

## Distell's employee share plan pays out R600m

In a milestone for Distell's black economic empowerment (BEE) deal, signed in 2005, the share trust has paid in excess of R600-million after tax to about 4000 employees as part of its employee share ownership plan (ESOP).



The share value windfall was included in the employees' February remuneration. Through a financial institution, the company has provided extensive financial training to assist all staff in managing their payouts.

"This is a proud moment for all of us. The continuing success of the company is down to the loyalty, commitment and hard work of our employees and it is pleasing that such a broad group of employees have benefitted directly from the value that has been created since the signing of the BEE transaction," said Distell MD, Richard Rushton.

He said such broad-based wealth creation embodied the company's on-going efforts to deliver meaningful impact to both employees and the communities in which the company operates. "Our BEE approach goes beyond just empowering a handful of people."

In 2005, the company sold a 15% stake in its 100%-owned sole operating subsidiary, South African Distilleries and Wines, to Wiphold Beverages. Shares in WIP Beverages were held by a BEE consortium consisting of all qualifying employees (45%), Wiphold Distilleries (40%), and a corporate social investment (CSI) trust (15%) that would focus on benefiting disadvantaged communities in areas where the company has operations.

At the time, it was agreed that the ESOP Trust would hold the units for a 'lock-in' period of at least eight years. At inception, the BEE deal was hailed by the dti as a fine example of how economic empowerment and redistribution of wealth can take place sustainably.

Because of the restructuring of the BEE deal, the CSI trust deed has been amended to ensure that the company complies with the requirements of a broad-based ownership scheme in terms of the BEE Codes. The CSI trust has now been

renamed the Distell Development Trust and its mandate will now be widened to incorporate more social development initiatives that will uplift the lives of more South Africans. Through the trust, the company will still be able to retain a satisfactory ownership rating.

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