



SOCIAL (ETHICAL) MONITORING & EVALUATION REPORT

Quarterly Update for Q1 2023/2024

01/07/2023 – 30/09/2023

In cooperation with the Western Cape Department of Agriculture



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INTRODUCTION

The Sustainability Initiative of South Africa, SIZA, provides a platform for agricultural stakeholders to ensure ethical and environmentally sustainable trade. This programme monitors care for the environment and compliance with labour legislation. With a vision of enabling South African agriculture to be a global leader in ensuring sustainable, ethical trade and environmental stewardship, SIZA aims to encourage continuous improvement in practices over time exceeding the minimum legal requirements.

SIZA was originally established in 2008 by the fruit industry to monitor and sustain ethical and environmental trade within the South African agricultural sector. In April 2016 it became a free-standing independent and self-sustainable organisation governed by an independent Board of Directors who represent the diverse membership and value chain that financially sustain the programme. As a membership-based programme catering for more than 30 different commodities across all nine provinces in South Africa, it is important for SIZA to ensure there is sufficient representation when it comes to the strategic direction and decision making.

This quarterly report provides insight into the various aspects related to the SIZA programme including statistics on SIZA membership, annual monitoring activities, third-party audit outcomes, and trends related to risk factors. As the SIZA programme drives continuous improvement, this report provides a balanced view of high-risk areas to allow SIZA and relevant stakeholders to engage and develop further capacity building and remediation strategies to sustain a continuous improvement environment within the agricultural industry in South Africa.

The SIZA M&E reports are derived from the four quarterley periods as specified by the Western Cape Department of Agriculture, focusing on:

- Quarter 1: 01 July – 30 September
- Quarter 2: 01 October – 31 December
- Quarter 3: 01 January – 31 March
- Quarter 4: 01 April – 30 June

1. SIZA SOCIAL (ETHICAL) MEMBERSHIP

1.1. SIZA Membership Breakdown

1.1.1. Active Primary Membership (Suppliers)

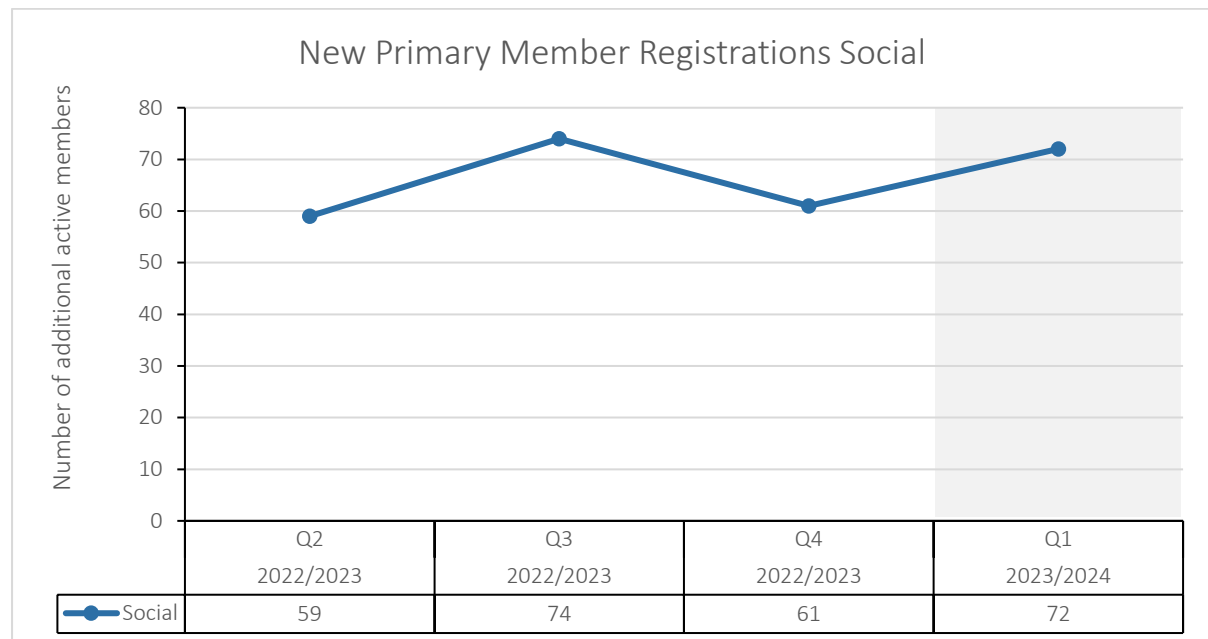
Currently there are 2 232 active primary member profiles registered on the MySIZA platform for the SIZA Social module. Of the 2 232 members, 913 are only registered for the Social module, whilst 1 314 members are registered for both the Social and the Environmental module.



Membership for the SIZA Social modules has been slowly increasing over the past several years, although the number of new members are less per period, each quarter still reflects a positive growth or stable Social membership.



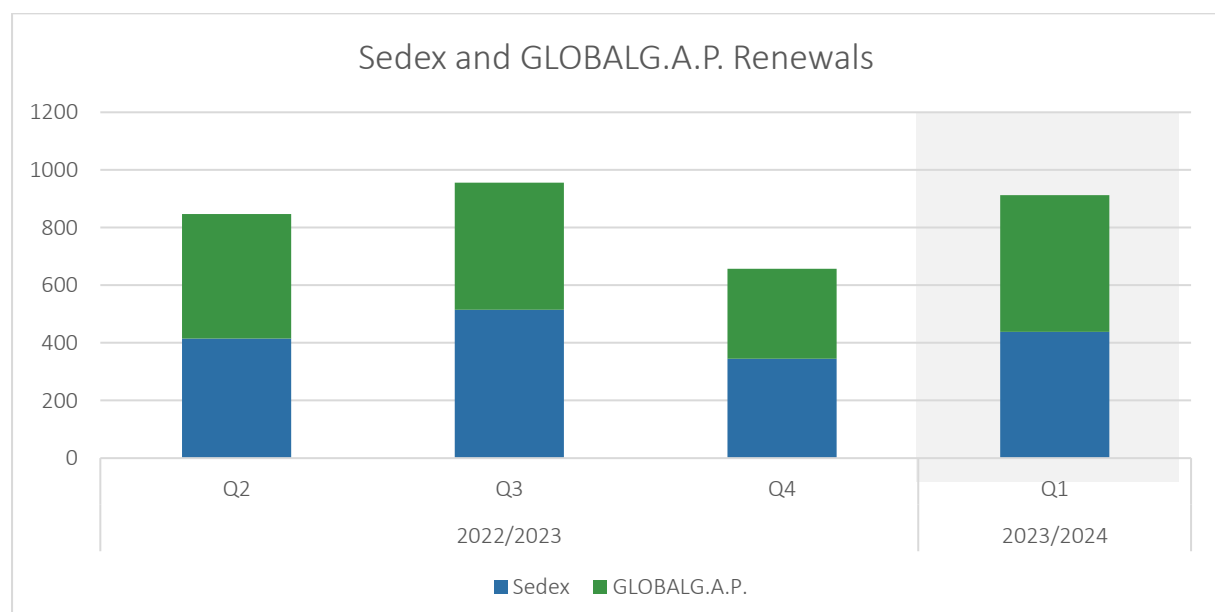
A total of 72 new primary members registered for SIZA Social between 01 July 2023 – 30 September 2023. Over the last annual period, a total of 167 new members registered for the SIZA Social module.



1.1.2. Sedex and GLOBALG.A.P. registrations

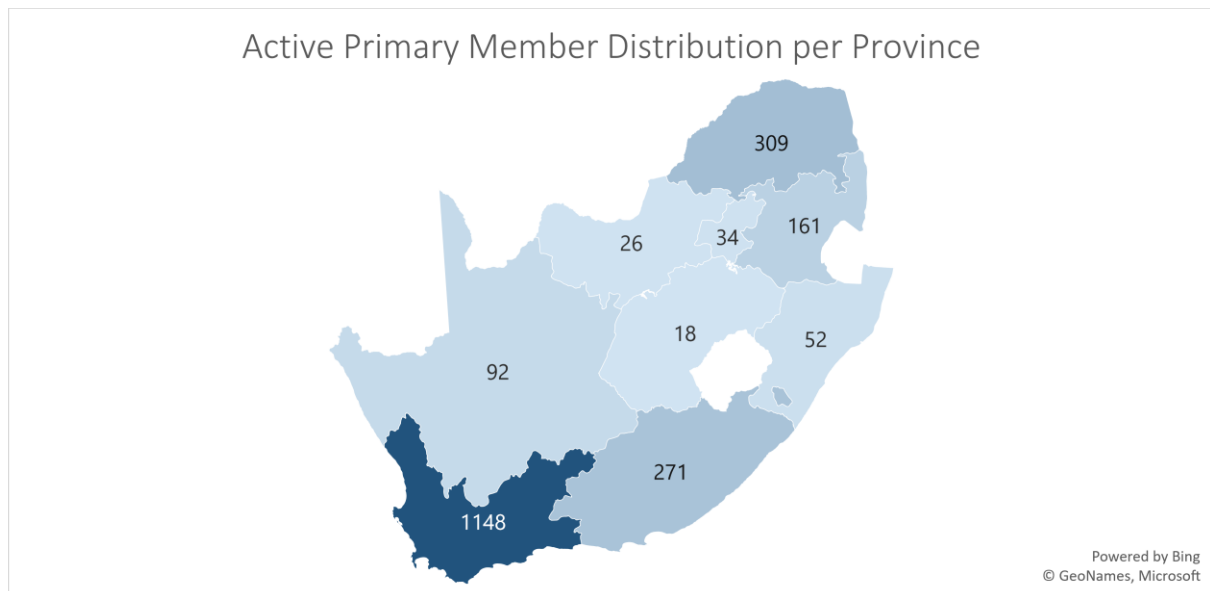
The SIZA vision is to supply a cost-effective approach, and to achieve that we need to partner with global platforms to ensure that there is visibility and traceability along the supply chain. Buyers prefer to work on global platforms where they have access to all their suppliers around the globe, as they source from multiple countries and not only South Africa. Therefore, for SIZA to gain and maintain acceptance so that producers only need to undergo one single audit each for Environmental, we offer producers the functionality to make their audit data available through platform such as Sedex and GLOBALG.A.P.

The chart below shows membership renewals with Sedex and GLOBALG.A.P. subscription items per quarter. The fluctuation per quarter, similar as to account renewals can be attributed to the fruit seasons, fluctuation in membership renewals, and the trend over the last couple of years where we have larger multi-sites instead of more single sites.



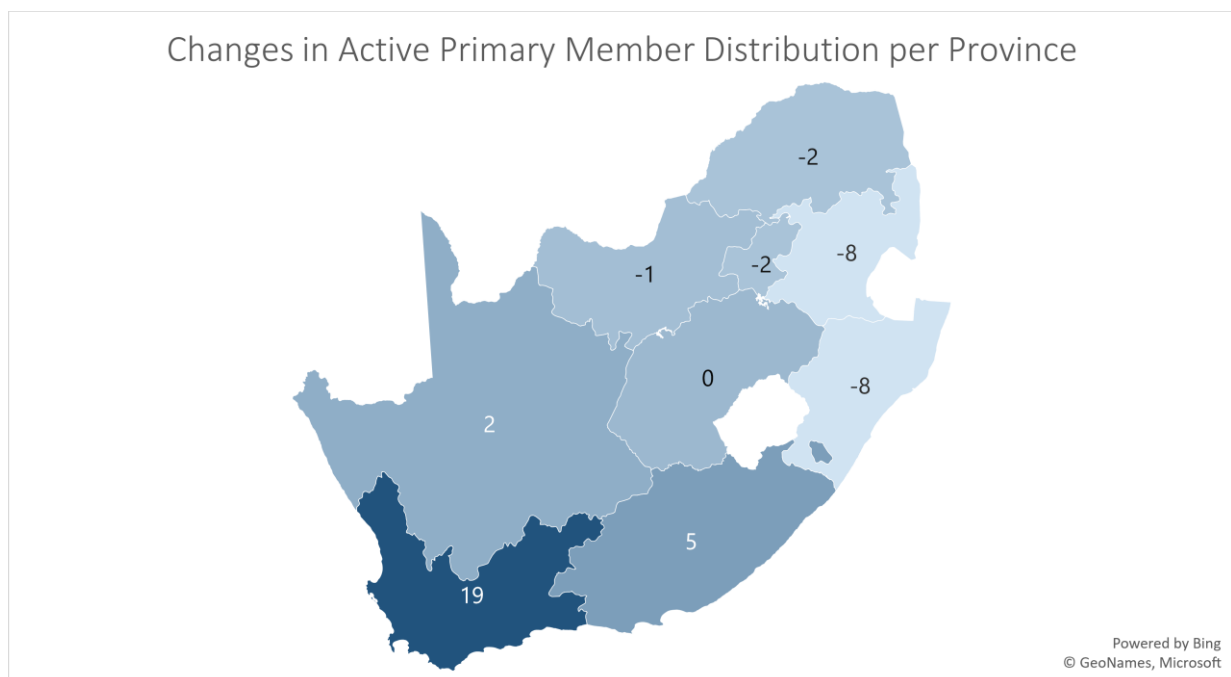
1.1.3. Active primary members per province

With the Western Cape being known for providing production stability to fruit production and being one of South Africa's most important provinces for the export of fruit products, the Western Cape records the highest SIZA membership across the nine provinces. Currently the Western Cape is home to 1 148 Primary Social member profiles, followed by Limpopo (309) and the Eastern Cape (271).



1.1.4. Changes in active primary member distribution per province

When comparing the primary member distribution per province for Q4 2022/2023 and Q1 2022/2023, clear growth is visible in the Western Cape and some of the other provinces.



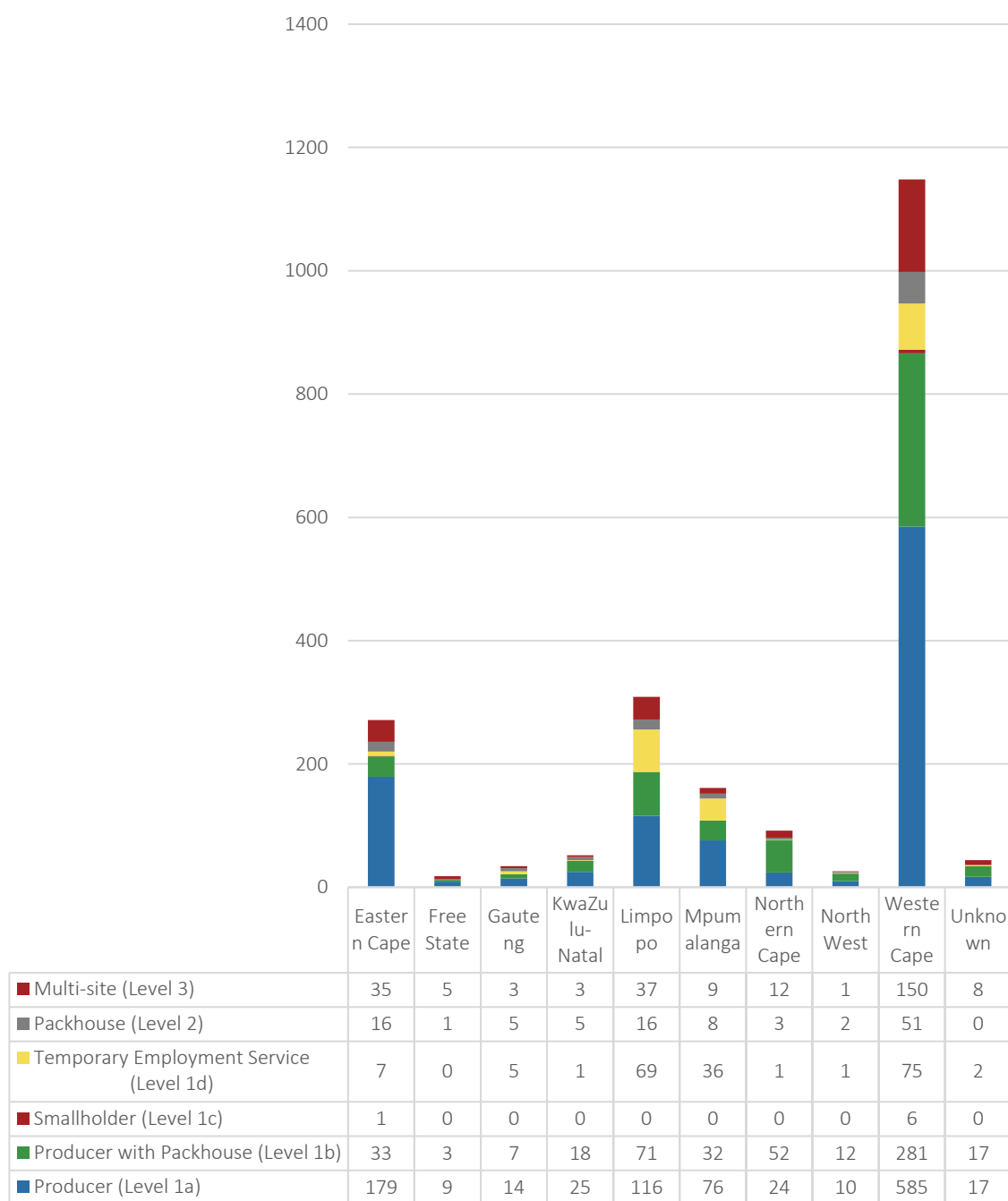
1.1.5. Active primary members by level

SIZA membership is structured into different levels to ensure that different functionalities can be allocated to the different levels of membership. Secondary members (Levels 4 – 6) can be linked to primary members (Levels 1 – 3) who supply to them to ensure that buyers have visibility and traceability on the suppliers that supply to them. This also ensures confidentiality and the protection of data.

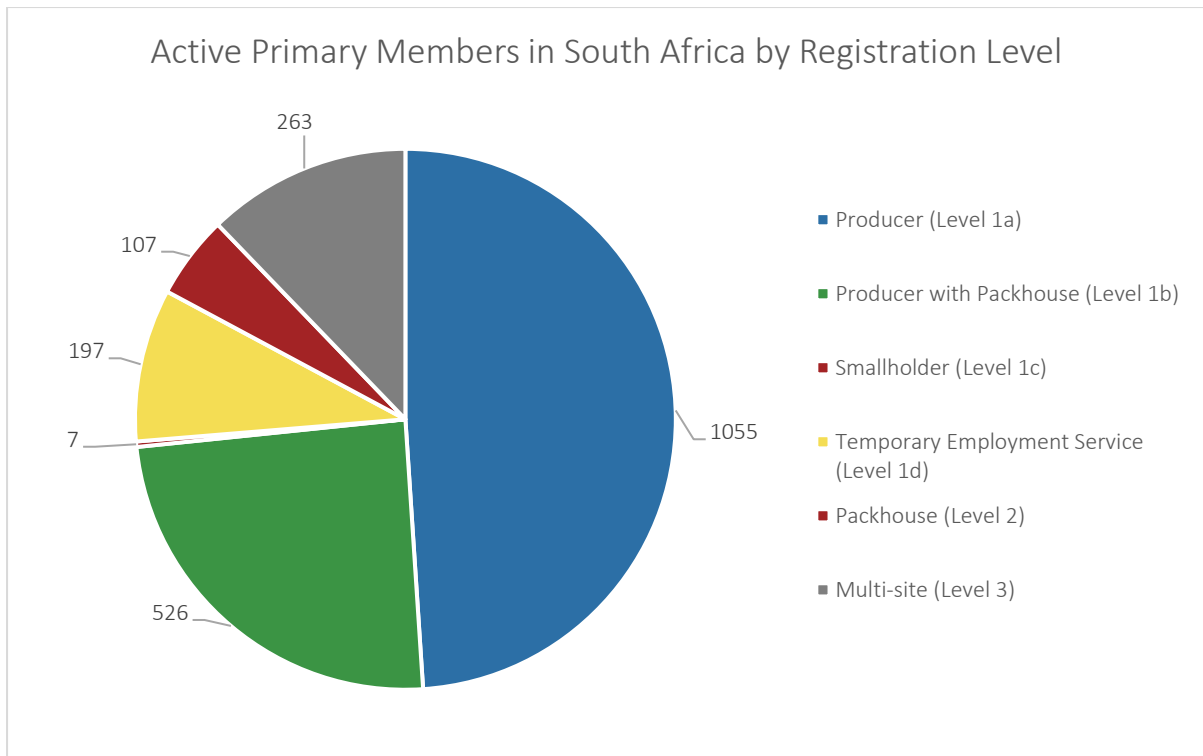
Definitions as indicated below are the same for the Social (Ethical) and Environmental modules because they are two separate standards/modules.

Level 1a:	Producer A single production site.
Level 1b:	Producer/packhouse A single production site including a packing/processing facility on site, packing/processing their own product.
Level 1c:	Smallholders/Emerging Growers Producers who need to become compliant and have never undergone an audit who form part of the SIZA Emerging Growers Compliance Programme over a 3-year period.
Level 1d:	Temporary Employment Services (Labour Brokers) A person or company that provides labourers to client companies on a temporary basis.
Level 2:	Packhouse/processing facility An independent packhouse/processing facility which packs/processes on behalf of primary producers.
Level 3b:	Multisite The multi-site principle is applied where the organisation and multiple sites are registered as <u>one legal entity</u> and have one management system that is centrally controlled at a head office base.
Level 4a:	Export agent
Level 4b:	Import Agent
Level 5a:	Retailer
Level 5b:	Minor Industry Association Industry representing under 5 000 hectares.
Level 5c:	Major Industry Association Industry representing above 5 000 hectares.
Level 6:	Not-for-Profit organisation An organisation such as an NGO, trade union, or other non-profit entity requiring visibility of Level 1 member sites.
Level 7a:	Social (Ethical) Audit Firms
Level 7b:	Environmental Audit Firms
Level 7c:	Independent Greenhouse Gas Specialists A company that specialises in calculating a site's carbon footprint within the agricultural sector.
Level 8:	Training Service Providers/Consultants/Remedy Programmes Companies who are recognised by SIZA and who need to be visible as recommended programmes to the producers.

Active Primary Members per Province by Registration Level

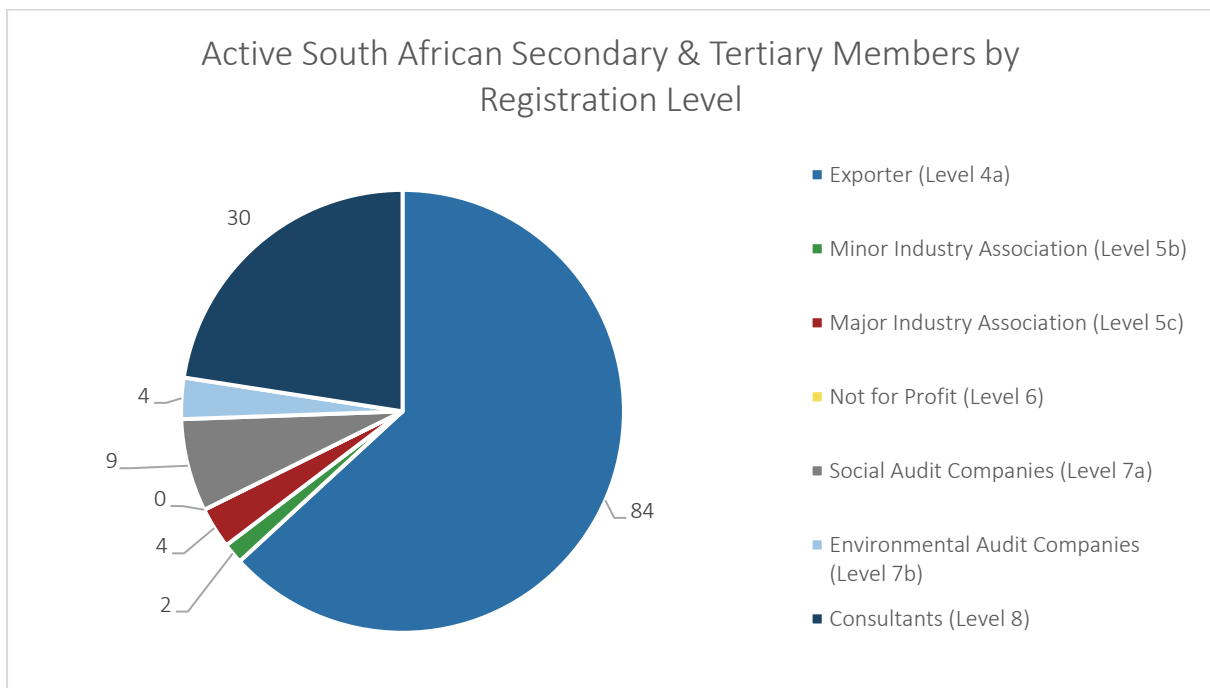


Producer (level 1a) members continue to make up the largest percentage of membership – the producer (level 1a) members in the Western Cape currently represent 50,95% of all level 1a members. Since fruit producers have the biggest representation on the *MySIZA* platform, out of the total registrations for primary members, 1 148 members (53,27%) are based in the Western Cape. Furthermore, at the national scale, level 1a members continue to make up the largest percentage of membership, and currently represent 48,96% of all primary members.



1.1.6. Active secondary and tertiary members by registration level

The *MySIZA* platform acts as a risk management tool for both the producer and the buyer, as secondary members (exporters, importers, and retailers) can manage risk within their supply chain by having visibility on the performance of their linked members. Currently there are a total of 90 secondary members, and 43 tertiary members registered At SIZA also shares data with both the Sedex and GLOBALG.A.P. platforms which leads to various buyer linkages being made via these two global platforms.

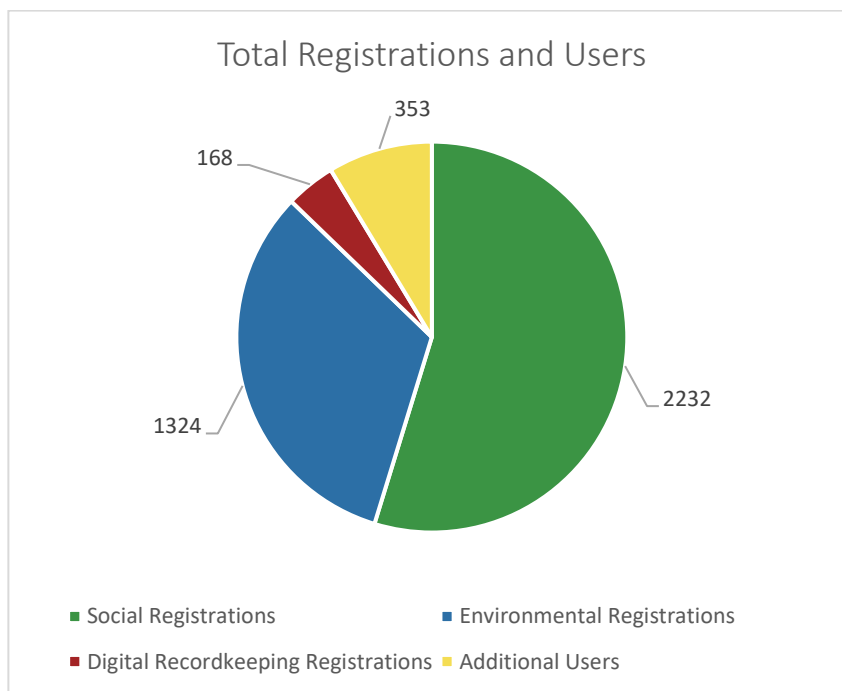


Total MySIZA Registrations and Users

Several other users are also registered on the MySIZA platform which accumulates to the membership total. These consist of 77 audit personnel, 135 secondary members (including buyers such as exporters, importers and retailers), 41 tertiary members (including consultants and remedy solution programmes), 5 environmental verification users, 3 GHG Specialist users, and 92 secondary contacts (additional compliance personnel who are added on primary profiles) which adds up to a larger total of active users on the MySIZA platform. This brings the total to 353 additional users on the MySIZA platform, adding to a **total of 2 591 users**.

Module Registrations

Remember, one user can be linked to both the Social and Environmental modules, as well as Digital Recordkeeping, therefore, to calculate the total module registrations and users, the 353 additional user profiles should be added to the total membership of module registrations, which includes 2 232 Social registrations, 1 324 Environmental registrations, and 168 Digital Recordkeeping registrations. This brings the total registrations in terms of membership to **4 077 users**.



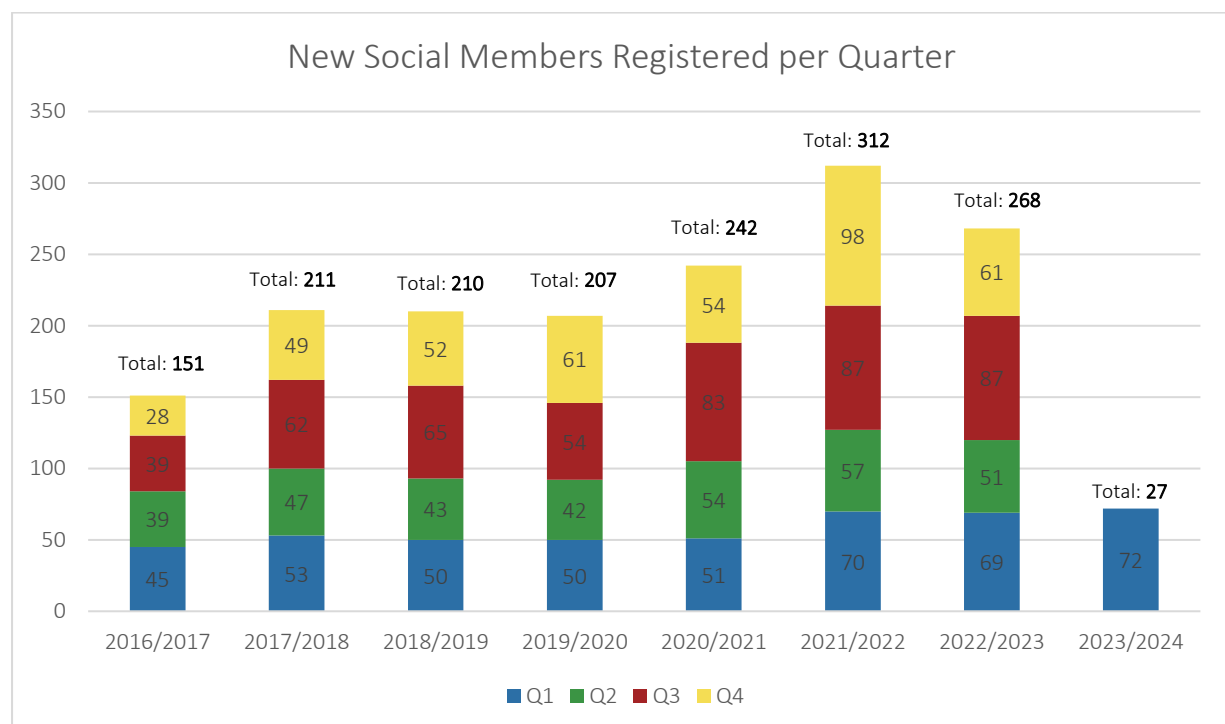
= 4 077 total users and registrations

1.2. New Members and Renewals

As SIZA is a multi-sector agricultural solution, the ongoing aim is to have all production units within South Africa to be registered for SIZA Social and/or SIZA Environmental as a drive towards being a global leader in ethical trade and environmental sustainability. This section indicates a stable and steady growth in membership since 2016. One of the reasons for this growth can refer to the fact that SIZA expanded its practices to become a multisector, agri-wide compliance programme.

1.2.1. New member registrations

Since 2016, a total of 1 628 new members registered for the SIZA Social module, while 72 new members registered during the current reporting quarter. For the last 12 months a total of 226 new members registered. This indicates that there has been steady growth in membership since 2016 that doesn't seem to be slowing down, which will have a positive effect on ethical compliance throughout South Africa.



1.3. Membership per Commodity

As SIZA is a multi-sector agricultural solution, the *MySIZA* platform allows for a very detailed breakdown of commodities. SIZA Social members have contributed to indicate their various commodities on their SAQ. As can be seen in the table below, we have categorised the various commodities and varieties with each commodity's total. The four most prevalent commodities in the Western Cape are Pome- and Stone Fruit (585 and 746 sites with each respective commodity), Citrus (559 member sites with citrus commodities) and Table Grapes (218 member sites with Table grape commodities).

	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Kumquats	1	0,02%	0	0,00%
Limes	36	0,75%	16	0,56%
Lemons	497	10,39%	172	6,03%
Pomelo	121	2,53%	10	0,35%
Grapefruit	37	0,77%	3	0,11%
Soft citrus	557	11,65%	250	8,77%
Oranges	326	6,82%	98	3,44%
Other Citrus	15	0,31%	10	0,35%
Total Citrus	1590	33,24%	559	19,60%
Apricots	121	2,53%	116	4,07%
Cherries	32	0,67%	14	0,49%
Nectacots	1	0,02%	1	0,04%
Nectarines	152	3,18%	141	4,94%
Peaches	220	4,60%	211	7,40%
Plums	267	5,58%	255	8,94%
Pluots	1	0,02%	1	0,04%
Other	1	0,02%	1	0,04%
Total Stone Fruit	795	16,63%	740	25,95%
Apples	276	5,77%	237	8,31%
Pears	380	7,94%	346	12,13%
Quince	1	0,02%	1	0,04%
Other	1	0,02%	1	0,04%
Total Pome Fruit	658	13,76%	585	20,51%
Total Table Grapes	330	6,90%	218	7,64%
Processed Grapes (White)	1	0,02%	0	0,00%
Wine Grapes	226	4,73%	216	7,57%
Wine grapes (Red)	8	0,17%	7	0,25%
Wine Grapes (White)	9	0,19%	7	0,25%
Total Wine Grapes	244	5,10%	230	8,06%

	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Avocados	176	3,68%	11	0,39%
Bananas	15	0,31%	0	0,00%
Litchis	21	0,44%	0	0,00%
Mangoes	32	0,67%	2	0,07%
Pineapples	2	0,04%	0	0,00%
Other Subtropical Fruit	11	0,23%	4	0,14%
Total Subtropical Fruit	257	5,37%	17	0,60%
Blackberries	5	0,10%	2	0,07%
Blueberries (potted)	63	1,32%	37	1,30%
Blueberries (soil)	62	1,30%	35	1,23%
Cranberries	1	0,02%	0	0,00%
Gooseberries	4	0,08%	3	0,11%
Mulberries	0	0,00%	0	0,00%
Raspberries	6	0,13%	3	0,11%
Strawberries	13	0,27%	8	0,28%
Other Berries	9	0,19%	7	0,25%
Total Berries	163	3,41%	95	3,33%

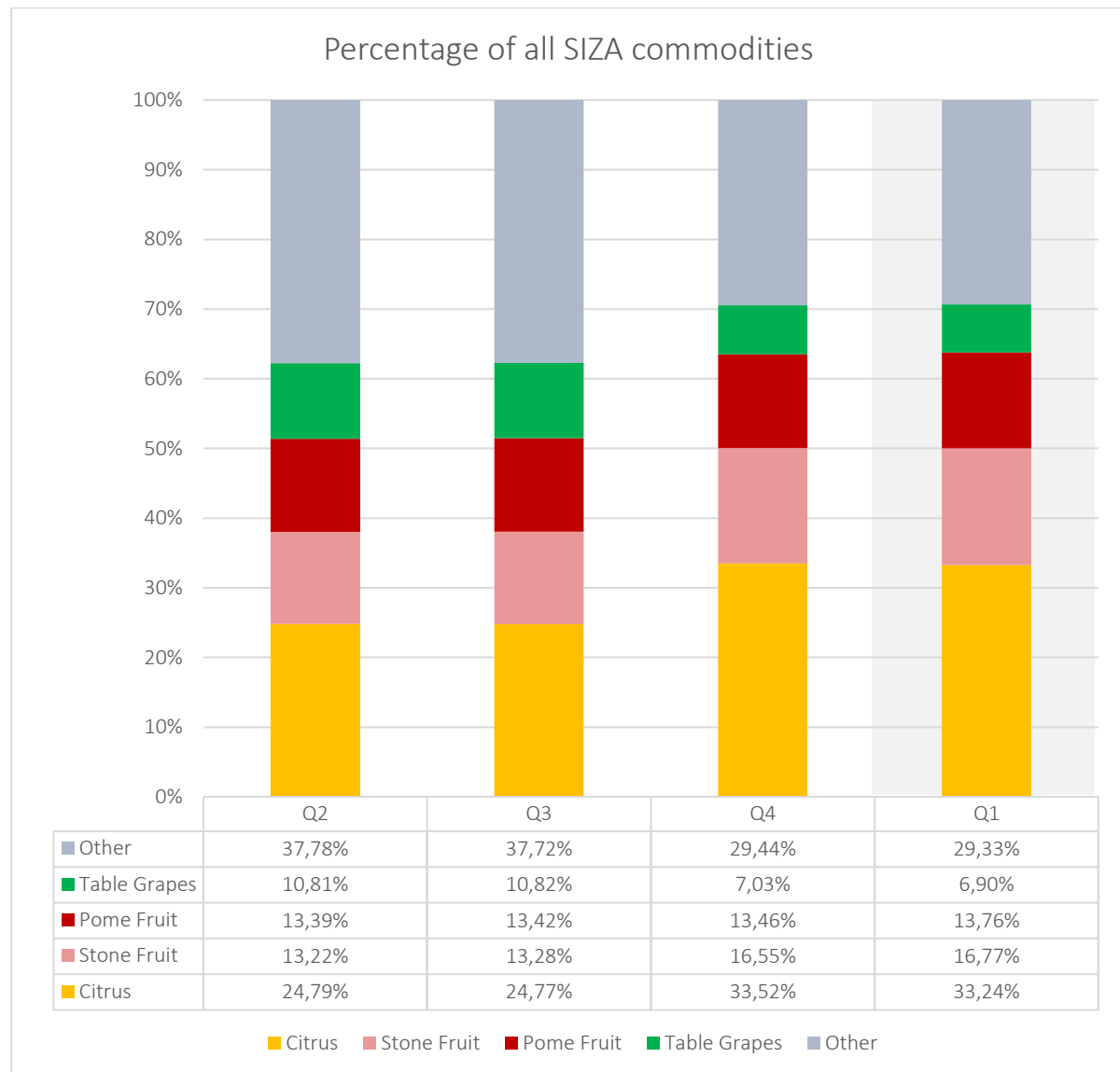
	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Beetroot	6	0,13%	5	0,18%
Broad Beans	2	0,04%	2	0,07%
Broccoli	13	0,27%	9	0,32%
Brussel Sprouts	1	0,02%	1	0,04%
Butternuts	39	0,82%	31	1,09%
Cabbage	14	0,29%	7	0,25%
Carrots	10	0,21%	5	0,18%
Cauliflower	10	0,21%	6	0,21%
Celery	2	0,04%	1	0,04%
Cucumber	5	0,10%	0	0,00%
Garlic	10	0,21%	2	0,07%
Green Beans	10	0,21%	3	0,11%
Kale	4	0,08%	1	0,04%
Lettuce	6	0,13%	1	0,04%
Okra	1	0,02%	0	0,00%
Onion	23	0,48%	18	0,63%
Other Marrows	6	0,13%	2	0,07%
Patty Pans	4	0,08%	1	0,04%
Potato	15	0,31%	9	0,32%
Pumpkin	19	0,40%	10	0,35%
Spinach & Chard	9	0,19%	5	0,18%
Spring Onion	2	0,04%	2	0,07%
Sweet Potato	9	0,19%	7	0,25%
Tomatoes	21	0,44%	9	0,32%
Zucchini/Baby Marrow	15	0,31%	8	0,28%
Other Vegetables	26	0,54%	13	0,46%
Total Fresh Vegetables	282	5,90%	158	5,54%
Almonds	10	0,21%	10	0,35%
Macadamia Nuts	87	1,82%	3	0,11%
Peanuts	1	0,02%	0	0,00%
Pecan Nuts	8	0,17%	2	0,07%
Walnuts	1	0,02%	0	0,00%
Other	1	0,02%	0	0,00%
Total Nuts & Seeds	108	2,26%	15	0,53%
Canned Apricots	3	0,06%	3	0,11%
Canned Peaches	8	0,17%	8	0,28%
Canned Pears	1	0,02%	1	0,04%
Total Canning Fruit	12	0,25%	12	0,42%

	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Fynbos & Proteas	27	0,56%	24	0,84%
Other Flowers and Ornamentals	11	0,23%	8	0,28%
Total Flowers & Ornamentals	38	0,79%	32	1,12%
Dried Fruit	4	0,08%	3	0,11%
Prunes	7	0,15%	6	0,21%
Raisins	10	0,21%	2	0,07%
Other Dried Fruit and Vegetables	1	0,02%	0	0,00%
Total Dried Fruit & Dried Vegetables	22	0,46%	11	0,39%
Maize	10	0,21%	1	0,04%
Soybeans	2	0,04%	0	0,00%
Wheat	7	0,15%	3	0,11%
Other Grains	6	0,13%	3	0,11%
Total Grains	22	0,46%	7	0,25%
Eggs	1	0,02%	1	0,04%
Meat	12	0,25%	7	0,25%
Marine Animals	1	0,02%	1	0,04%
Poultry	2	0,04%	2	0,07%
Wool/Mohair	4	0,08%	4	0,14%
Dairy Products	3	0,06%	3	0,11%
Total Livestock & Animals	23	0,48%	18	0,63%
Avocado oil	1	0,02%	0	0,00%
Essential Oils	1	0,02%	1	0,04%
Olive Oil	1	0,02%	1	0,04%
Sugar	5	0,10%	0	0,00%
Sugar Cane	5	0,10%	0	0,00%
Total Sugar & Oils	13	0,27%	2	0,07%
Fresh Herbs	4	0,08%	3	0,11%
Seasonings	3	0,06%	1	0,04%
Total Seasoning & Preservatives	7	0,15%	4	0,14%
Bell Peppers	9	0,19%	1	0,04%
Chillies	6	0,13%	0	0,00%
Other peppers	4	0,08%	0	0,00%
Total Capsicum	19	0,40%	1	0,04%

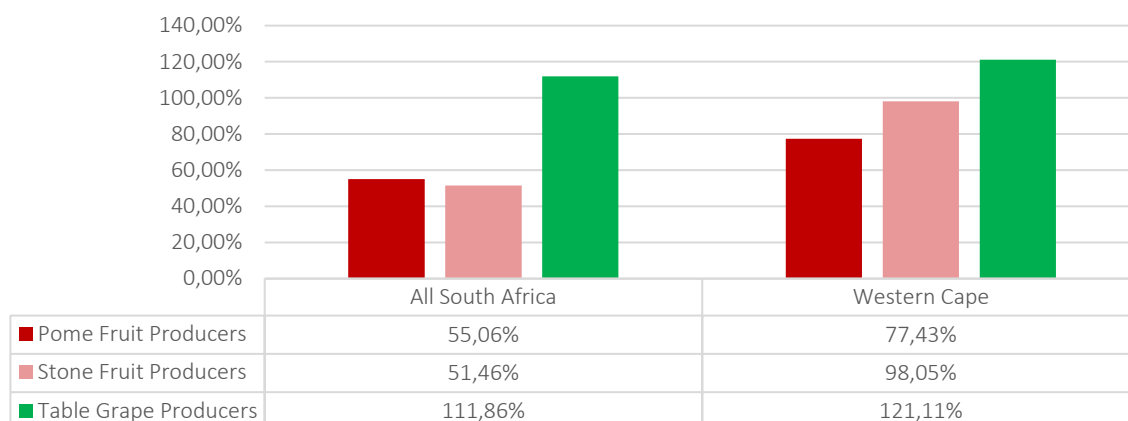
	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Apple Juice	1	0,02%	1	0,04%
Other Juices	2	0,04%	2	0,07%
Total Juice	3	0,06%	3	0,11%
Tea	13	0,27%	13	0,46%
Cotton	1	0,02%	0	0,00%
Dates	6	0,13%	0	0,00%
Dragon Fruit	4	0,08%	2	0,07%
Figs	25	0,52%	22	0,77%
Granadillas	15	0,31%	3	0,11%
Guavas	15	0,31%	9	0,32%
Kiwis	22	0,46%	9	0,32%
Melon	4	0,08%	2	0,07%
Olives	21	0,44%	21	0,74%
Persimmons	17	0,36%	16	0,56%
Pomegranates	38	0,79%	34	1,19%
Watermelon	7	0,15%	4	0,14%
Other Products not listed above	35	0,73%	20	0,70%
Total Other products	196	4,10%	145	5,08%
Total Varieties	4783	100,00%	2 852	100,00%

1.3.1. Commodity Statistics

Below is a representation of the four commodities with the biggest representation among SIZA members, namely Citrus, Stone Fruit, Pome Fruit, and Table Grapes. When comparing the latest available information provided by SIZA members on MySIZA with information provided by the relevant Industry Associations, one can see that a significant percentage of each commodity is represented in the SIZA member base.



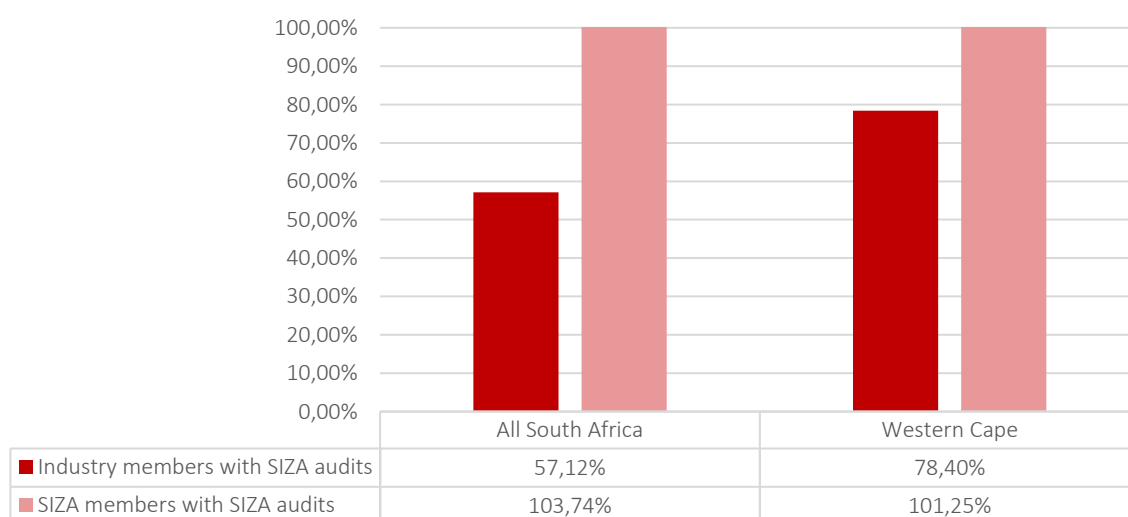
Percentage of all Pome Fruit, Stone Fruit, and Table Grape Producers registered for SIZA Social



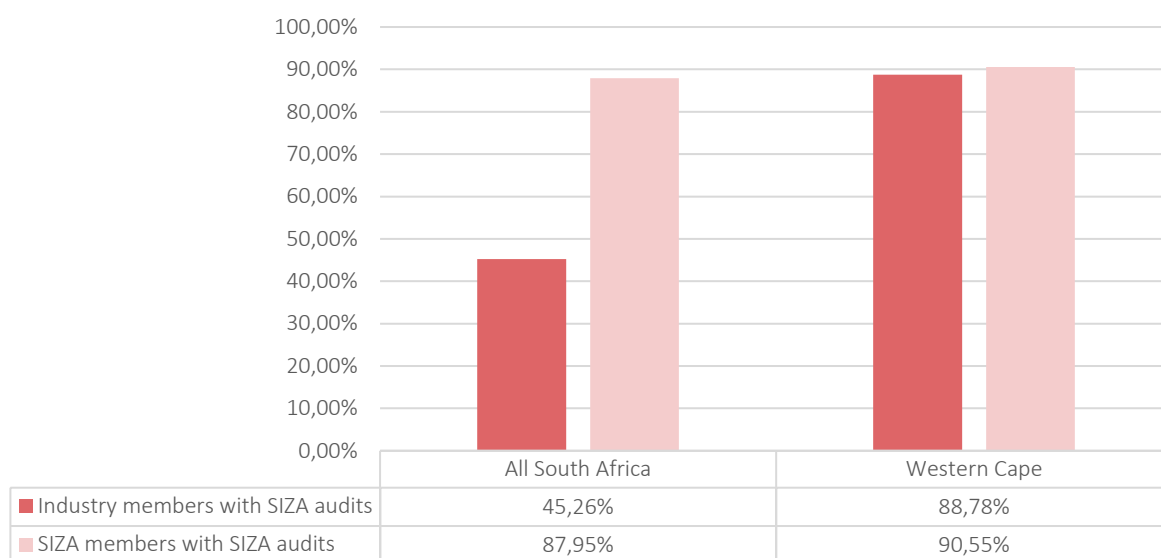
Interesting to note is that there are more Table Grape producers registered with SIZA than with the Industry Association. This might be due to a difference in how membership is determined/calculated within the industry body, for example per production unit, instead of business entity, separate trade entities etc. As SIZA membership is based on the entire entity that registers with the programme, a business as a whole will be counted once. In the Western Cape specifically, 77,43% of Pome Fruit producers, 98,05% of Stone Fruit producers, and 121,11% of Table Grape producers are registered for the SIZA Social module.

In terms of third-party audit compliance, in the Western Cape almost 100% of SIZA members for each commodity (Pome Fruit, Stone Fruit, and Table Grapes) have valid SIZA Social (Ethical) audits.

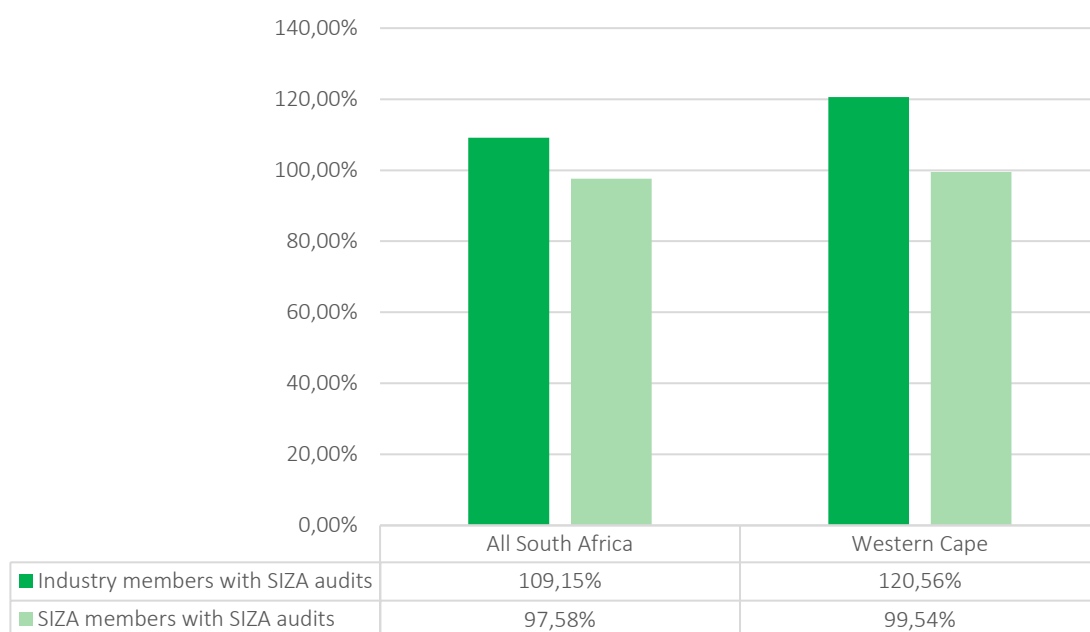
Percentage of Pome Fruit Producers with SIZA Audits



Percentage of Stone Fruit Producers with SIZA Audits

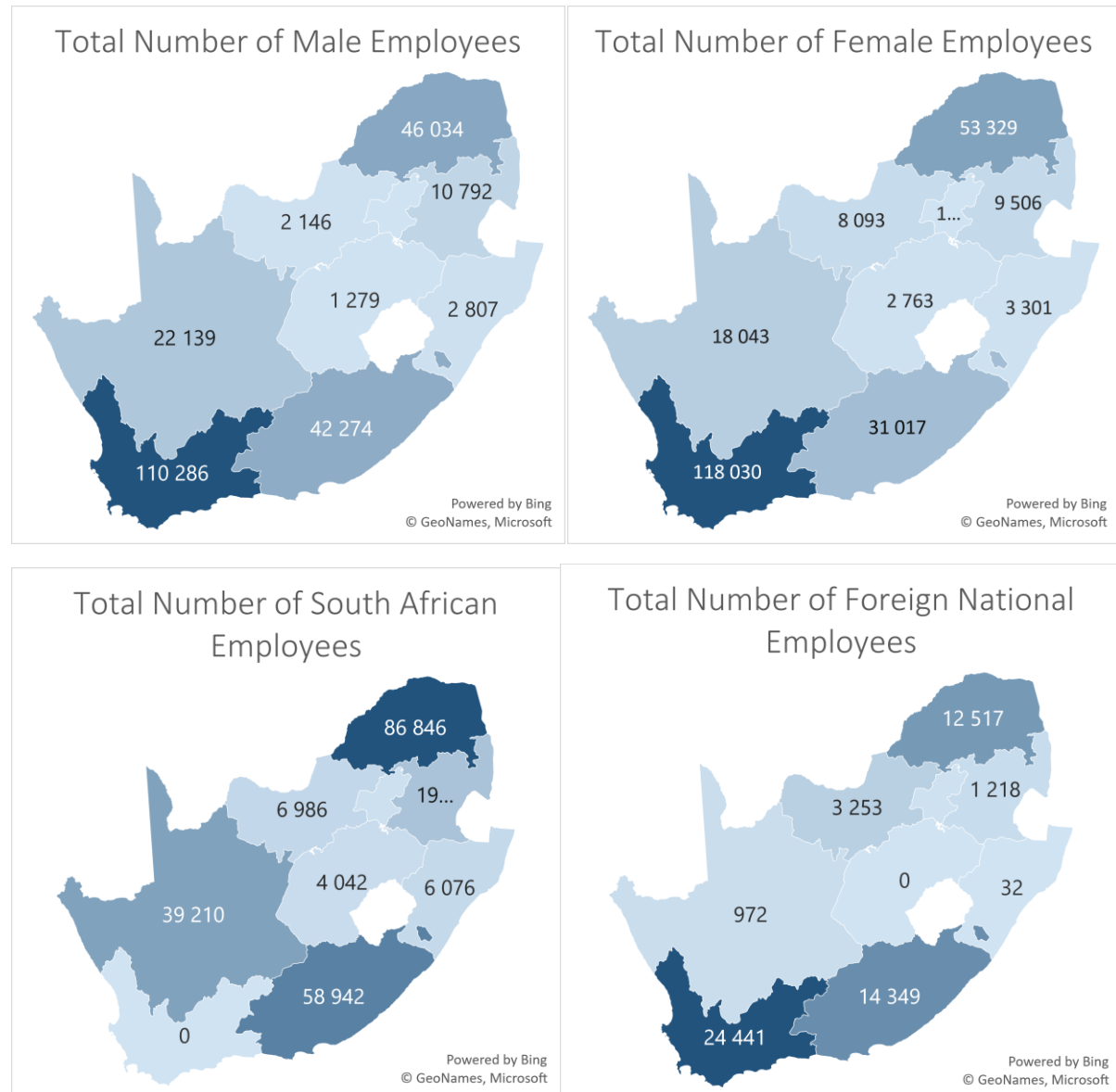


Percentage of Table Grape Producers with SIZA Audits



1.4. Worker Summary

The following summary represents information relating to agri-workers working on farms that are registered under the SIZA programme. Data is obtained from the SAQs that were completed by the producer and approved over the last 12 months. The Western Cape accounts for the highest number of employees (46,55%) due to the large number of members that are based in the Western Cape.



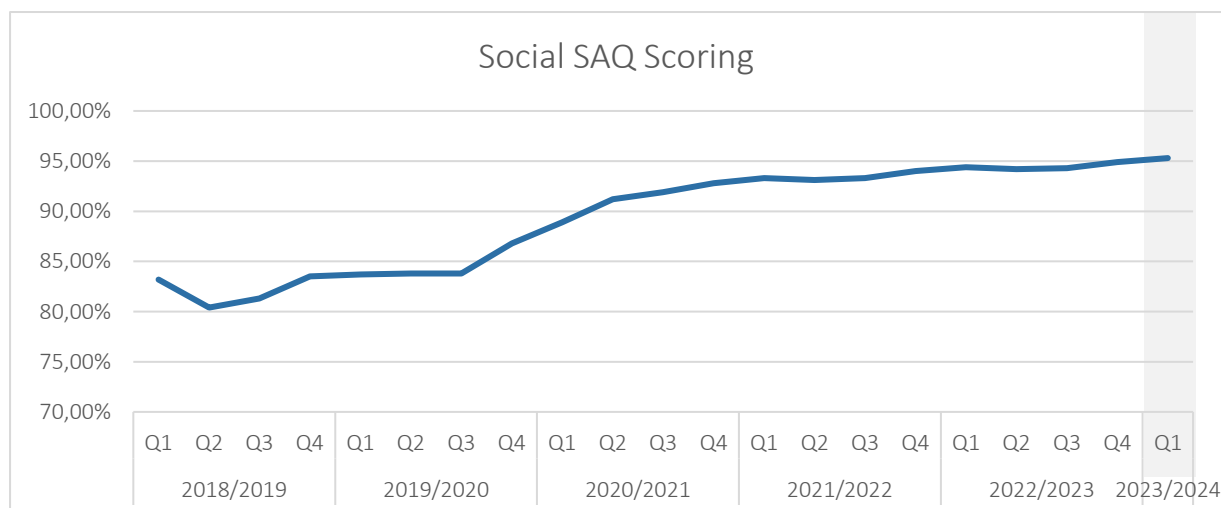
The table on the next page indicates the worker distribution per province and worker type:

Province	Permanent Male	Permanent Female	Temporary Male	Temporary Female	TES Male	TES Female	Foreign National Male	Foreign National Female	Total Workers per Province
Unknown	1 423	774	3 953	5 069	29	49	535	689	12 521
Eastern Cape	10 221	3 824	23 473	20 339	455	630	8 125	6 224	73 291
Free State	758	1 205	521	1 558	0	0	0	0	4 042
Gauteng	358	441	263	720	12	16	139	173	2 122
KwaZulu-Natal	1 180	1 092	1 005	1 646	601	552	21	11	6 108
Limpopo	17 302	12 008	18 722	34 435	2 265	2 114	7 745	4 772	99 363
Mpumalanga	5 071	2 900	4 188	6 131	596	194	937	281	20 298
Northern Cape	4 489	1 472	17 272	15 977	0	0	378	594	40 182
North West	904	715	693	4 493	6	175	543	2 710	10 239
Western Cape	39 435	24 640	54 466	79 618	5 716	5 250	10 669	13 772	233 566
Total Workers per Type	81 141	49 071	124 556	169 986	9 680	8 980	29 092	29 226	501 732

2. SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

The purpose of the SAQ is for primary members to have an opportunity for self-evaluation and to benchmark against South African legislation. SAQ's are also important for the auditing process, as the auditors use the SAQ information as a benchmark during third-party audits. SIZA also uses the SAQ as a between audit online monitoring tool to ensure that audit results are maintained between audits and to ensure that a 3 or two-year audit period is possible.

SAQs indicate growth and improvement year on year, as the primary members are required to complete their SAQs annually. MySIZA allows for feedback to the member by means of a risk indicator, which scores each answer according to the risk it holds. SIZA SAQ percentages are risk-based, and not completion-based, meaning that the percentage score assigned to each SAQ is based on the risk level associated with the answers provided by the member, and not an indication of how many questions were completed. The average score for all Social (Ethical) SAQ's approved in Q1 is 95,10%. The highest score for an approved SAQ in this period is 100%. SIZA administrative staff try to 1) only approve SAQs for existing members with a SAQ risk score above 85% (5% higher than 2020) and 2) complete a maximum of two SAQ reviews before approval. SIZA administrative staff assist new members with low scores to improve their scores every year before approval.



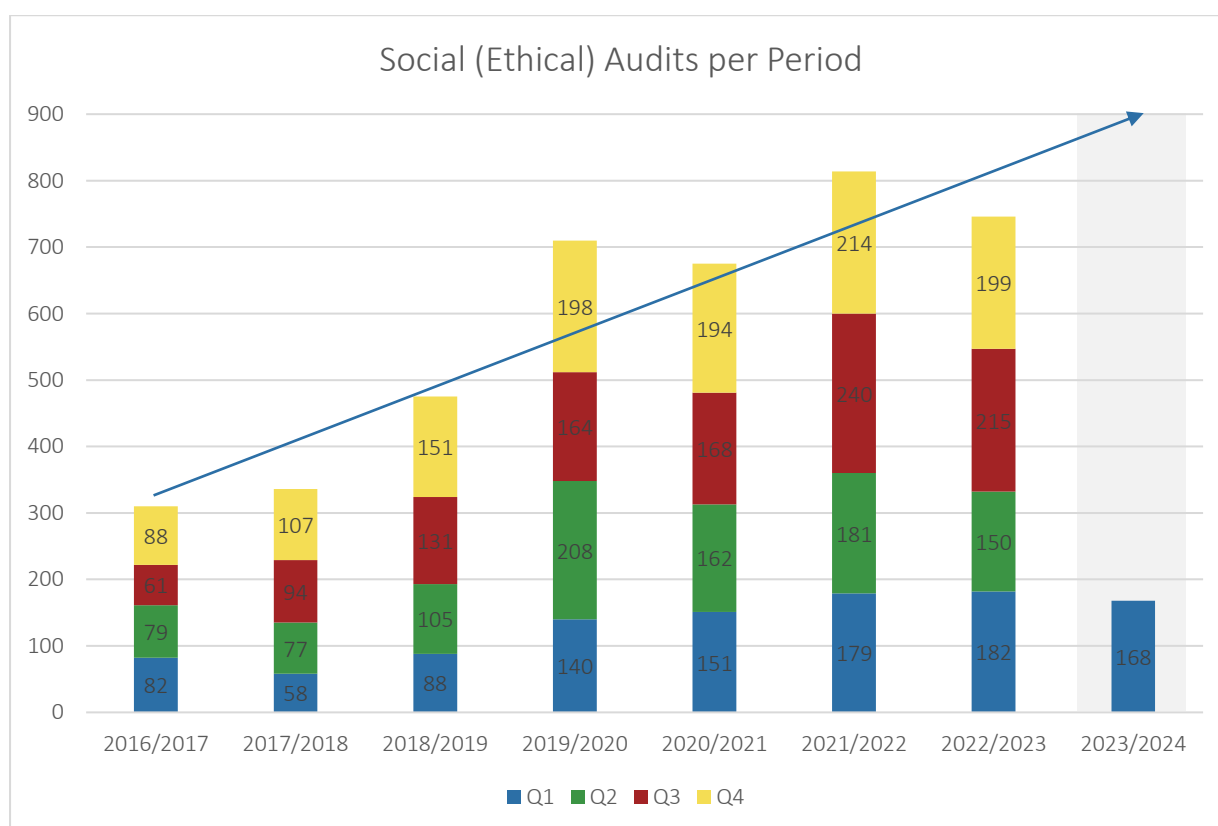
3. SOCIAL (ETHICAL) THIRD-PARTY AUDIT INFORMATION

3.1. Social (Ethical) Audits per Period

SIZA adopted a third-party audit approach to allow for a credible and objective process which can be a true reflection of the audit outcome and ethical labour practices in a business. A SIZA Social (Ethical) audit is not a pass or fail exercise, but rather aimed at assisting all people living and working in agriculture to drive ongoing improvement in terms of socially responsible business practices. The purpose of the third-party audit is to evaluate the implementation of labour legislation as indicated in the SIZA Social Standard by evaluating and identifying areas within the business that are non-compliant and require corrective and remedial actions, so that ongoing continuous improvement can take place.

As with the growth in membership we saw a steady growth over the last seven (7) years in the amount of Social (Ethical) audits per year. Since 2016, a total of 4 234 Social (Ethical) audits were conducted. It is important to take note of the fluctuation of audits which is dependent on the producer's risk-rating, which means they might audit every third- or second year, and others might audit annually. This ties in with the seasonality of agricultural production seasons, may impact the total audits per quarter, depending on number of members for a particular commodity group who only audit in peak season. It is also noteworthy to see the impact during the COVID-19 pandemic which also played a role.

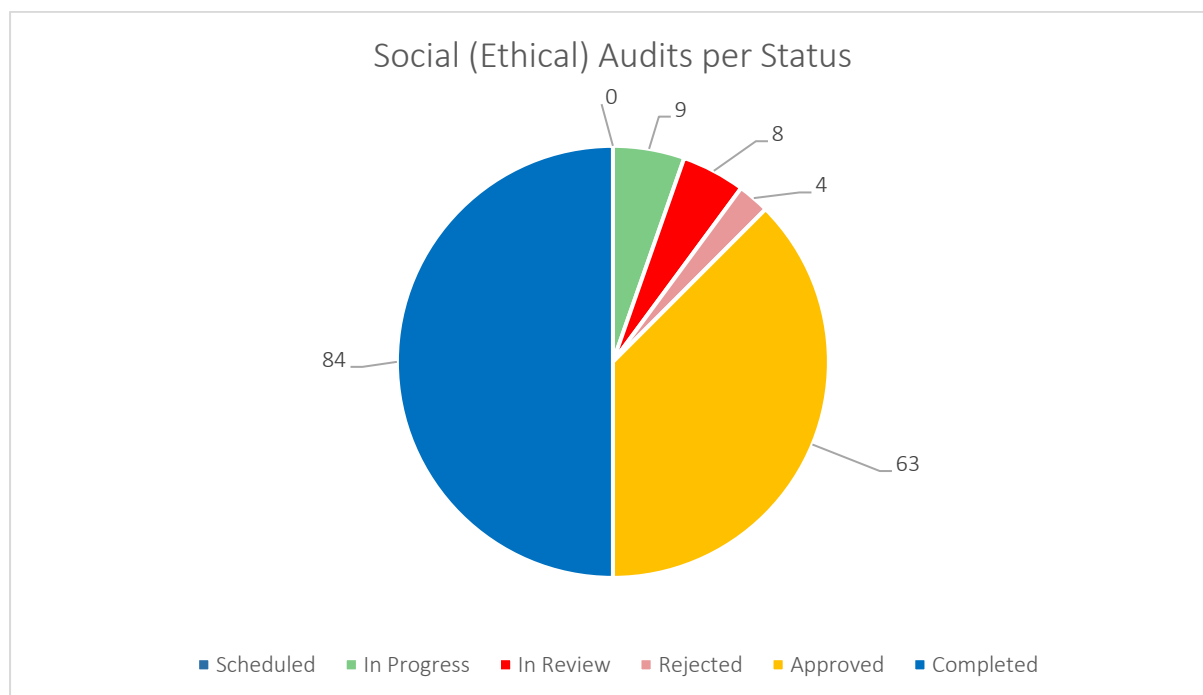
Over the last annual period, a total of 732 social audits were done, whilst the past three months (Q1), between 1 July 2023 and 30 September 2023, a total of 168 social audits were conducted. This steady growth that is shown can be related to the expansion of becoming a multisector agri-wide programme as well as the change in the SIZA audit period from 5 years where the Platinum category has become the most stringent qualifying criteria with a 3-year validity period. The graph below indicates the number of audits per quarter for every year since 2016 and showcases the steady gradual increase of audits over time.



3.2. Audits per Status

The emphasis in the SIZA programme is on continuous improvement (identifying areas of risk) to create better circumstances for all living and working on farms. Therefore, it is important to note that no Audit Completion Letter can be issued if all corrective actions are not completed and signed off by the auditor. If audits are not in completed status, it means that the audit process is not completed in full.

Of the 168 audits that were conducted during Q1, 84 have already been completed in full, 63 are in approved status and awaiting corrective actions which must be uploaded by the producer. The remaining 21 are either in progress or still being reviewed by the audit firms. It is important to note that timelines are allocated to all the steps in the audit process for both the auditor and the auditee.

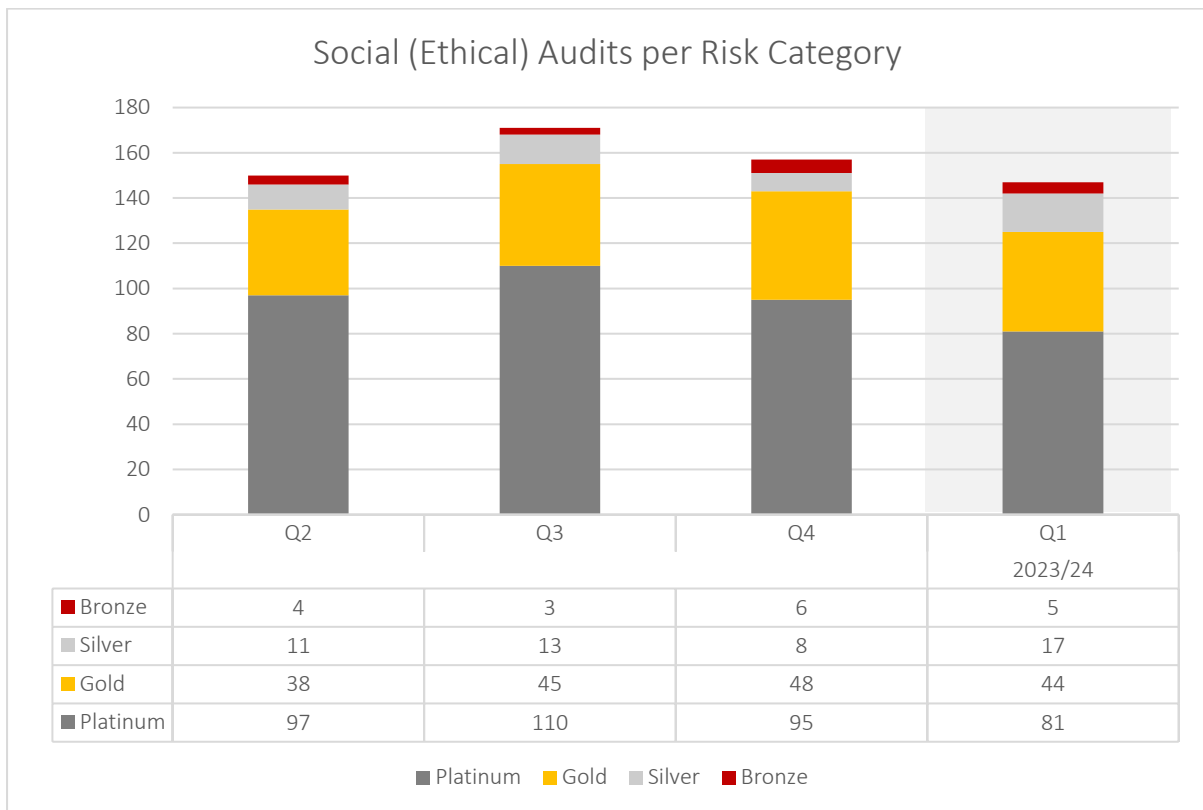


3.3. Social (Ethical) Audits per Risk Category

The SIZA Social (Ethical) programme subscribes to being improvement-led rather than audit-led and uses the [SIZA audit frequency matrix](#) to support this position. It creates four categories of risk: Platinum, Gold, Silver, and Bronze where the Platinum category has the most stringent qualifying criteria. A SIZA member will be rated according to these risk categories, based on the number and rating of each finding during their audit. As the business must drive continuous improvement and implement the required practices within their business, they should aim to get fewer findings and a higher rating during their next audit.

It is possible that in some instances auditees can get a lower rating due to the expansion of the audit checklist as well as some new market requirements or changes to legislation that were included over the last couple of years.

Of the audits done during this reporting period, 81 (55,45%) achieved Platinum status, and 44 (31,12%) achieved Gold status. Producers are showcasing their commitment to continuous improvement, and this is evaluated and proven by the third-party audit outcomes. Of the audits done during this period, 71 (34,67%) was in the Western Cape, of which 47 (66,19%) achieved Platinum status, and 14 (19,71%) achieved Gold status. Producers are showcasing their commitment to continuous improvement, and this is evaluated and proven by the third-party audit outcomes.



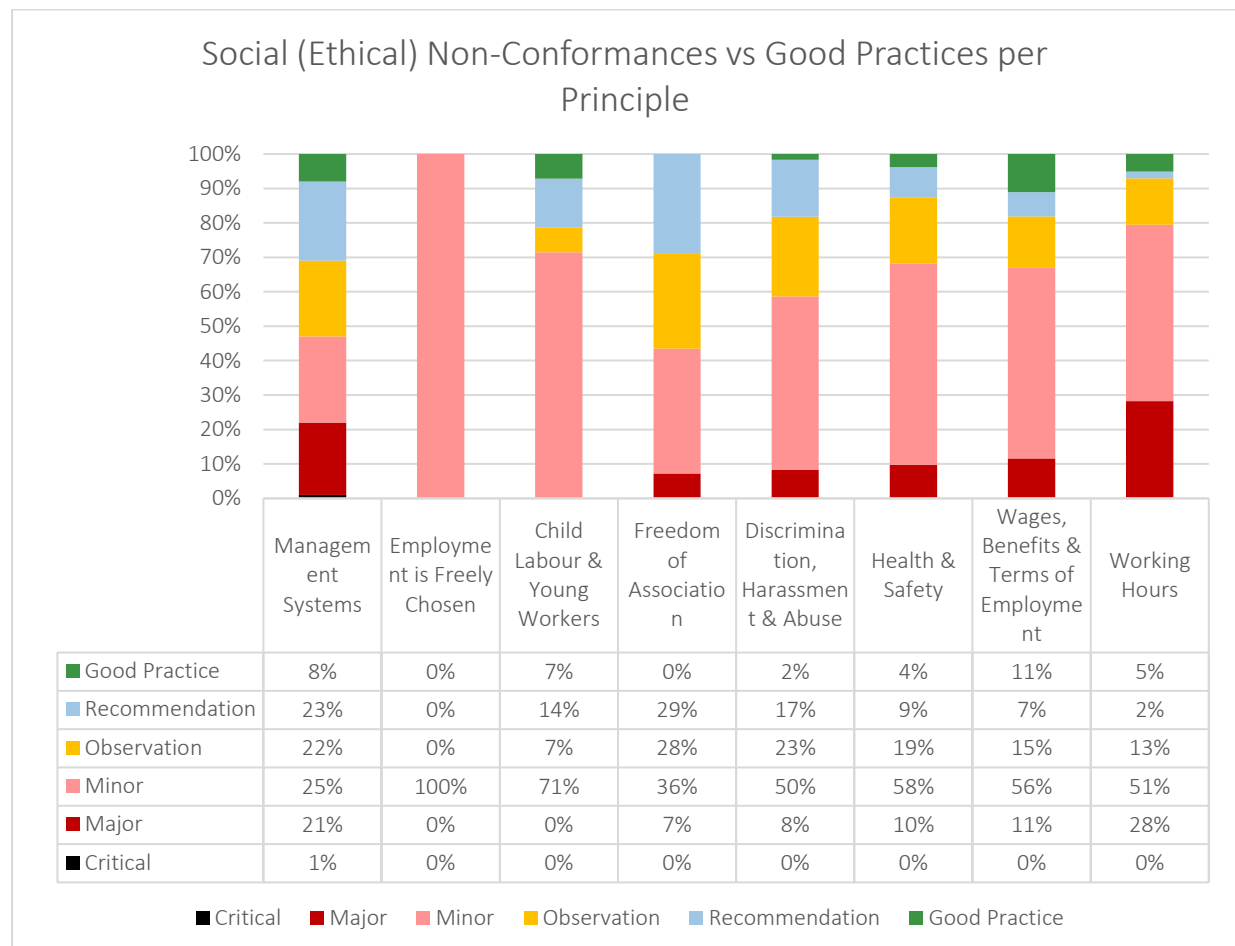
While the number of findings increases with each period, due to an increase in audits and more comprehensive auditor calibration efforts, the majority of producers still achieve a Platinum risk-rating which provides for a three-year audit validity period. This is indicative of a consistent drive and effort from South African producers toward continuous improvement and best practice. It is pertinent to note that the Bronze risk-grading category results in producers being audited every season. This is important as the less findings achieved during third-party audits, the longer the validity period will be, but with more findings or more severe findings, a producer will have a shorter validity period. As can be seen in the graph above, the number of producers who achieve a Bronze risk-grading, remain lower than the producers achieving Platinum and Gold risk-ratings, showcasing the increased improved practices over time.

3.4. Non-Conformances Raised between 01 July – 30 September 2023

The non-conformances raised during audits are indicative of the risk areas in the industry. Although the total number of non-conformances may increase slightly between periods, this can be explained by the number of audits increasing, as well as increased training among auditors, leading them to be able to identify more areas of non-conformance. SIZA also expanded the audit checklist as well as some new requirements that were included over the last couple of years. It remains evident that SIZA members continue to improve their practices, which is supported through the various training programmes and guidance tools provided by SIZA. This support proves to be of great assistance when rectifying and improving non-conformances.

The SIZA programme monitors compliance in the following eight principles of the Social Standard:

- Management systems
- Forced Labour (Employment is Freely Chosen)
- Child Labour
- Freedom of Association
- Discrimination, Harassment, and Abuse
- Health & Safety
- Wages, Benefits, and Terms of Employment
- Working Hours



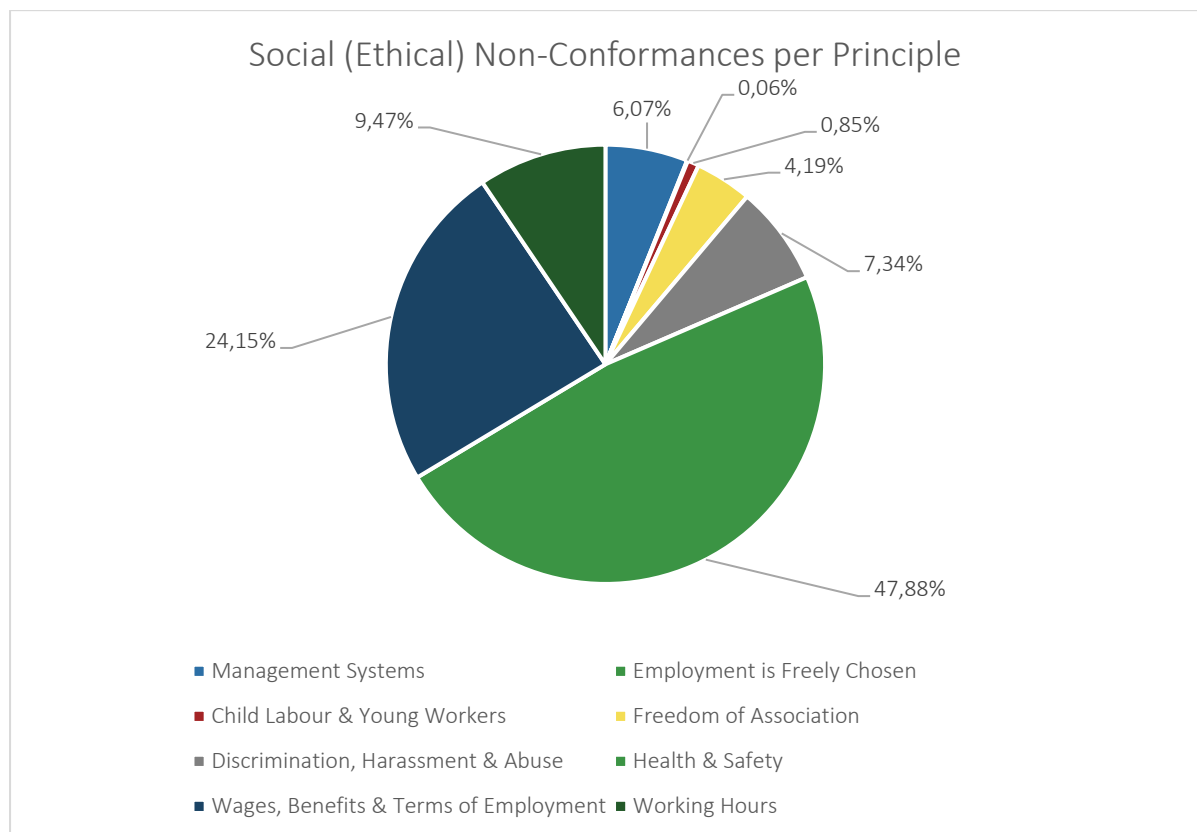
3.4.1. Non-conformances vs good practices per Principle

During this period, it is interesting to note that there has again been a noteworthy increase in the number of good practices raised (total of 111 new Good Practices noted during audits). This increase can be explained due to better calibration efforts from auditors on reporting good practices more effectively. Another reason for this increase can be due to members wanting to showcase a more balanced view of their business practices by implementing a best practice approach rather than just focusing on minimum compliance.

3.4.2. Non-conformances per Principle

In Q1, most non-conformances (73,83%) fell in the following three principle codes, namely:

- Health & Safety (789 findings);
- Wages, Benefits, and Terms of Employment (398 findings); and
- Working Hours (156 findings)



As a measurement in looking at the top three areas of non-conformances, the various audit outcomes under the three top principles can be explained as follows:

Health and Safety:

As a high number of non-conformances are raised under this principle, it is relevant to mention that this section also covers the most detailed questions and requirement areas during an audit which contributes to the number of non-conformances raised. In general, the largest areas of non-conformances within this section lie with the following themes:

- Inadequate management structure in place to ensure the effective overall management of health and safety matters within the business.
- Insufficiently stocked and maintained First Aid Kits available in the business.
- Housing for employees do not meet basic health, safety and hygiene requirements as set out in this Standard and local law.

Wages, Benefits & Terms of Employment:

The second largest area of non-conformances lies with wages and contracts of employment. In general, the largest areas of non-conformances within this section fall under the following themes:

- Ineffective systems in place for the accurate calculation and payment of worker wages.
- Not all employees (seasonal, temporary, or permanent workers) have written contracts of employment in place.
- Payslips do not contain all the information as required by legislation.

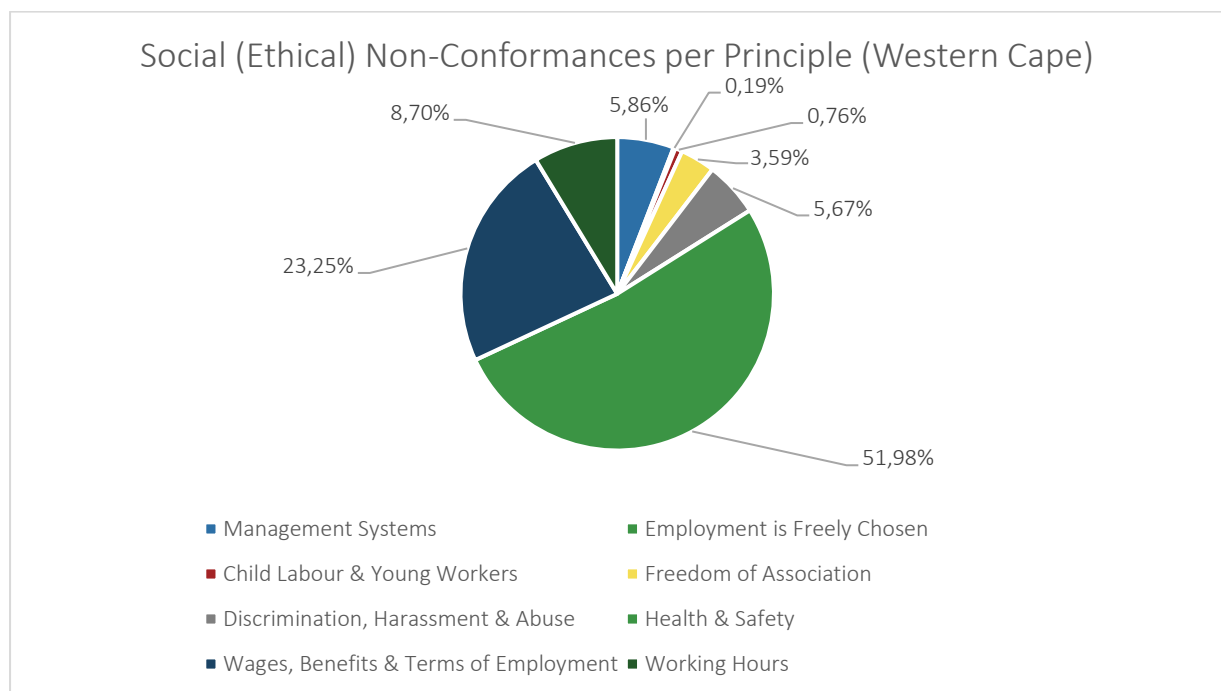
Working Hours:

The third largest area of non-conformances lies with working hours. In general, the largest areas of non-conformances within this section fall under the following themes:

- Overtime does not conform to all the minimum requirements.
- Rest periods and meal intervals are not managed effectively and granted to workers in accordance with legislation.
- Night-work is not managed and implemented in accordance with the minimum legislative requirements.

For the **Western Cape**, most non-conformances (78,66%) fell in the following three principles, namely:

- Health & Safety (275 findings);
- Wages, Benefits, and Terms of Employment (123 findings); and
- Working Hours (46 findings).



3.4.3. Risk distribution

The risk of individual producers is categorised by using a scoring matrix which divides risks into categories of Critical, Major, Minor, Observations, Recommendations, and Good Practices. Non-compliances and Observations are classified according to:

- The frequency of the problem and whether the issue is an isolated occurrence.
- The potential severity of the problem.
- The probability of recurrence.
- The management system in place.
- The response of the management

A minor non-compliance is:

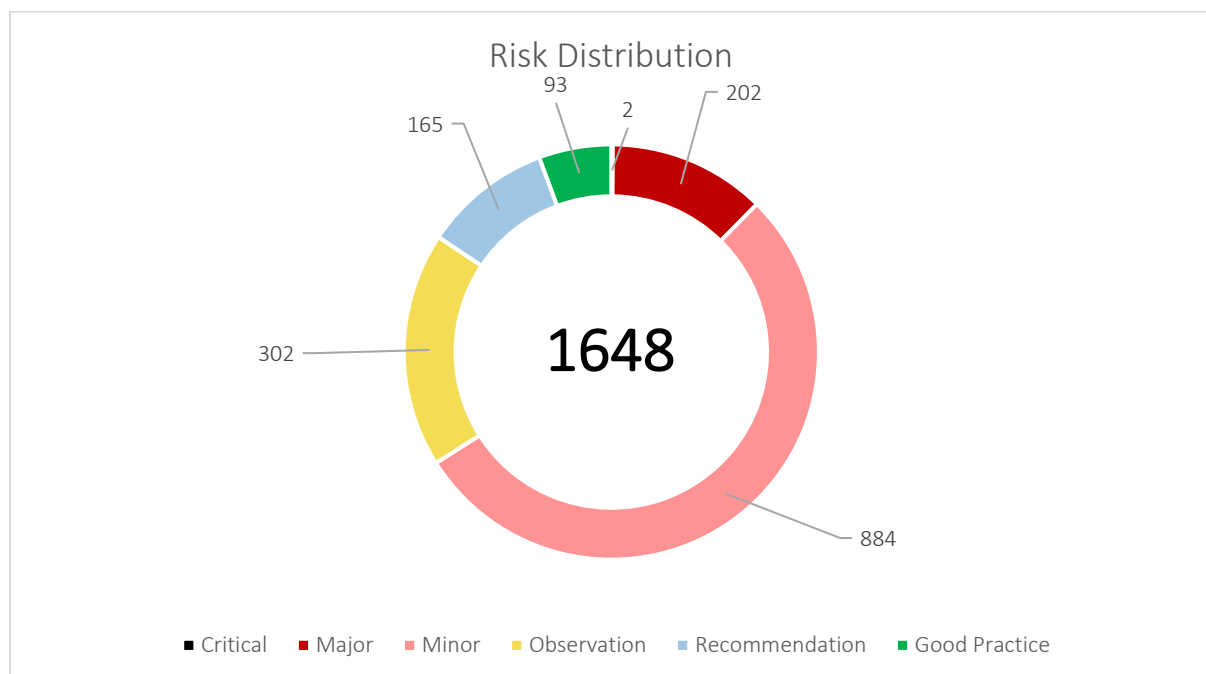
- An occasional or isolated problem.
- An issue which presents a low risk to workers/ those on-site.
- A policy issue or misunderstanding where there is no evidence of a material breach.

A major non-compliance is:

- A breach which represents a danger to workers/those on site.
- A material breach of a code requirement/law.
- A systemic violation of a code requirement/law.

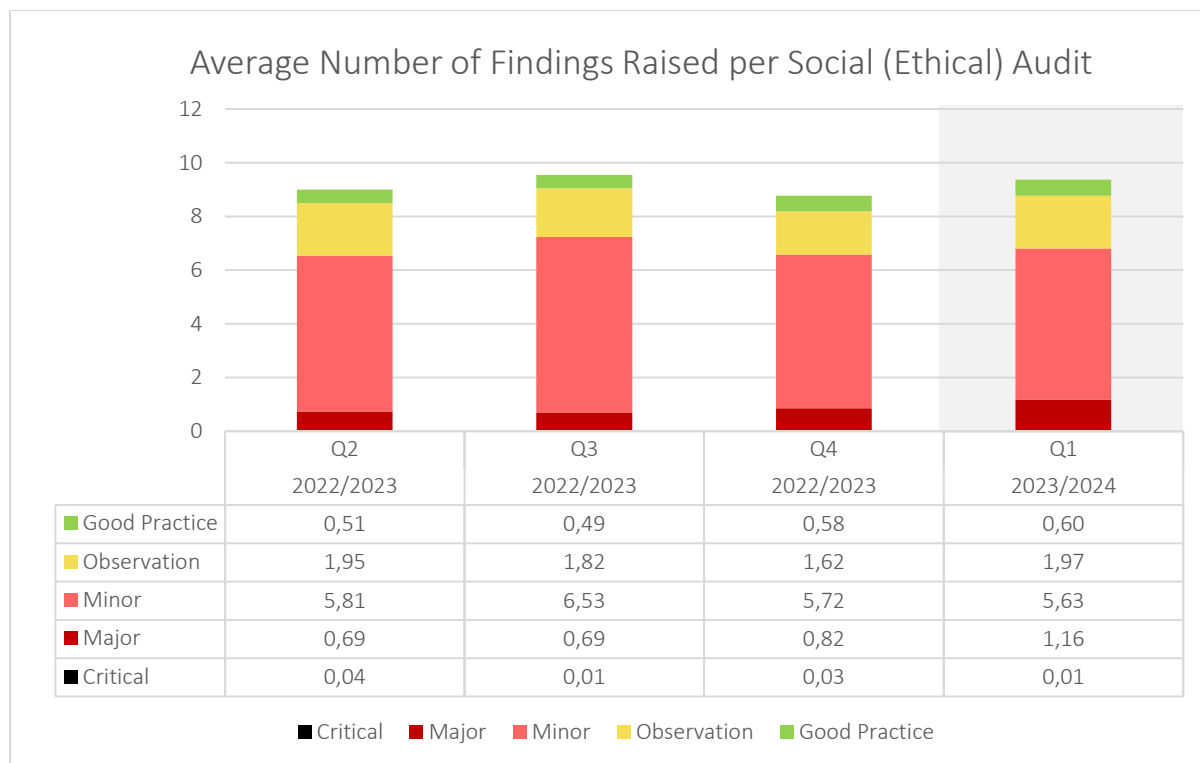
A critical non-compliance is:

- An issue which presents imminent risk to workers' safety/risk to life and limb or constitutes a significant breach of workers' human rights, and/or;
- A major non-compliance that has not been addressed or for which no significant improvement has been made by the time of a follow up audit, despite supplier commitment to resolve the issue.
- An attempt to pervert the course of the audit through fraud, coercion, deception, or interference.



3.4.4. Average number of findings per audit

The graph below indicates the average number of findings that are raised per audit. During the Quarter 1 2023/2024 reporting period, an average of 9,37 findings were raised per audit. For the Western Cape, the average number of findings were slightly lower at 7,40 findings per audit on average.

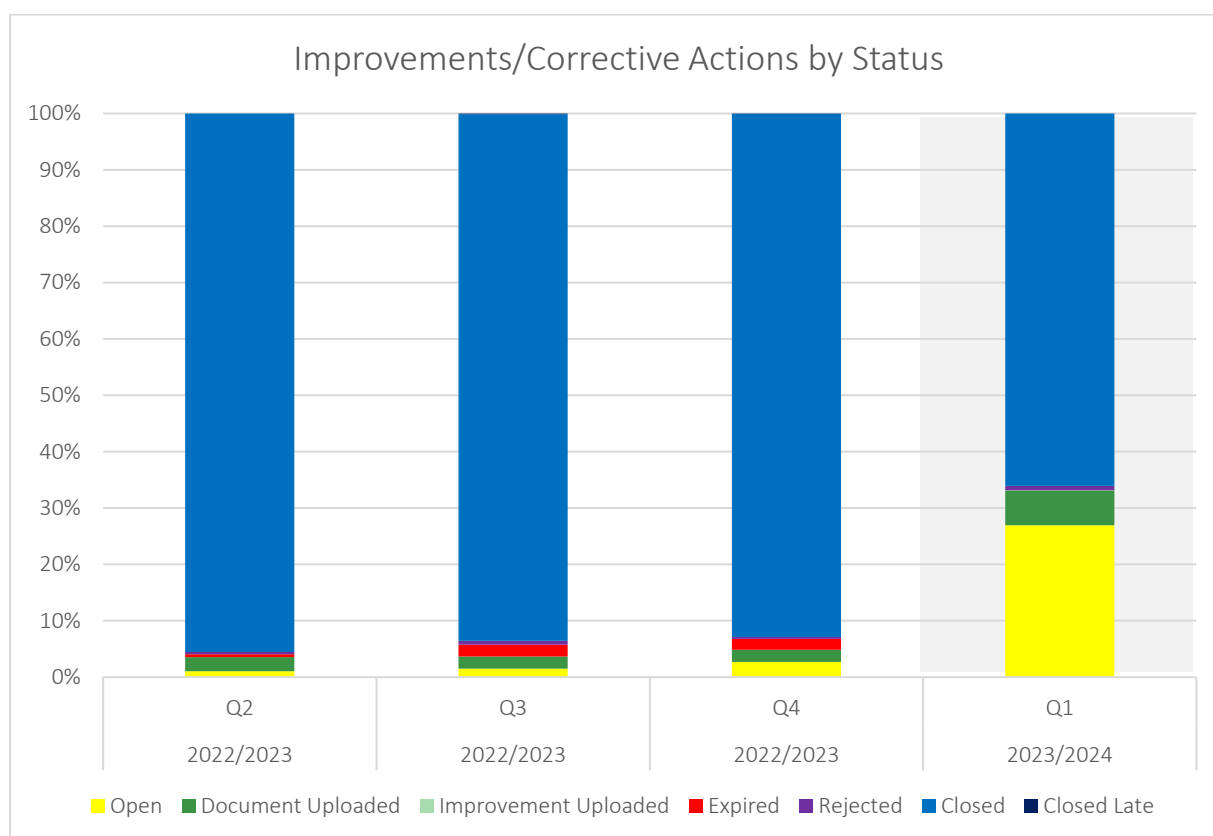


Although the majority of SIZA members received a Platinum risk rating; on average, due to the increased overall number of non-conformances raised on all audits, this results in the average SIZA risk-rating of Gold. This is due to the fact that a member's risk rating will immediately move to Gold if a Major non-conformance is raised or when more than 10 Minor non-conformances were raised. Despite many members receiving a Platinum risk rating, the high number of non-conformances results in the average of a Gold risk rating. The overall risk rating of a SIZA member is calculated on the SIZA Audit Frequency Risk Matrix, available here: <https://siza.co.za/wp-content/uploads/Annexure-2-SIZA-Audit-Frequency-Matrix.pdf>

3.5. Improvements and Corrective Actions

As SIZA is a continuous improvement programme, there is a strong focus on driving improvement on findings during audits. The SIZA programme supports this by only issuing Audit Completion Letters once all the corrective actions have been implemented and closed by the third-party auditor. The aim is not only to have an audit done, but to ensure improvement takes place through adequate corrective action. The below graph shows that most findings are closed-out timeously during the given timeframes by producers. The submission and closing of findings before the given deadlines are very important as this showcases the commitment from producers to rectify areas of non-compliances, and the audit validity of a producer will be affected if corrective actions are not completed within these deadlines. SIZA actively motivates and supports producers with the completion of the corrective actions which drives improvement within their own business, as well as throughout the agricultural industry. With each corrective action, the business is growing and improving their practices which in turn benefits the workforce and economy.

The graph below indicates how non-conformances are closed out over time. Expired non-conformances will result in a follow-up audit during the 12 months following the audit date, while open non-conformances indicate that the producer still needs to upload corrective action to show improvement.



4. COMMUNITY ENGAGEMENT BEYOND THE SOCIAL AND ENVIRONMENTAL AUDIT

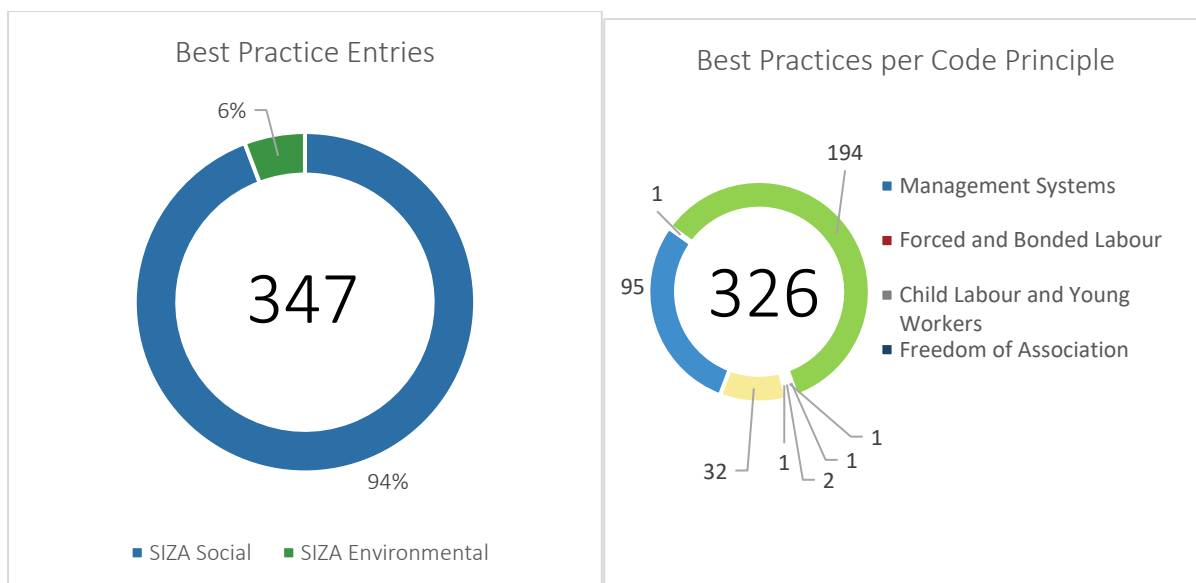
Auditing has been a catalyst for driving sustainable change in the global supply chain for several years. The number of workplace violations were reduced through a principle of driving continuous improvement. Conducting audits on farms, pack houses, processing facilities, and workplaces in general has provided objective measurement to benchmark progress. Yet, auditing is not the only solution. To support SIZA's requirements and drive to ensure businesses' commitment toward their community, the Best Practice online programme was implemented by SIZA in 2018, gives producers the opportunity to showcase areas where they feel they have reached more than compliance, engage in their community, create value, and sustain practices beyond the audit process.

Members can upload details of their community engagement efforts and best practices on *MySIZA*, after which they are reviewed by SIZA admin. If approved, they will reflect as a Best Practices programme in the producer's member listing on *MySIZA*. It will also, together with other data, be visible to linked members (exporters, importers, and retailers) of choice. With this initiative, we aim to showcase best practices of producers and at the same time try to create a balanced view of ethical assurance practices in agriculture by highlighting the various community benefits and impacts achieved by agri-businesses.

The drive toward continuous improvement has been noticed with a significant growth in the submission of community engagement efforts and best practices as part of this online initiative. Producers' drive toward community engagement and having a positive impact on their neighbouring community, town, and area has been of great value. Some of the practices noted are:

- School support provided by producers to employees' children, sometimes also including on-farm schools and educational facilities.
- After care facilities and development programmes.
- Clinics and healthcare facilities onsite.
- Community health roadshows and educational days.
- Facilities made available for women and men from nearby communities to engage in crafts and art and contribute to producing products that in turn support their families.
- Pension funds and contributions to retirement annuities.
- Sport facilities and encouragement (proves very popular with teens and families on farms).
- Housing benefits (free housing on farm, employer provides/buys accommodation at nearby town for employee/family etc.).
- Clearing of invasive alien plants beyond farm border.
- Eco-energy implementation on farms and processing facilities, removing reliance on electricity from the grid.
- Carbon neutrality by balancing practices to put back oxygen into the atmosphere.
- Awareness-raising initiatives on becoming more aware of environmental conservation and sustainability as a whole.

The above is merely a highlight of some of the admirable practices offered by producers across South Africa. The importance of ensuring there is engagement with local communities is an embedded culture within South African agriculture that has survived over many decades and seems to increase with time. It is also worth noting that there are excellent programmes managed under the leadership of the different industry associations across provinces and other external NGOs. To date, 326 Social (Ethical) and 20 Environmental Best Practices have been approved on *MySIZA*. For the Western Cape the total Best Practices are 174 for Social (Ethical) and 14 for Environmental.



It is clear that the majority of the best practices are approved under two principal codes namely: Health and Safety, and Wages, Benefits and Terms of Employment. These two principal codes also carry the majority of the non-conformances raised during third-party audits. This balance provides a good understanding that although some businesses receive non-conformances, these areas of improvement are also focus areas for progress by many businesses.

The Best Practices in each category can be summarised as follows:

1. Forced and Bonded Labour
 - Formal training to all employees by renowned training programmes.
2. Child Labour and Young Workers
 - Educational upliftment programmes to employees' children.
 - School holiday and educational programmes.
3. Freedom of Association
 - Social development programmes for all employees, including exposure to association or trade unions, employee forums and learnings.
4. Discrimination, Harassment and Abuse
 - Implemented the When Grievances Becomes Good Practice training programme within the business and included all employees.
 - Additional social development by social workers on site.
5. Health and Safety
 - Clinic on site and other health-related services offered to employees and their families.
 - Availability to community health centres or onsite health services to employees.
 - COVID-testing facilities on site.
 - Education and training facilities.
 - Aftercare and crèche facilities offered to employees' children on site.
6. Wages, Benefits and Terms of Employment
 - Annual Christmas and production bonus offered to employees.
 - Seasonal performance bonus payments to employees who exceed targets.
 - Free transport and housing offered to occupants and employees.
 - Pension and provident funds offered to workers.
7. Working Hours
 - Paid time off for targets achieved to employees during and after the season.

5. GLOBAL MARKET ENGAGEMENT AND SIZA ACCEPTANCE ACROSS MARKETS

SIZA has positioned itself to be the preferred standard for suppliers from South Africa. It is in line with the SIZA vision to avoid audit duplication where possible and to save time and cost, whilst still being able to identify areas of risk in the industry and work towards the goal of continuous improvement.

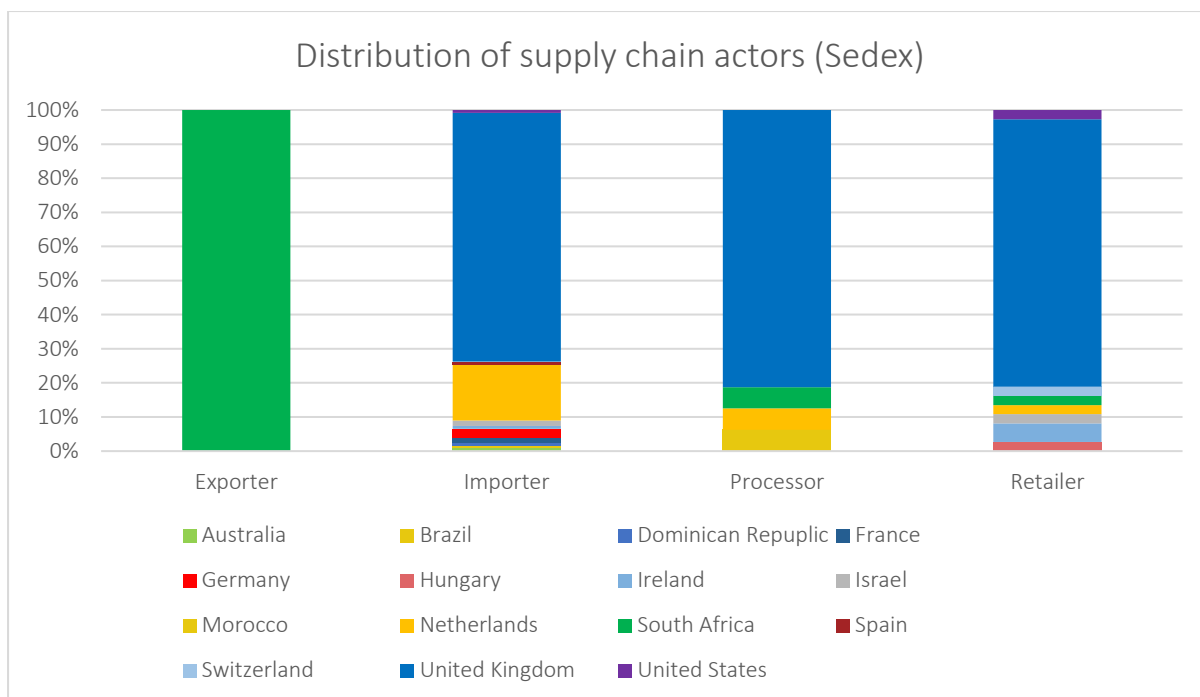
Market acceptance is therefore one of the key measurable objectives to monitor growth but also to maintain the current acceptance throughout the world. Currently SIZA provides supplier information when suppliers give SIZA permission to do so. Visibility on audit data and standards information are provided via four platforms at this stage.

- via the *MySIZA* Data platform
- via the Sedex Data Platform
- via a link on the GLOBALG.A.P. database
- via ITC Map

SIZA's acceptance has also grown in terms of businesses and industries that accept SIZA audits and recognise primary members' ethical and environmental performance against the SIZA standard. Current acceptance is through Exporters, Importers, Retailers, Manufacturing/Processing Facilities, Storage/Distribution Facilities, Wholesalers and Restaurants.

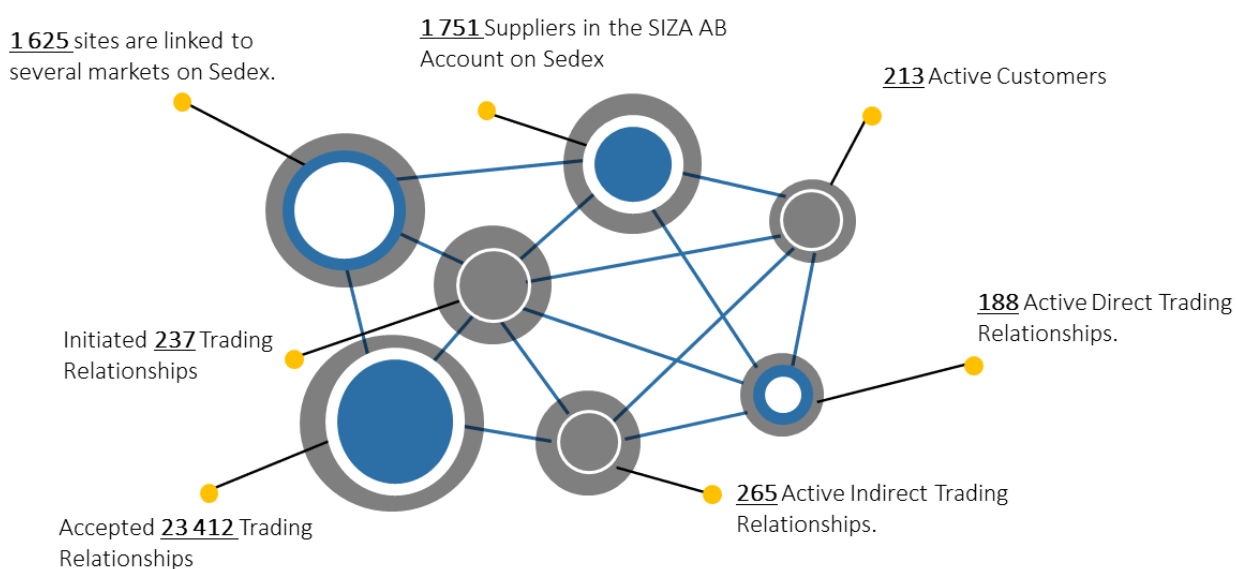
SIZA will continue to monitor the market growth and continuously engage with new markets for further acceptance. Across the four different platforms SIZA is accepted by 302 businesses that operate around the globe. Below is a table showing the number of businesses per country that we are aware of which accept and support SIZA.

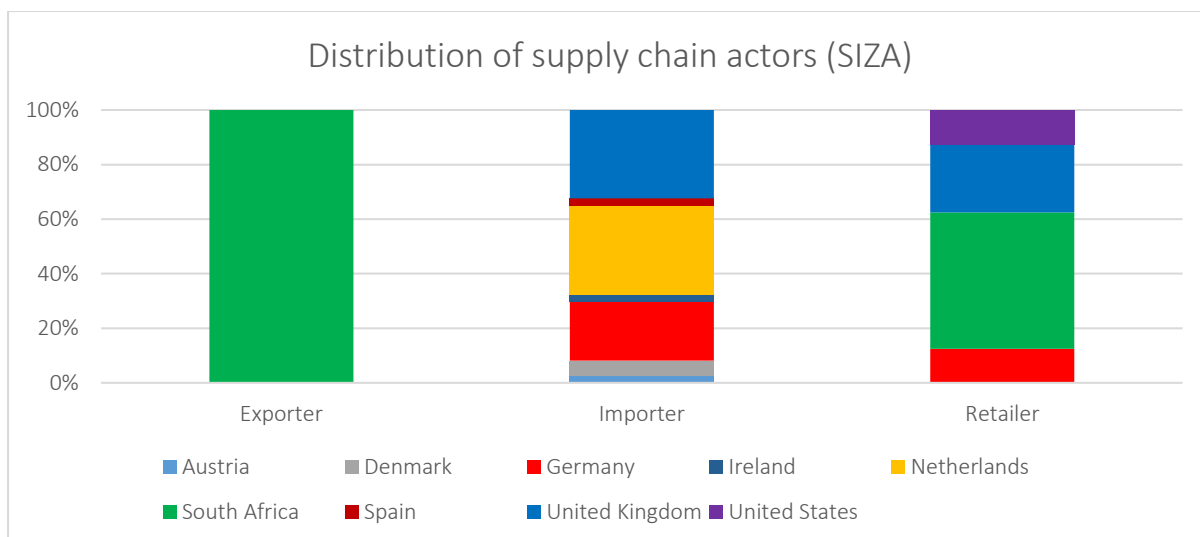
Country of SIZA Recognition	Number of Buyers Accepting SIZA Programme
Australia	1
Brazil	1
China	1
Denmark	3
Dominican Republic	1
France	2
Germany	18
Ireland	6
Israel	3
Morocco	1
Netherlands	34
South Africa	117
Spain	2
Switzerland	1
United Kingdom	142
United States	4
Italy	2
Total Markets:	<u>339</u>



Out of SIZA's total membership, 1 751 (77,78%) is represented as suppliers in the SIZA AB account on Sedex. Each supplier can be linked to markets on the Sedex platform, and SIZA manages this visibility on behalf of its members who require Sedex visibility. Currently 1 625 sites are linked to 213 customers markets on Sedex with 188 active direct and 265 active indirect trading relationships. SIZA has accepted 23 412 and initiated 237 trading relationships over the past few years.

Links and Relationships between Suppliers and Buyers on Sedex Managed by SIZA





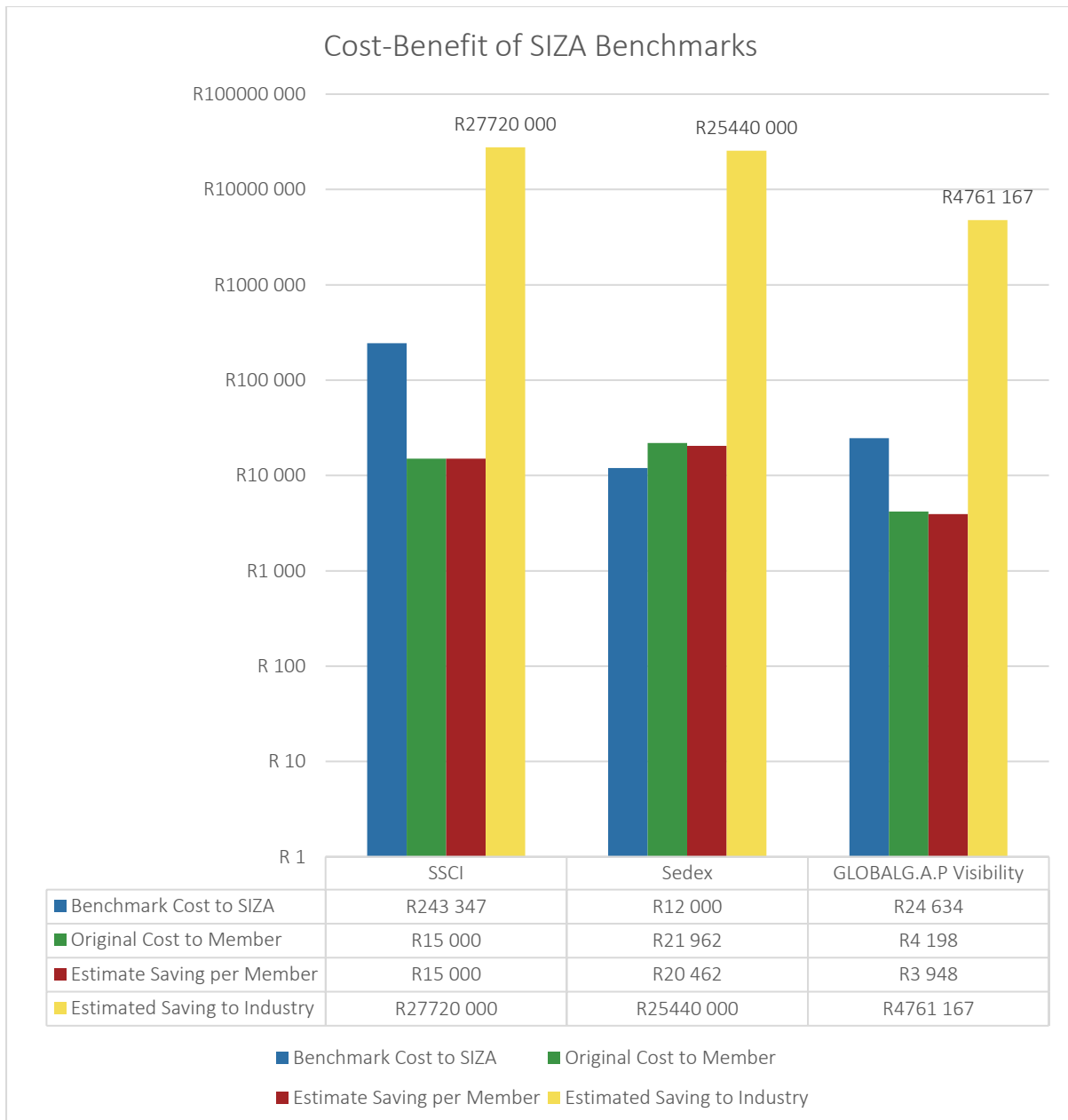
As SIZA continues to gain market acceptance across the globe, it remains important for members and audit companies to pay attention to specific requirements from certain retailers and buyers. As compliance requirements grow across the globe, it remains crucial that SIZA continues its efforts alongside the South African industry to maintain market acceptance and recognition to better drive a cost, and time effective solution for the agricultural industry.

5.1. Cost-Benefit of SZA Benchmarks

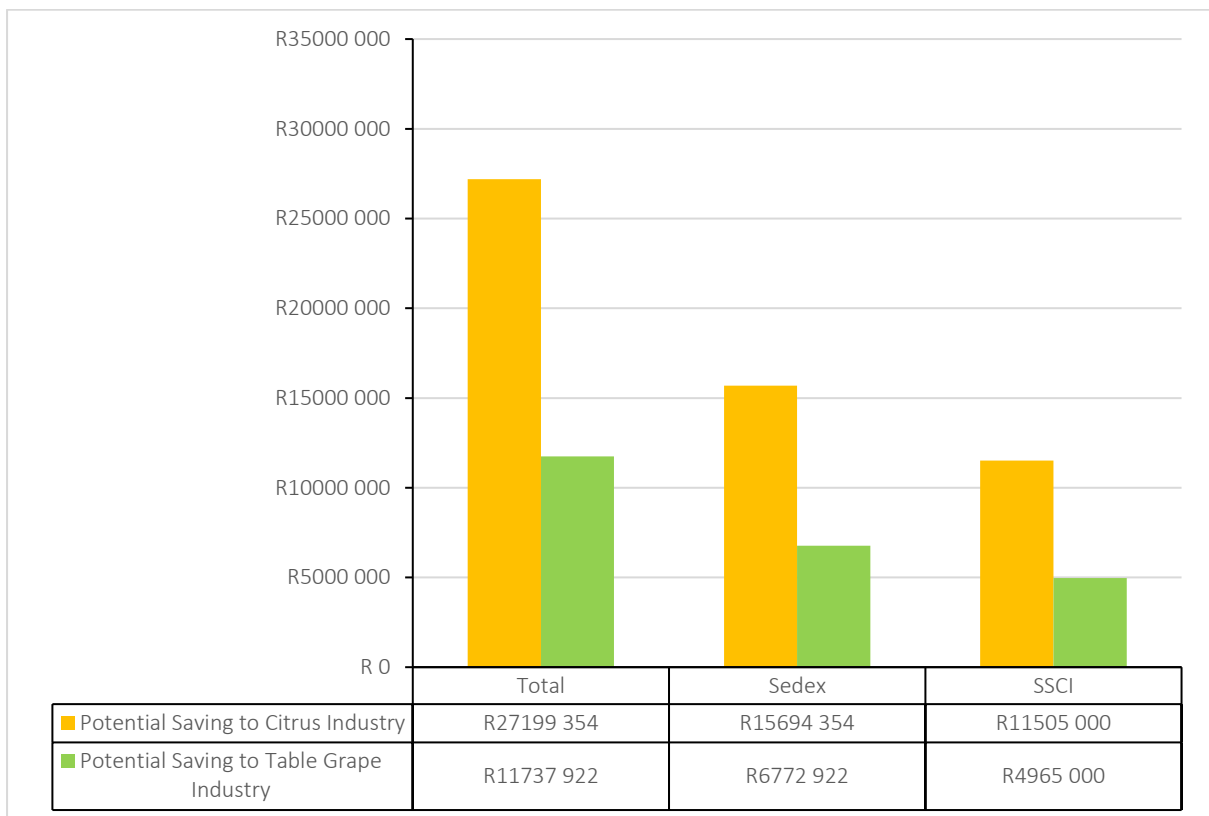
As part of SIZA's drive to support producers by providing a cost-effective approach toward third-party audits, taking into account the various markets that are supplied globally, SIZA has investigated some of the major benchmarks and agreements completed to understand the cost-benefit and savings to the producer and the industry at large specifically related to their Social (Ethical) audits. The value can be seen with the benchmark against the Sustainable Supply-Chain Initiative (SSCI) requirements, which will result in equivalence and acceptance amongst the world's most prominent standards, saving the agricultural industry approximately R27 720 000 over a three-year period.

It is clear that engagements with partners such as Sedex and GLOBALG.A.P. provide visibility to producers supplying markets in the UK and EU, resulting in a cost saving of +/- R5 000 per producer per audit. This translates to a saving of R9 263 552 for the industry for Sedex and R6 030 000 for GLOBALG.A.P. visibility.

The goal of maintaining partnerships with other global programmes and conducting benchmarks against other standards is to ensure that South African agricultural producers can access all the major global markets by only maintaining their SIZA compliance for both the Social and Environmental Standards.



The example below focuses on a hypothetical producer with a farm and a packhouse (level 1b member) who grows and packs table grapes and citrus for export to North America, the UK, and Europe. Through the equivalence and benchmarks provided by SIZA, this producer has an estimated saving of R79 622 per year related to compliance costs. Furthermore, the potential savings to the Citrus industry is approximately R27 199 354, and R11 737 922 to the Table Grape industry, adding up to total industry savings of R38 937 276.



6. LOCAL ENGAGEMENT AND SOCIAL (ETHICAL) CAPACITY BUILDING INITIATIVES

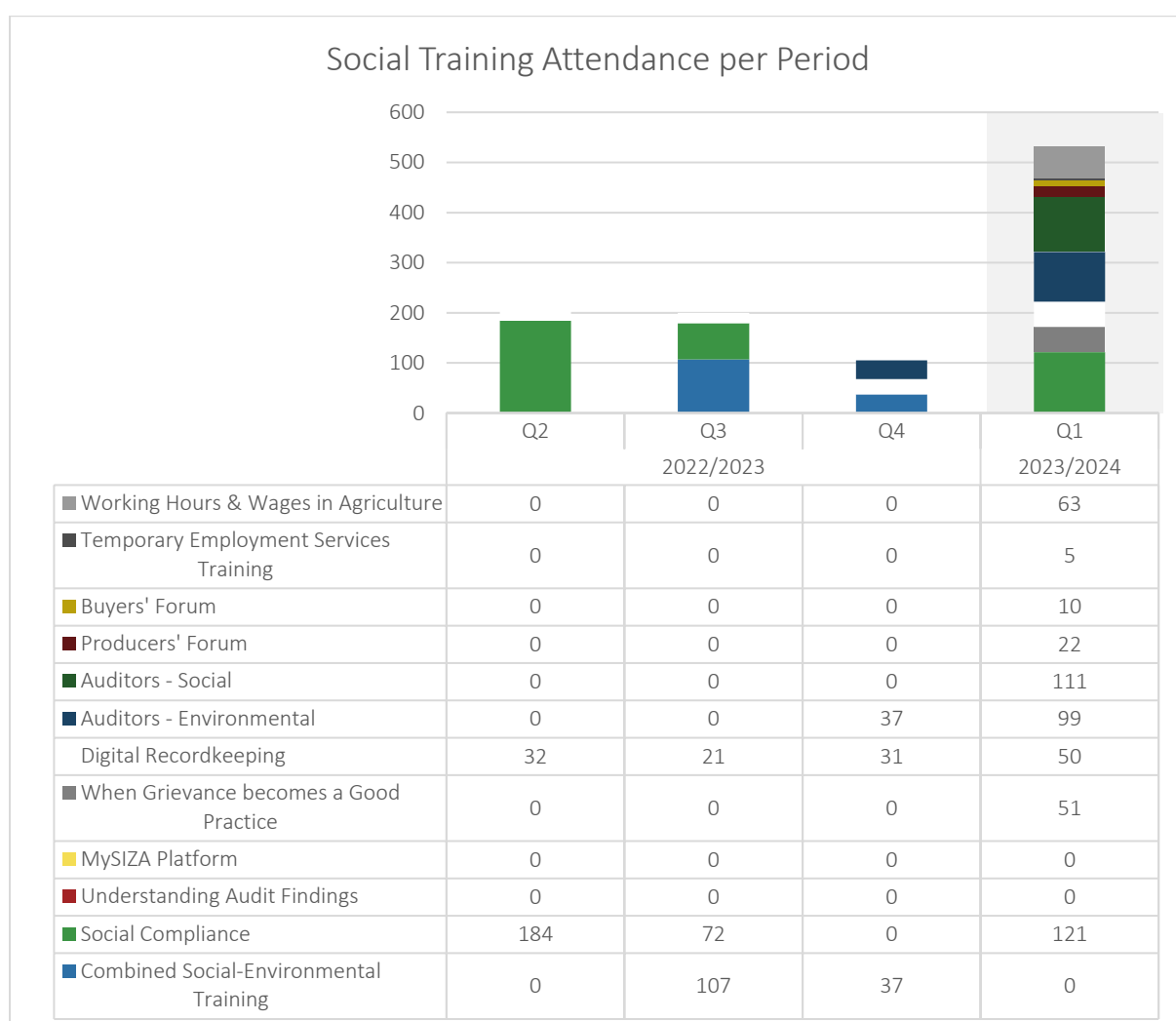
Through various training events, SIZA aims to assist members with understanding the various requirements of the SIZA Social and Environmental Standards, in addition to helping members in their preparations for their third-party audits. The training, in combination with in-person SIZA In-Between Monitoring Site Visits, forms the foundation of the Capacity Building initiatives undertaken by SIZA. SIZA training is either conducted in-person or online via a webinar platform throughout the year and focuses on various topics, as seen below:

Member training

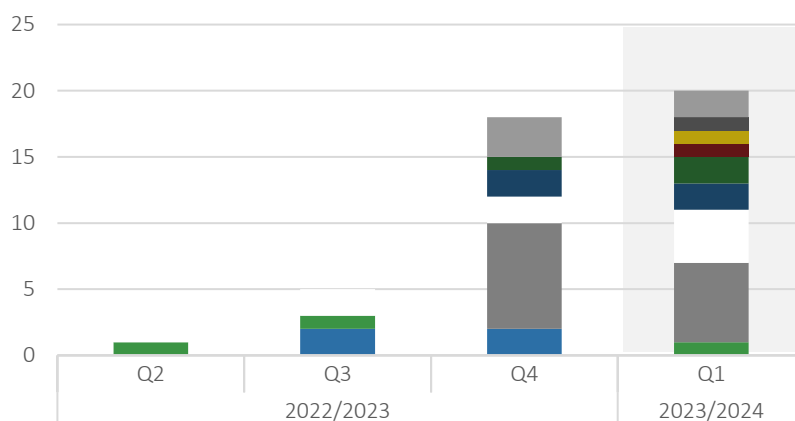
- Social Compliance
- When Grievance becomes a Good Practice
- Understanding Audit Findings
- Environmental Compliance
- Environmental Legislation
- Digital Recordkeeping
- MySIZA Platform navigation

Auditors

- Social Standard
- Environmental Standard



Social - Training Events per Period



	Q2	Q3 2022/2023	Q4	Q1 2023/2024
Working Hours & Wages in Agriculture	0	0	3	2
Temporary Employment Services Training	0	0	0	1
Buyers' Forum	0	0	0	1
Producers' Forum	0	0	0	1
Auditors - Social	0	0	1	2
Auditors - Environmental	0	0	2	2
Digital Recordkeeping	1	2	2	4
When Grievance becomes a Good Practice		0	8	6
MySIZA Platform	0	0	0	0
Understanding Audit Findings	0	0	0	0
Social Compliance	1	1	0	1
Combined Social-Environmental Training	0	2	2	0