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Corporate Environmental Responsibility
- J. G. M. Toit & A. Fourie

CHAPTER 8

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SA Breweries

Early History

The discovery of gold on the Witwatersrand (a region encompassing Johannesburg) in 1875 brought large numbers of prospectors to South Africa. Small outposts for white settlers were transformed into busy cities with new industries. Several brewmasters, most with little experience, began to produce a variety of beers which immediately gained popularity with the settlers.

In 1889, a British sailor named Frederick Mead left his ship in Durban and took a job working in the canteen of a local army garrison at Fort Napier. While there, Mead, who was only 20, became acquainted with a businessman in Pietermaritzburg named George Raw. Neither of them knew anything about brewing, but they persuaded the local residents to help establish the Natal Brewery Syndicate. After purchasing a factory site, Frederick Mead returned to England to procure machinery and raise capital. The company brewed its first beer in July 1891. In 1892 Mead purchased the Castle Brewery in Johannesburg from its proprietor Charles Glass. The expansion of this facility was beyond the means of the Natal Brewery Syndicate, however, and Mead returned to England to attract new investors. In the final arrangement, Mead formed another larger company based in London called The South African United Breweries. This company took over the operations of both the Natal Brewery Syndicate and the Castle Brewery. After construction of the new Castle Brewery, South African United Breweries made additional share offerings which were purchased by South Africa's largest investment houses. Subsequent growth precipitated a restructuring of the company and reincorporation in London on 15 May 1895, as The South African Breweries Limited.

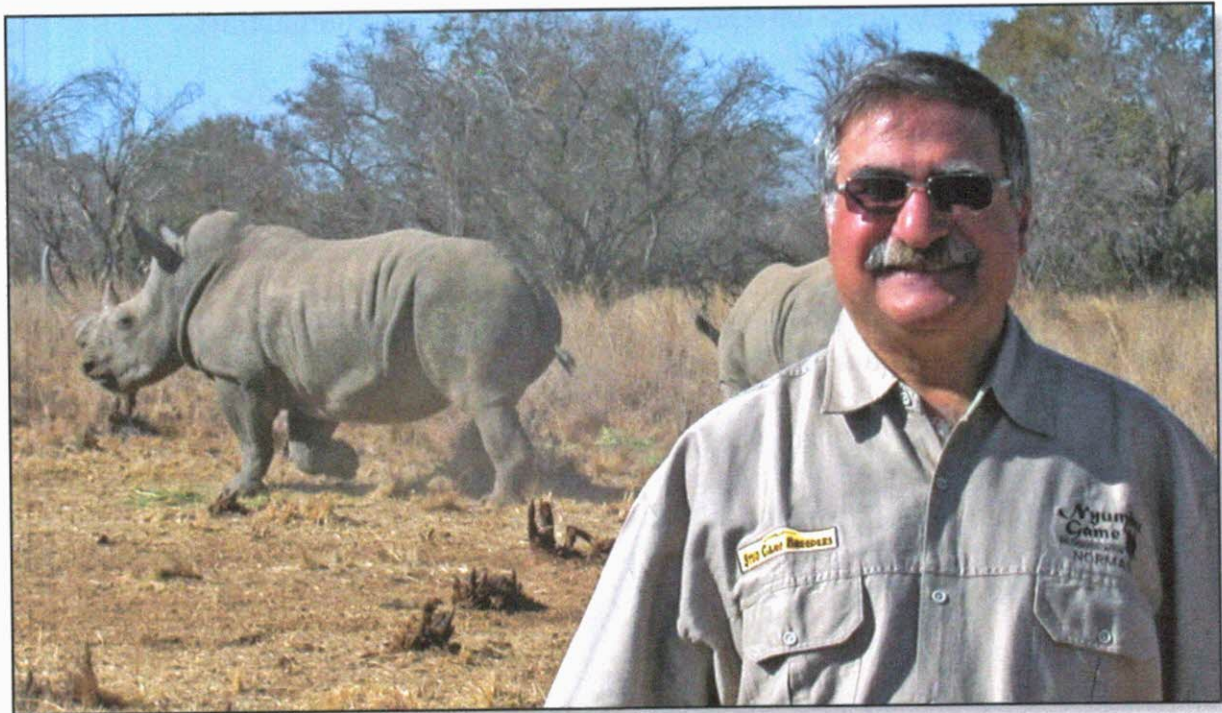
South African Breweries, or SAB, was listed on the London Stock Exchange in 1895 and two years later became the first industrial company to be listed on the Johannesburg Stock Exchange. Through these listings SAB had greater access to additional investor capital.

Currently

The South African Breweries (SAB) is a holding company whose principal line of business is brewing. The company operates seven breweries and 40 depots in South Africa with an annual brewing capacity of 3.1 billion litres. Its portfolio of beer brands meets the needs of a wide range of consumers and includes five of the country's most popular beer brands – namely Carling Black Label, Hansa Pilsener, Castle Lager, Castle Lite and Castle Milk Stout. Its full brand portfolio includes nine beers and three flavoured alcoholic beverages. SAB's soft drinks division is Amalgamated Beverage Industries (ABI), one of the largest

producers and distributors of Coca-Cola brands in the southern hemisphere. With five state-of-the-art manufacturing plants in South Africa, ABI accounts for approximately 60% of Coca-Cola's sales in South Africa. As well as its beer and soft drink divisions, SAB also owns a hop production company, The South African Breweries Hop Farms (Pty) Ltd; a barley farming company, The South African Breweries Barley Farms (Pty) Ltd; a barley malting company, The South African Breweries Maltings (Pty) Ltd; and a 60% share of the metal crown manufacturer, Coleus Packaging (Pty) Ltd.

Through its various corporate social responsibility programmes, SAB actively invests in community partnerships, socio-economic and enterprise development initiatives to build a stronger South Africa.



Mr. Norman Adami (MD and Chairman of SAB), personally a keen conservationist

SAB's Code of Conduct

The SAB Corporate Code of Conduct engenders values that reflect SAB's reputation of being:

- Open and frank in all dealing and disclosures;
- Non-sexist and non-political;
- Socially and environmentally responsible;
- Beyond reproach in the quality of its product and services;
- Jealous of its standing as regards integrity and credibility;
- Consistent in honouring its legal and moral obligations;
- Aware of the need to foster loyalty and long-enduring relationships
- A leader in the appreciation of best practices in Corporate Governance

Accordingly, SAB acts in such a manner so as to reinforce enlightened and humane employment practices and, in particular, aims to:

- Eliminate discrimination;
- Recognise the employees' inalienable right to organise themselves and to negotiate their conditions of employment;
- Promote training and development of skills
- Promote participative management

Approach to Sustainable Development

SAB is taking a hands-on approach to tackling economic and social challenges in SA by focusing on initiatives to, among others, promote the responsible consumption of alcohol, assist with water scarcity, drive enterprise development and help communities.

The company aims to help secure and protect a sustainable future for all through its contribution in these and other areas, with a clear understanding that promoting sustainable development initiatives underpins SAB's ability to grow and its license to operate.

Behaving responsibly, conserving resources and contributing to communities are all an integral part of SAB's heritage. The interests of the business and those of communities are interlinked. Future business growth and success is dependent on the wellbeing of the people we serve and the health of our environment.

SABMiller, SAB's parent company, has a clear and well-embedded approach to sustainable development, developed through extensive consultation internally and with external stakeholders. In June 2010, the company brought all aspects of its sustainable development projects and priorities together in a global programme launched under the banner 'Ten Priorities, One Future'.

These Ten Priorities are:

- Making more beer using less water
- Discouraging irresponsible drinking
- Reducing energy and carbon footprints
- Reducing the weight of packaging, reusing bottles and encouraging recycling
- Working towards zero waste operations
- Building supply chains that reflect the company's values and commitment
- Benefiting communities
- Contributing to the reduction of HIV/Aids
- Respecting human rights
- Transparency in reporting the company's progress

SAB's Contribution to Rhinoceros Conservation

Introduction

In South Africa the regulatory functions of the state are relatively well developed, with the exception of aspects of environmental governance. Regulation of the environment is quite

fragmented and the functions are split amongst a number of national departments, nine provincial departments, and specialized regulatory bodies.

The following departments are directly involved with the conservation of rhinoceroses; Department of Environmental Affairs, Department of Agriculture (Veterinary) and SA Police Services. Spread over nine provinces gives a total of 27 bodies that had to communicate with the private sector.

Some of the areas where integrated information management will be valuable in developing coordinated responses between the public and private sectors are:

- What is the size of land utilized by game ranching and wildlife reserves?
- What is the size of the different veld types utilized by game in SA?
- What is the distribution of different game species in SA?
- What is the distribution of animal diseases in SA?
- What is the number of the different animal species in SA?
- How many animals of which species are sold alive every year?
- How many animals of which species are hunted every year?
- How many animals of which species are culled for meat every year?
- How many animals are poisoned per year?
- How many animals are poached per year?
- How many people work in the game ranch industry?

Part of the Solution

The establishment of a database containing all relevant information on wildlife in South Africa including details of their ownership, the properties where they occur, and the identity of the animals could be a vital tool for the better management of the animals and especially its rhinoceroses. The uncertainties about the number of animals on private land, the number moved from one place to another, the number actually hunted, exported, sold, and poached that have been shown earlier in this report could be resolved if a credible and regulated database for all the species existed. In the event that progress is made towards a legalised harvesting and sale system for example rhinoceros horn (Biobank), such a database would be an essential mechanism for controlling the industry. Such controls would almost certainly be mandatory for ensuring CITES approval of trade in rhinoceros horn.

The advantage of having a central database is recognised by the Department of Agriculture (2006) in a draft policy document on game farming published for public comment. This document (Notice 874 of 2006 section 5.1.2.) advocated a national game farm and animal database which in part, reads as follows: *“Accurate information and statistics (human resources, skills, budget and equipment) is essential for effective long and short term planning and management. This will require effective liaison and linkages between institutions collecting information and statistics such as Statistics SA, Agricultural Statistics, Customs and Excise and other organizations within the industry and would best be coordinated by the lead Department. This should include a detailed geo-referenced database of all game farms.”* However no mention was made of how this admirable concept would be implemented.

SAB takes the lead

On 17 November 2010 SA Breweries and the SA Veterinary Foundation took hands to launch the project to implement the databases. They invested R1 million in the project. SAB director of Corporate Affairs and Transformation, Dr. Vincent Maphai said: *“We have been horrified by the senseless slaughter of wildlife, which is part of SA’s precious heritage. We believe that this investment is a bold move which will bring different bodies together for the first time. We view this as seed capital and urge other corporate and interested entities to come to the party and invest in this worthy cause.”*

The Wildlife Industry Trust was formed and the following databases developed; Wildlife census, drug, poaching, disease, genetic, hunting and translocation register. Currently the registers are in different phases to be populated with data. There are 5000 horns genetically registered on the database. To date, eight cases of rhinoceros poaching have been linked to horns on the database and will be used forensically in courts soon. The first phase of the project was launched successfully.

The Wildlife Industry Trust will be managed by Deloitte & Touché to bring the government and the private sector together around the conservation table. The second phase will show the need of a central permit-online system that is necessarily for the future of the wildlife industry in South Africa. Who is better equipped to take this mammoth task in the future than Deloitte & Touché?



Dr. Cindy Harper (Veterinary Genetic Laboratory), Col. Vishnu Naidoo (SA Police Services), Dr. Vincent Maphai (SAB) and Dr. Kobus du Toit (SA Veterinary Foundation) at the official announcement of the R1 million donation to the Wildlife Industry Trust.

On 8 August 2012 SAB announced that together with former SA wicketkeeper, Mark Boucher, a new project to help save South Africa’s rhinoceros population from extinction through the SAB-Boucher Non-Profit Company. The NPC aims to raise enough money to register South Africa’s 15 000 rhinoceroses on the DNA database established and run by the

Veterinary Genetics Laboratory (VGL) at the Faculty of Veterinary Science, University of Pretoria at Onderstepoort. The initial target is to raise ZAR 1 million.

Since the escalation in poaching of South Africa's rhinoceroses, there have been numerous organisations set up to combat the problem. However, the poaching of the rhinoceros continues at an alarming rate. In 2011, a total of 448 rhinoceroses were poached and the figure for 2012 is 668. While a number of arrests have been made in connection with this illegal activity, the problem persists.

"We are fast approaching the tipping point where the number of rhinoceroses poached exceeds the number of new births. At that point the extinction of our rhinoceroses will be a very real threat. There are many options on the table on how to address the issue but the one that underlies all scenarios is the need for a robust DNA database. Such a system will not only manage the population that we have but will also assist in the prosecution of offenders by linking the crime scene to the recovered horn," said Boucher.

The DNA lab, established in 2010, assists law enforcement in tracking down poachers and syndicates which are preying on the country's precious wildlife. To date, the system has been used to successfully prosecute suspects of rhinoceros poaching.

Appointed by SAB as its Castle Lager Rhinoceros Ambassador, Boucher hopes to raise funds both locally and abroad through the '*Our Rhinos in Safe Hands*' campaign, which will be launched in the next few weeks.

"It's a great privilege for South Africa to be home to some of the world's most remarkable wildlife species and we all need to take our responsibility as their custodians very seriously and contribute our voices and our muscle towards protecting them," said Boucher. While the SAB-Boucher NPC will initially focus on its most pressing concern, namely the safety of South Africa's rhinoceroses, it is expected to expand its reach in future to other species under threat, whose DNA will be included in the database.

"SAB has a long history of investing in wildlife conservation in the country. This specific project aims to put in place a sound management system to protect the vulnerable rhinoceros population. For SAB it makes sense to combine the broad popularity of the Castle Lager brand and the personal passion and integrity of Mark Boucher in the fight against rhinoceros poaching," says Andre Fourie, SAB Head Sustainable Development.



Mark Boucher – SAB’s flagship for saving the white rhinoceros



Dale Steyn (Protea Cricket), Andre Fourie (SAB) & Mark Boucher (Protea Cricket)
