence farmers by forging mutually beneficial relationships in promoting the local sourcing of bitter sorghum for use in the production of Chibuku. The pilot project was initiated at Mmalore farms in the first year and following some promising results was expanded to include a cluster at Tswagare Farms and one in Leshibitse prior to the last ploughing season.

To date the pilot phase of the project has yielded good results as all the farmers contracted during this phase were able to realise significant yields with the exception of the Leshibitse cluster which was negatively affected by poor and sporadic rainfall coupled with sustained hot spells. More importantly, the project has significantly benefited the participating subsistence farmers by enhancing land productivity and focusing on scientific farming methods. Through their participation, the farmers have embraced farming methods that demand continuous monitoring and record keeping; a development that has improved the way they approach farming.

Pilot Project Thusanang is earmarked to continue in its current form and the number of clusters involved is envisaged to increase so that new areas of farmland are included and the project scope broadened. One of the key achievements of the pilot phase over the past year has been the successful evolution of the Hub and Spoke Model where a lead farmer is identified to oversee, assist and encourage farmers in a cluster to help drive the objectives of the project, with Mmalore being overseen by a lead farmer in the current phase and Tswagare expected to follow in the next year.

Project Thusanang continues to generate a high level of interest from the farming public and the progress, achievements and challenges of the project have been communicated to stakeholders, particularly the Ministry of Agriculture whose cooperation and understanding are critical.





### Engaging local farmers and supporting smallholders

Sourcing raw materials from smallholder farmers is an increasingly important element of our sourcing strategy. This is particularly important in a viable developing market such as Botswana; hence our decision to continue the pilot of Project Thusanang, our sorghum-growing smallholder arable farming scheme that began in 2010.

Through Project Thusanang, we work in partnership with local smallholder farmers to improve their farming practices and consequently the quality and yield of their produce as well as the reliability of supply. In the process, we aim to build employment, alleviate poverty and create more visible supply chains.

To support this process, we've adopted best-practice guidance on how to establish the pilot project for it to eventually be of sustainable value to both our operations and the farmers we work with. We have engaged an agro-consultant to work with the smallholder farmers and assist them to overcome some of the issues they face such as access to market, sustainable soil management, the use of nutrients and pest control management.

*KBL and BBL are committed to creating a sustainable supply chain and to working with suppliers to help them improve their working practices in order to meet our standards.*

### Responsible sourcing principles

KBL and BBL are committed to creating a sustainable supply chain and to working with suppliers to help them improve their working practices in order to meet our standards. In this regard, KBL has engaged key suppliers within our value chain to ensure that there is adherence to the company's Supplier Guiding Principles that address key areas such as business ethics and adherence to legislation, whilst also ensuring that there is continuity of supply in the long term.

Our Supplier Guiding Principles Policy covers key areas regarding compliance to Botswana laws and regulations, safety, health and the environment, business conduct and ethics as well as compulsory membership of our supplier partnership program that seeks to achieve improvements in quality, cost efficiency and service levels. This policy applies to all KBL suppliers and service providers and provides a framework governing the appropriate conduct of our suppliers. This initiative will be extended to BBL suppliers in the medium term.

All spending for services valued at P50,000 or more which are non-stock were routed through the Group Tender Committee to ensure transparency and adherence to our corporate governance principles. Despite this being a relatively new initiative, there has been a significant improvement in this area compared to prior year as more employees are complying with the policies and procedures following awareness presentations that have become a key feature to ensure continuous improvement.

Local spend has increased from P159,043,882 to P220,592,785, a 38.7% increase from previous year. The Procurement Department structure for BBL is now fully resourced to maximise corporate governance, cost savings and value creation to both internal and external stakeholders.



## Benefiting communities

*Supporting entrepreneurship and making a valuable contribution in the communities in which we work*



A recent evaluation showed that over 80% of the entrepreneurs supported by the programme in Botswana were still trading after 7 years. Many of these have grown into highly successful businesses employing significant numbers of people.

### KickStart

In 2004, Kgalagadi Beverages Trust (KBT) launched KickStart, a youth entrepreneurship development programme aimed at 18 to 30-year-olds who either want to start businesses or expand their existing businesses. KickStart provides business skills training, mentoring and grants to assist small businesses.

Now in its 8th year, KickStart is the largest and most successful enterprise development programme run by a group of private sector companies in Botswana.

A recent evaluation showed that over 80% of the entrepreneurs supported by the programme in Botswana were still trading after 7 years. Many of these have grown into highly successful businesses employing significant numbers of people. In contrast, 40% of other businesses fail in their first year rising to 60% by the end of their second year.

To date, KickStart has distributed close to P8 million to youth entrepreneurship projects and provided business skills training to more than 107 young entrepreneurs. The programme has enabled more than 30 young Botswana entrepreneurs to realise their dreams of owning a business.

### Why is this a priority?

Sechaba can only prosper when our communities prosper.

We believe that the prosperity of our business is closely aligned to the health and well-being of our communities and that investment in communities will repay itself in terms of reputation, the commitment of our employees and the loyalty of our customers. We endeavour to make our country a better place by developing entrepreneurs, educating our consumers and alleviating poverty.

### Our focused approach to corporate social investment

We define corporate social investment (CSI) as 'a contribution or investment of cash, knowledge, employee time and equipment to people or communities to enable them to flourish and help sustain the environment in which we can be a successful business'.

We base our CSI projects on a rigorous understanding of the needs of communities in Botswana. Effective implementation of these projects is crucial and we apply the same rigour in planning and analysing the outcome of these projects as we do for any other business investment.

Projects and initiatives are selected on the basis of a thorough understanding of local needs and associated benefits. That said, we aim to ensure consistency of these investments with our 10 sustainable development priorities (Ten Priorities. One Future).

Our definition of CSI excludes investment in our responsible drinking programmes, the provision of HIV/AIDS testing and treatment to employees and the procurement of goods and services from our smallholder farmers. These areas are considered as a Corporate Social Responsibility (CSR) and are deemed fundamental to the responsible operation of our business; hence they are budgeted and managed separately.



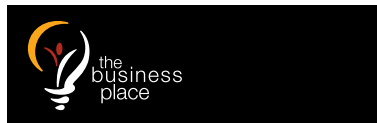
### Kick-starting fledgling businesses

Sustainable development and enterprise are an integral part of our business' long term sustainability, helping to create jobs and wealth within our communities.

Successful entrepreneurs meet the needs of consumers, create jobs and improve local incomes. In turn, economic growth provides greater market opportunities, better qualified employees and healthier communities for our companies.

KickStart is a youth entrepreneurial program aimed at youth that either want to start businesses or expand their existing businesses. The programme is implemented in such a way that it covers topics such as budget-setting, panel reviews, training and mentoring.

KickStart gives support to winning businesses in the form of grants, business training and mentorship in order to kick-start them. These grants range from P1,000 to P100,000 per grant, and mentorship takes place for a period of 12 months. KickStart is administered by Kgalagadi Beverages Trust (KBT), the social investment arm of Kgalagadi Breweries (Pty) Ltd and Botswana Breweries (Pty) Ltd.



### The Business Place

The Business Place continues to play a crucial role towards mobilising Botswana's efforts for economic diversification and delivery of the youth entrepreneurship agenda. KBL has continued to be prominent partner who has supported The Business Place financially and in kind throughout. This has enabled The Business Place to become more effective in helping to create citizen owned businesses. Since inception 2006, eight of the successful candidates who benefitted from start-up capital through the KickStart Program were initiates of The Business Place'. As one of the founding members, KBL has pledged P400,000 over three years towards operating costs of the business centre. In 2012, The Business Place assisted 5630 aspiring Botswana entrepreneurs in business management training and 212 in refining presentation skills and facilitation for funding. The Business Place is considered by many as a catalysing proponent in the empowerment of the Small and Medium Enterprise (SMME) sector that is so vital for the much need economic diversification.



Benefitting communities is one of the ten key sustainable development priorities for BBL and KBL and has compelled us to contribute to a wide range of projects that address pressing needs of communities in which we operate. Through our social investment arm, Kgalagadi Beverages Trust (KBT), KBL and BBL donated a recreational park to the Gaborone community and the City Council.

The recreational park is located in Gaborone and situated in a previously wildly vegetated, unkempt piece of land that was in need of serious revitalisation. Developing this area has also removed the possibility of it being becoming a haven for undesirable elements such as criminals and delinquents.

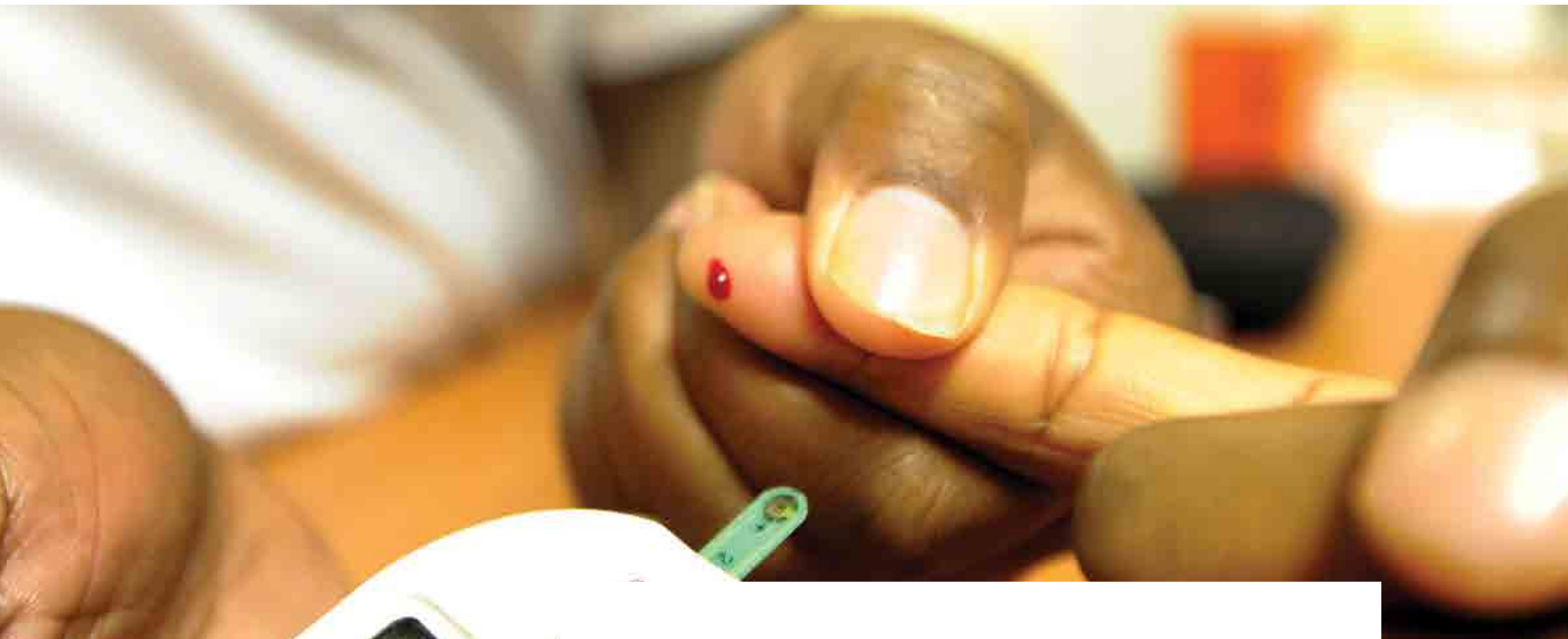
KBT transformed the unsavoury piece of land into a community recreational park resplendent with landscaped gardens; greenery, thatched rest shades, and a kiddie play area with swings, slides, a jungle gym, a miniature volleyball pitch, etc.





## Contributing to the reduction of HIV/AIDS in Botswana

*Raising awareness and addressing the impact of HIV/AIDS among our employees, suppliers and local communities*



Our aim is to reduce the impact of HIV/AIDS through our sphere of influence, namely our employees and their families, our supply chain and the communities in which we operate.

### Why is this a priority?

In 2010 the joint United Nations Programme on HIV/AIDS estimated that 33.4 million people across the world were living with HIV. Of these, 22 million live and work in sub-Saharan Africa. In Botswana there are over 354,000 people living with HIV and this number is still growing. Aside from the social and moral imperative to take action, it makes commercial sense that we take steps to address the issue.

HIV/AIDS has the potential to affect our workforce, erode the disposable income of our consumers, damage the supply of raw materials as farmers become unable to tend their crops and ultimately, weaken the economic development and stability of our communities. The extent and consequences of the HIV/AIDS pandemic make managing the issue an operational priority.

Our aim is to reduce the impact of HIV/AIDS through our sphere of influence, namely our employees and their families, our supply chain and the communities in which we operate.

### Project Tshelang

Kgalagadi Breweries and Botswana Breweries Limited launched Project Tshelang 11 years ago as a way of reducing and managing the spread of HIV/AIDS in our sphere of influence.

Through Project Tshelang, we provide education and awareness programs to all KBL and BBL employees, including access to Voluntary Counselling and Testing (VCT), and we actively encourage employee participation. In the past year 75% of our employees participated in voluntary counselling and testing. In the event that an employee is diagnosed as HIV-positive, we offer counselling and other support to help them talk about their diagnosis to their spouse or partner so that they can also get support and treatment.

We continue to address the prejudice and stigma surrounding this disease through the advocacy of our employees and, increasingly, the communities in which we work. We've appointed employee peer educators to help change attitudes and behaviour among their colleagues and currently have 124 trained and active peer educators at KBL and BBL. This means we now have approximately one peer educator for every 8 employees.





## Respecting human rights

*Working to protect the human rights of our employees and other stakeholders in our value chain*

We promote a culture of honesty, pragmatism and openness and have robust whistle blowing policies to help prevent breaches and abuse of our principles.

### Why is this a priority?

We are aware of the diverse cultures, norms and traditions that exist in Botswana and the need to acknowledge and respect them accordingly.

At the same time, we acknowledge and respect the values of the international community, in particular, the United Nations Declaration of Human Rights. We are also committed to conducting our business in line with the International Labour Organisation (ILO) Core Conventions on Labour Standards. The Employment Act of Botswana underpins all our employment policies and practices.

These agreements form the basis of our Human Rights Principles which define the minimum standards of conduct expected of our businesses and suppliers.

We promote a culture of honesty, pragmatism and openness and have robust whistle blowing policies to help prevent breaches and abuse of our principles.

### Our Human Rights Principles

Our Human Rights Principles cover all employees and contract workers and are incorporated into our policies and practices. They cover:

- freedom of association and recognition of the right of collective bargaining
- prohibition of forced compulsory labour
- abolition of child labour
- intolerance to discrimination
- establishing fair and competitive wages and benefits
- providing a safe and healthy work environment
- employee security
- community commitment
- guiding principles for suppliers.

We recognise the need to be sensitive in order to support, rather than undermine, the development of a stable society. We take precautions which aim to ensure we do not contribute directly or indirectly to human rights abuses.

Our businesses promote Human Rights throughout their value chains. This is done through our Supplier Guiding Principles Policy which we seek to communicate to, and agree with all our suppliers.



## Transparency and ethics

*Communicating effectively and clearly  
with our stakeholders*



We aim to improve our reporting in response to stakeholder needs and commission regular independent stakeholder surveys across the business to get a better understanding of their opinions of our companies and their view of the most important issues for the business.

### Why is this a priority?

Transparency underpins our approach to sustainable development and our wider business activity. Consumers want to know that our beers and soft drinks are of a consistently high quality; our employees want to work for companies that they know are honest and committed to behaving responsibly; our suppliers and business partners want a fair relationship; and our stakeholders and communities want to know that we operate in a way that will not damage the environment or quality of life.

We therefore place a high value on being transparent in what we do and on reporting openly on our activities.

### Promoting transparency through open reporting

This report is a summary of our sustainable development activities, detailing our performance and achievements in that regard. As such, it's part of a much wider reporting process that explains our ongoing activity.

### Understanding our stakeholders

External stakeholders should be able to access information easily to enable them to assess our performance against stated values and to make informed judgements about the business.

We aim to improve our reporting in response to stakeholder needs and to commission regular independent stakeholder surveys across the business to get a better understanding of their opinions of our companies and their view of the most important issues for the business. These surveys give us useful insight into stakeholders' views of KBL and BBL and where we can improve. For example, our Botswana Globescan Radar Survey, 2010 indicated the rising importance of both responsible alcohol consumption and environmental management for the alcoholic beverages industry. These issues are currently being addressed through our 10 sustainable development priorities and aligned initiatives such as the 'Live Responsibly' campaign and our Licence to Trade Strategy.

### Communicating internally with our employees

We recognise that our employees are our most important advocates and are fundamental to meeting our sustainable development goals.

Our internal surveys indicate a strong interest among employees as to how the Company reports on its business performance and responds to social and environmental concerns. This presents an opportunity for closer alignment between employees' own values and beliefs and Sechaba's strategic priorities.

Over the past year an internal communications strategy was developed and plans implemented to proactively and consistently provide KBL and BBL employees with information to assist the delivery of our business objectives, values and standards whilst also improving employee engagement. The internal communications strategy actively focused on the following:

- supporting the business by sensitising employees about performance and issues facing the business
- leading in communications regarding the companies' Sustainable Development and the Ten Priorities. One Future ideal
- using internal communications as a way of building employee trust and to address issues and gaps identified from reputation and other surveys.

### Public policy engagement

We believe that is essential to engage with all levels of government on issues that have a major impact on our business and on stakeholder's interests. The knowledge and expertise we have accumulated over the years in areas such as discouraging irresponsible drinking and enterprise development makes us well placed to contribute positively to the formulation and implementation of government policy.

When we engage with government, we aim to do so in ways that accord with our values, business principles and the standards our stakeholders expect of us.

Our engagement with public bodies is founded on a commitment to openness and transparency regarding the methods we use as we conduct our daily business. To do otherwise would damage our reputation and potentially challenge our right to participate in discussion of these issues in the future. When donating to political-party funding, for example, we adhere to our policy which ensures that the funding is properly authorised, complies with the laws of Botswana and remains consistent with the objective of promoting multi-party democracy.

*The knowledge and expertise we have accumulated over the years in areas such as discouraging irresponsible drinking and enterprise development makes us well placed to contribute positively to the formulation and implementation of government policy.*

### Business ethics and conduct

Sechaba has a Code of Business Conduct and Ethics which applies to all employees as well as to third parties acting on behalf of KBL and BBL.

The Code sets out how to report a potential breach of its terms and includes contact details for external whistle blowing phone lines. It also makes provision for the protection of people alleging breaches of the Code in good faith.

### Corporate governance

There has been a concerted effort towards greater transparency in spending, while simultaneously preventing wasteful and fruitless expenditure. The Group Tender Committee continues to significantly improve our transparency and corporate governance structure as a means of alignment and endorsement for major purchases.

### Anti-Bribery Policy



During the year a new Anti-Bribery Policy, together with a number of supporting procedures and practices has been implemented and rolled out across the operations of KBL and BBL. The rollout included communicating the Policy to employees, providing additional training and awareness-raising measures for relevant staff, ensuring that Gifts and Entertainment Policies meet the standards required by the Policy, reviewing or adopting appropriate procedures in relation to the engagement of agents and other third parties who pose a risk of paying a bribe on behalf of KBL and BBL; as well as considering what steps are appropriate by way of monitoring, reviewing and providing oversight of these anti-corruption policies and procedures.

The Anti-Bribery Policy is a key element of ensuring that KBL and BBL comply with industry best practice in relation to anti-corruption compliance. Compliance with the Policy is mandatory for all employees, directors and officers of KBL and BBL. Any employee who engages in corrupt acts or otherwise violates the Policy may be subject to disciplinary action, up to and including dismissal.

## People are our enduring advantage

*Valuing and empowering our employees*



Significant resources are focused on training development of leadership, management and technical skills – in particular, on identifying those who could occupy key roles in the future.

Ensuring a talent pipeline able to provide the required numbers and calibre of managers and specialists in the future is a major strategic issue.

### Background

Our success depends on the calibre and skills of our people. We need to attract and retain employees with the right skills and attributes to help grow our business. At the same time, we need to create an environment in which employees feel valued and support our values, strategies and priorities. We believe that a highly engaged workforce, imbued with a passion for our brands, is a key competitive advantage.

### Getting the basics right for our employees

We strive to ensure that our employees are rewarded fairly, work in a safe and motivating environment, and are offered equal opportunities to develop themselves and have a fulfilling career within the Sechaba Brewery Holdings Limited group.

Our employees are paid a fair wage and entitled to paid holiday and sick leave. Importantly, we provide access to life insurance and medical care for many employees, particularly those that need it most. For example, we provide free anti-retroviral treatment for HIV-positive employees, their spouses and immediate family members.

### Developing people

We invest substantially in learning and development and we use on-the-job training as well as more traditional training methods. Over the past year we have undertaken 59 recorded training interventions for 592 learners trained over a period of 1944 training days at a cost of P2,034,305.

Local spend continues to be at the centre of the group's procurement strategy. We have adopted and implemented a series of "Ways" that define a consistent approach for a range of different business processes. At the heart of our approach to developing people are The Talent Management Way and The Performance Management Way. These articulate how line managers should work with employees to help them reach their potential and achieve personal goals aligned to the business.

Significant resources are focused on training development of leadership, management and technical skills – in particular, on identifying those who could occupy key roles in the future. Ensuring a talent pipeline able to provide the required numbers and calibre of managers and specialists in the future is a major strategic issue.



**Equal opportunities employers**

Both KBL and BBL are equal opportunities employers and are committed to encouraging diversity amongst their workforce, suppliers and consumers.

We believe that having diversity amongst our employees enhances the quality of business planning, decisions and results, while better reflecting the demographics of our society, thereby enhancing our corporate reputation.

We aim to ensure that each employee feels respected and works in an environment that is motivating and conducive to giving their best.

*Over the past year we have undertaken 59 recorded training interventions for 592 learners trained over a period of 1944 training days at a cost of P2,034,305.*



## Brands Profiles & Quality

### Botswana's favourite beers



#### St Louis

3.5% ABV — Light drinking, pale in colour

St Louis is a mild beer that reflects the pride and best qualities of Botswana. St Louis was first brewed in Botswana in 1989.

#### Appreciation

Light and crisp beer, low in alcohol.



#### St Louis Export

5% ABV — Full colour, malty and hoppy

An expertly brewed premium lager prepared from the finest hops imported from the valleys of the Czech Republic. St. Louis Export is undeniably Botswana's true premium lager that has all the hallmarks of the St. Louis pride in origins. A truly exceptional, world class beer!

#### Appreciation

Every glass, world class.



#### Chibuku

3-5% ABV — A rich, well blended beer that inspires and gives consumers a sense of belonging

An opaque traditional beer made of maize, sorghum malt, water, food grade lactic acid and enzymes. Chibuku has a well blended, satisfying, traditional taste that gives consumers a sense of heritage and culture. They share their experiences, exchange ideas and while doing so, taste and feel the goodness of Chibuku beer.

#### Appreciation

Chibuku has developed its own highly unique character. The taste varies from sweet to sour depending on age, the conditions it is exposed to and the maturity stage of the beer - an acquired taste and character for those who have not been exposed to the product.



#### Castle Lager

5% ABV — Full colour, bitter

Castle Lager was first brewed in South Africa to quench the thirsts of hard-working, hard-drinking prospectors in the midst of the dusty gold-rush boom town that was Johannesburg. Today, Castle is Africa's largest selling beer, and can be found in over 40 countries worldwide.

#### Appreciation

Somewhat dry, somewhat bitter, never sweet.



### Castle Light

4% ABV – Full colour, light-struck

Although it is not a true light beer, which must contain no more than 3% alcohol, Castle Lite is differentiated from other premium beers through its low calorie content and lighter aftertaste.

#### Appreciation

Its lower levels of bitterness ensure a light aftertaste and a reduced amount of carbon dioxide result in the drinker feeling less full.



### Carling Black Label

5% ABV — Fruity flavour, light in colour

Brewed to be stronger, Carling Black Label offers more refreshment and more reward at the end of the day.

#### Appreciation

Strong and full flavoured, with low bitterness and a distinctive fruity aroma.



### Lion Lager

5% ABV — Dark colour, sweet and full-bodied

Lion Lager is a rich flavoured, golden beer that has been brewed to the original South African recipe since 1891.

#### Appreciation

A sweet, palatable beer. Not heavy. Lion Lager is an easy-to-drink beer of substance.



### Ohlssons

5% ABV – Pale in colour, slightly fruity

Ohlssons captures the heritable flavour of an African beer. Brewed from a blend of barley malt, maize, hops and water, Ohlssons ensures that when you're in Africa, it's not about the beer - it's about the experience and the beer just happens to be a small but essential part of it.

#### Appreciation

A crystal-clear golden body with a slight watery finish.

## Brands Profiles & Quality (continued)

### Botswana's favourite beers



#### Miller Genuine Draft

4.7% ABV – Glowing golden lager

Miller Genuine Draft is cold filtered for incredible smoothness. Miller Genuine Draft was first brewed in the United States of America to Frederick Miller's original standard of Quality Uncompromising & Unchanging. It's Miller Time in 68 countries around the world!

#### Appreciation

A glowing golden lager with a refreshingly clean and smooth taste.



#### Baron's

6% ABV

Baron's is a 'ready to drink' beverage, recently launched in Mozambique.

#### Appreciation

Barons comes in two flavours: Gin & Tonic and Whiskey & Cola.



#### Hansa Pilsner

4.5% ABV — Grassy, hoppy flavour, light in colour

Hansa Pilsner has been one of South Africa's most renowned beer brands since 1974.

#### Appreciation

Hansa is brewed in true pilsner style, using the finest Saaz hops. Specially imported from the Czech Republic, these hops are responsible for Hansa's unique hoppy aroma and, most importantly, together with the pilsner style of brewing, make Hansa crisp and flavoursome.



#### Sarita

5.5% ABV – Crisp apple aroma

Sarita was launched in 2006 in a flint bottle with an easy-to-open rip tab. It was followed by Sarita Ruby Dry in 2008. Its unique rip-tab crown, decorative de-embossing and see-through label, encompassed in an emerald green Sarita Select 6-pack or a Sarita Ruby Dry 6-pack, create a premium look and feel.

#### Appreciation

Expertly blended with a medley of fine classic apple varieties to create Sarita's refined taste and distinct apple aroma, Sarita's unique taste is perfectly suited to meet the discerning palate.





### Brutal Fruit

4.5% ABV

Brutal Fruit is a mild alcoholic beverage with intense, natural fruit flavours. Flavours are: Luscious Litchi, Lascivious Lemon, Manic Mango, Ravishing Ruby, Sultry Strawberry and Cheeky Cranberry. Brutal Fruit - 'the real fruit cocktail' - is differentiated from its flavoured alcoholic beverage competitors by using real fruit juice as opposed to mere fruit flavouring.

#### Appreciation

A natural, real fruit juice blend with a flirt of alcohol, Brutal Fruit is easy-to-drink and leaves no lingering aftertaste.



### Redd's Premium Original

4.5% ABV – Crisp golden colour

An apple flavoured spirit-based beverage that delivers a clean crisp refreshing taste; best when chilled.

#### Appreciation

A crisp, clean apple taste and sweet fruity flavour.



### Core Original

5.5% ABV – Crisp golden colour

Expertly blended in Botswana, Core Original offers a clean, refined taste that is uniquely distinct and has an intense natural fruit flavour.

#### Appreciation

Delivers a clean, distinctive taste that is uniquely refreshing. Core Original is the drink of choice for consumers who like to express their individuality.



### Phafana

3-5% ABV – A rich, smooth, wholesome beer that inherently reflects the true spirit of Tswana cultural roots.

An opaque traditional beer made of Maize, sorghum malt, water, food grade lactic acid and enzymes. Phafana is brewed in the same methods that were employed by Tswana ancestors since time memorial. As a result of this cultural preservation its brewing process, Phafana offers a great experience for those that love all things Tswana. A truly essential part of the fabric of Tswana drinking culture.

#### Appreciation

The name Phafana belongs to a traditional Tswana gourd that is used to serve Tswana traditional beer. Phafana is Tswana opaque that truly captures the essence of any social Tswana gathering. A rich source of pride that provides an opportunity for consumers to reconnect with their traditional roots, culture and heritage.

**KGALAGADI  
BEVERAGES TRUST**



**K B T**

Towards a better tomorrow







