



SIZA ENVIRONMENTAL MONITORING & EVALUATION REPORT

Quarterly Update for Q4 2022/2023

01/04/2023 – 30/06/2023



Contents

INTRODUCTION	3
1. ENVIRONMENTAL MEMBERSHIP	4
1.1. SIZA Membership Breakdown	4
1.1.1. Active Primary Membership.....	4
1.1.2. Sedex and GLOBALG.A.P. registrations.....	5
1.1.3. Active primary members per province	6
1.1.4. Changes in active primary member distribution per province	6
1.1.5. Active primary members by level.....	7
1.1.6. Active secondary and tertiary members by level	9
1.1.7. Total <i>MySIZA</i> Users.....	10
1.2. New Members and Renewals.....	11
1.2.1. New member registration	11
1.3. Membership per Commodity	12
1.3.1. Commodity Statistics.....	16
2. SELF-ASSESSMENT QUESTIONNAIRE (SAQ)	19
2.1. SIZA CARES Verifications per Period	20
2.2. Verification Improvements.....	22
3. ENVIRONMENTAL AUDIT INFORMATION	23
3.1. Environmental Audits per Period.....	23
3.2. Audits per Status	24
3.3. Audits per Risk Category	25
3.4. Non-Conformances.....	26
3.4.1. Non-conformances vs good practices per category	26
3.4.2. Non-conformances per category.....	27
3.4.3. Risk distribution.....	29
3.4.4. Average number of findings per audit.....	30
3.5. Improvements and Corrective Actions.....	31
4. DIGITAL RECORDKEEPING.....	32
4.1. Digital Recordkeeping Membership.....	32
4.2. Carbon Footprint Completion.....	34
5. COMMUNITY ENGAGEMENT BEYOND THE SOCIAL AND ENVIRONMENTAL AUDIT	36
6. COST-BENEFIT OF SIZA BENCHMARKS.....	38
7. SIZA TRAINING	40

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.

In addition to an already well-established ethical (social) standard, the Sustainability Initiative of South Africa (SIZA) programme also includes a comprehensive and widely accepted environmental standard for suppliers in the agricultural sector. The SIZA Environmental Standard was developed in partnership with the World Wide Fund for Nature, South Africa (WWF-SA) and aims to assist South African suppliers in becoming compliant, while at the same time promoting environmental stewardship.

The SIZA environmental programme focuses on the sustainable management of the four cornerstones of the environment, namely soil; water; energy, materials, and waste; as well as biodiversity and ecosystems. The main objectives of the programme are to improve input efficiencies and to manage and mitigate environmental risks on both farm, packhouse and processing plant level. Requirements vary from practices to prevent environmental pollution and degradation, measuring and monitoring the efficiency with which finite resources such as water and energy are used, and ensuring that biodiversity and ecosystems are preserved into the future. The standard is structured in a way for suppliers to establish a starting point (baseline) on their journey to environmental sustainability, and to progress to setting SMART (**S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-linked) targets in order to track progress, monitor efficiency, and drive continuous improvement.

With a vision of driving continuous improvement, SIZA Environmental audit is not a pass or fail exercise, but rather a benchmark for producers to measure their compliance against South African environmental laws and globally recognised good agricultural practices by driving continuous improvement. SIZA has adopted a third-party audit approach through which environmental audits are conducted by internationally recognised independent audit entities to ensure that the programme is credible and transparent throughout. With the objectives of eliminating duplication, driving a cost- and time effective approach, and providing better transparency to stakeholders on a global scale, the SIZA Environmental audit can be conducted either as a stand-alone or a combined solution audit together with the GLOBALG.A.P. Integrated Farm Assurance (IFA) standard.

As a pre-addition to the third-party audit process SIZA also developed and implemented the Environmental Second-Party Verification programme, called the **SIZA CARES programme** as part of its drive towards continuous improvement and to manage environmental risks within the agricultural sector.

Since the implementation of the SIZA CARES Second-Party Verification programme four years ago, it has already illustrated progress and successes where farmers have started to focus on measuring and monitoring their inputs. This has helped them to identify areas of improvement and to react proactively in managing their environmental risks. The SIZA CARES programme is a win-win recipe for everyone involved.

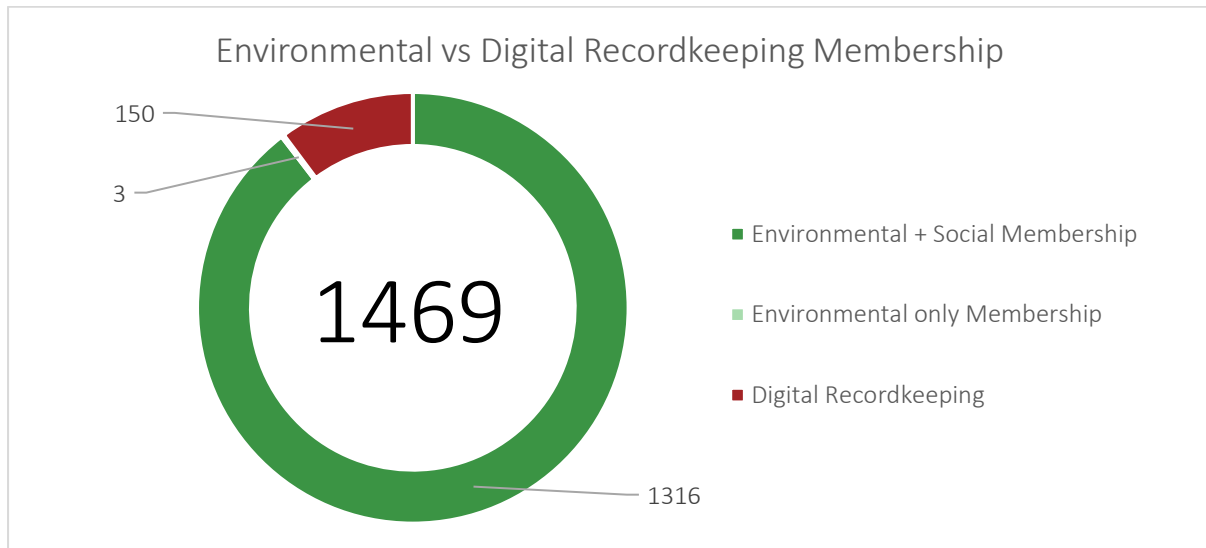
The Monitoring and Evaluation quarterly report provides insight into the various aspects related to the SIZA programme including statistics on the SIZA membership, annual monitoring activities, third-party audit outcomes, and trends related to risk factors. As the SIZA programme drives continuous improvement,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

1. ENVIRONMENTAL MEMBERSHIP

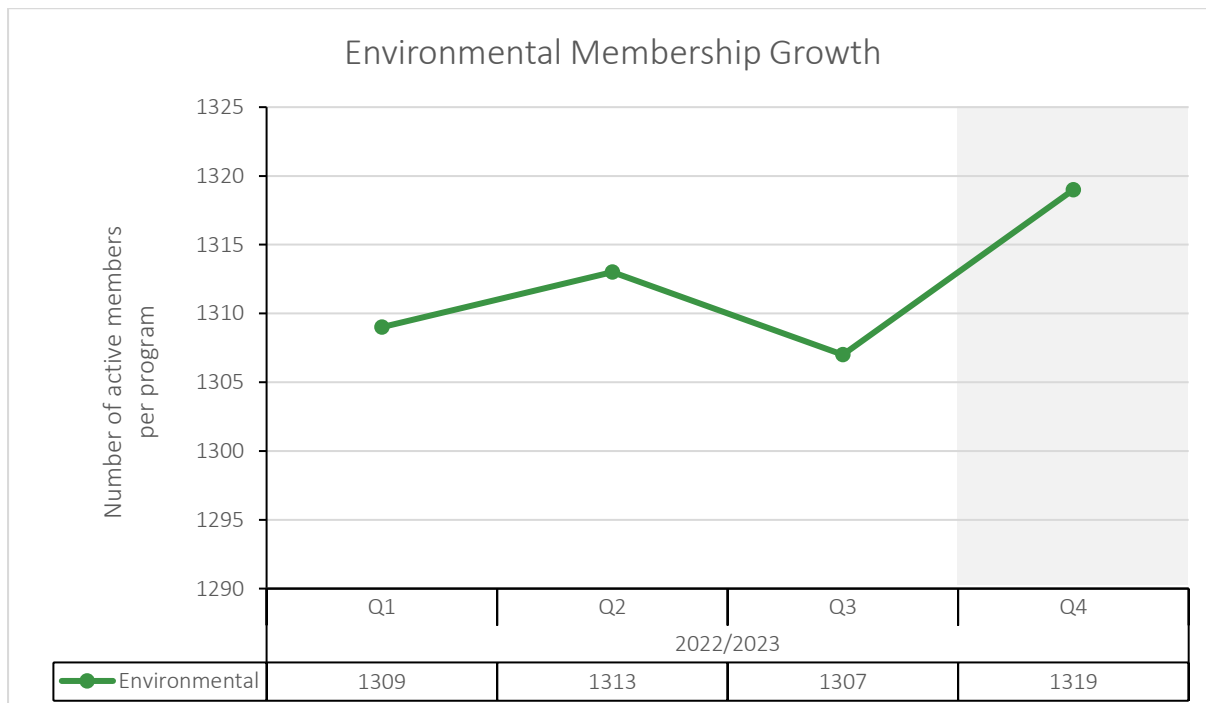
1.1. SIZA Membership Breakdown

1.1.1. Active Primary Membership

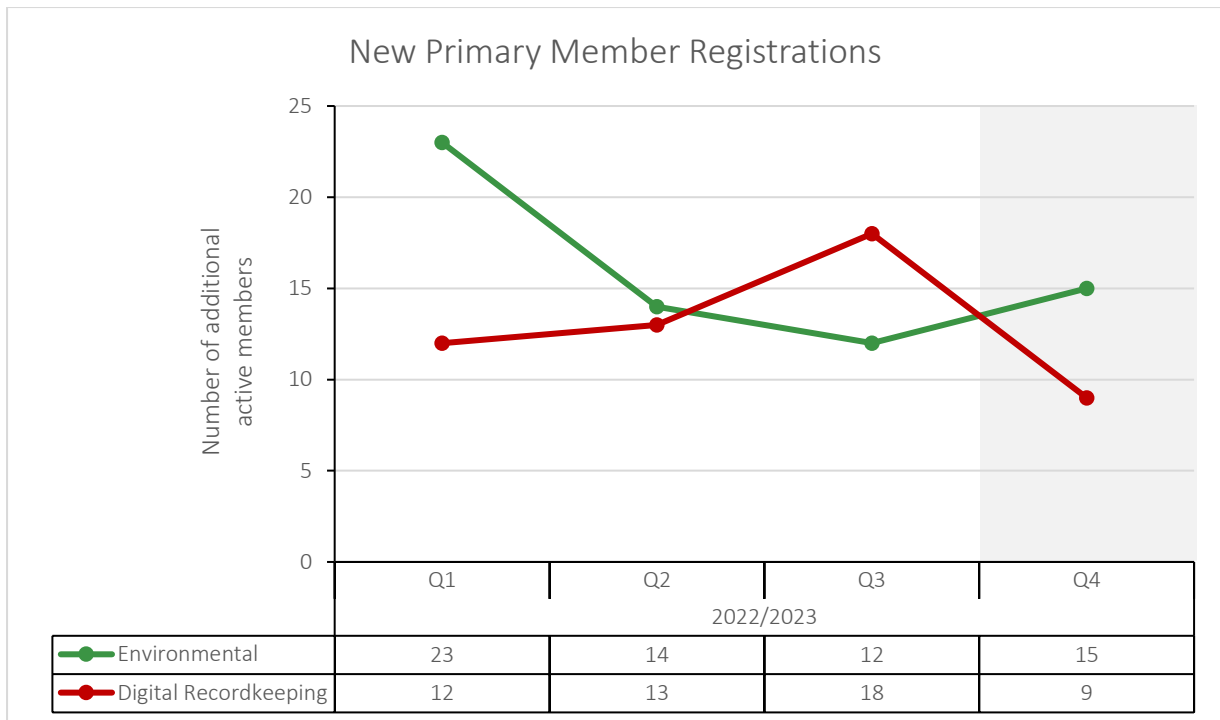
Currently there are 1 319 active primary member profiles registered on the *MySIZA* platform for SIZA Environmental. An additional 150 members are registered for Digital Recordkeeping.



Of the 1 319 primary members who have registered for SIZA Environmental, 1 316 primary members have registered for both SIZA Environmental and SIZA Social whilst three primary members have registered for SIZA Environmental only.

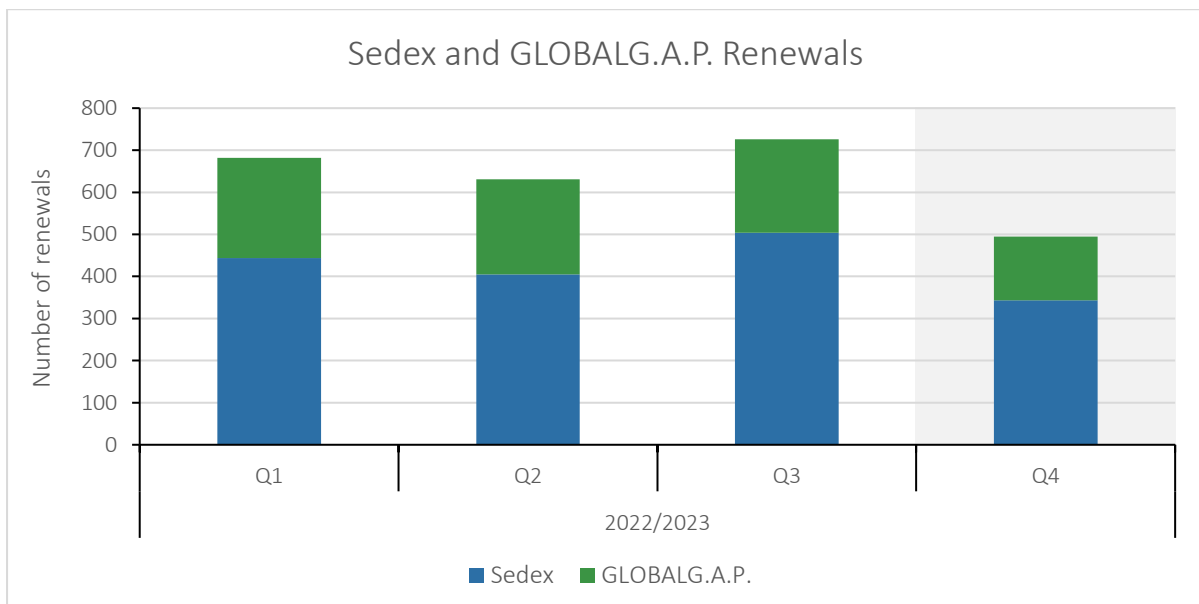


A total of 15 new primary members registered for SIZA Environmental in this past quarter whilst a total of 64 new primary members registered in the annual period of 2022/2023. Membership for the Environmental module has been slowly increasing over the past year – this can be attributed to the number of members requiring environmental compliance from buyers currently reaching capacity.



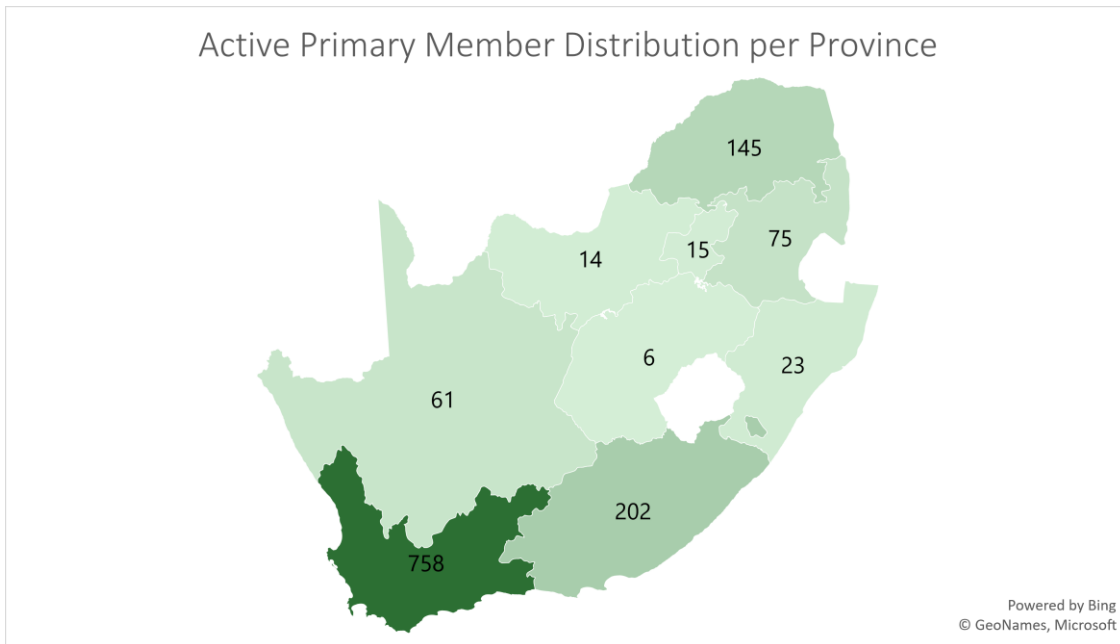
1.1.2. Sedex and GLOBALG.A.P. registrations

The SIZA vision is to supply a cost-effective approach, and to achieve that we need to partner with global platforms. Buyers prefer to work on global platforms, 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. There are currently 1 248 SIZA Environmental members who have chosen to have their data visible on Sedex.



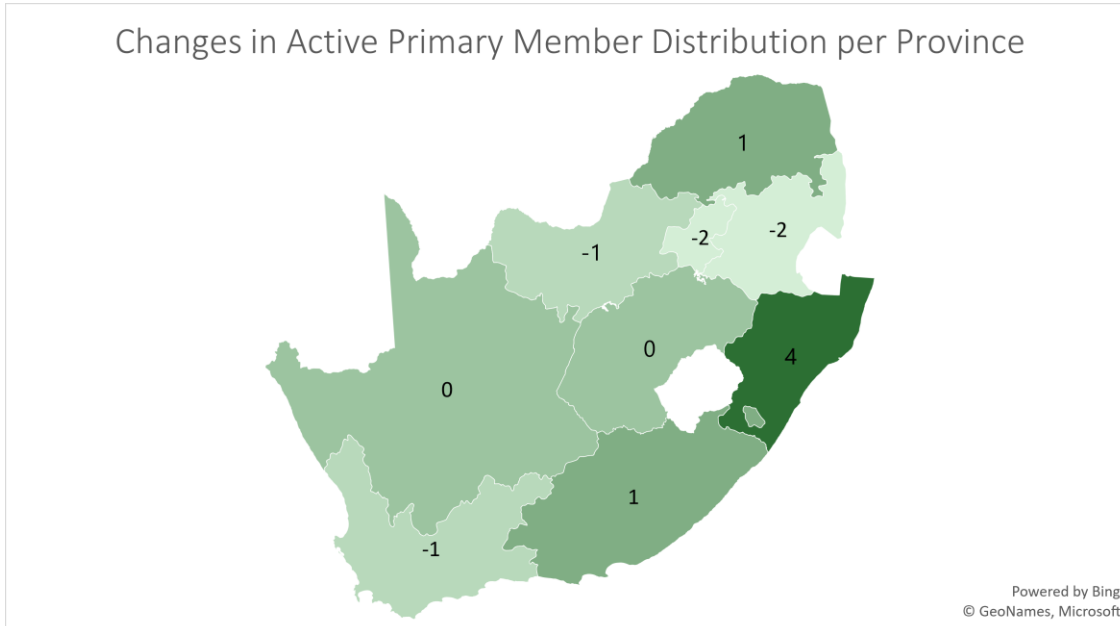
The chart above shows membership renewals with Sedex and GLOBALG.A.P. subscription items per quarter. The fluctuation per quarter can be attributed to fluctuation in membership renewals, as most members register and therefore renew their membership in their primary commodity's season.

1.1.3. Active primary members per province



With the Western Cape being known for providing production stability within the fruit sector and being one of South Africa's most important provinces for the export of fruit products, the Western Cape records the highest SIZA Environmental membership across the nine provinces. Currently the Western Cape is home to 758 Primary Environmental member profiles, followed by the Eastern Cape (202) and Limpopo (145).

1.1.4. Changes in active primary member distribution per province



When comparing the primary member distribution per province for Q3 2022/2023 and Q4 2022/2023, growth is visible in the KwaZulu-Natal, Eastern Cape and Limpopo. The slower growth in Mpumalanga, Gauteng, North West and the Western Cape can be attributed to the merging of single site memberships into multisite memberships and tighter financial constraints experienced by the agricultural industry as it navigated numerous challenges over the past quarter.

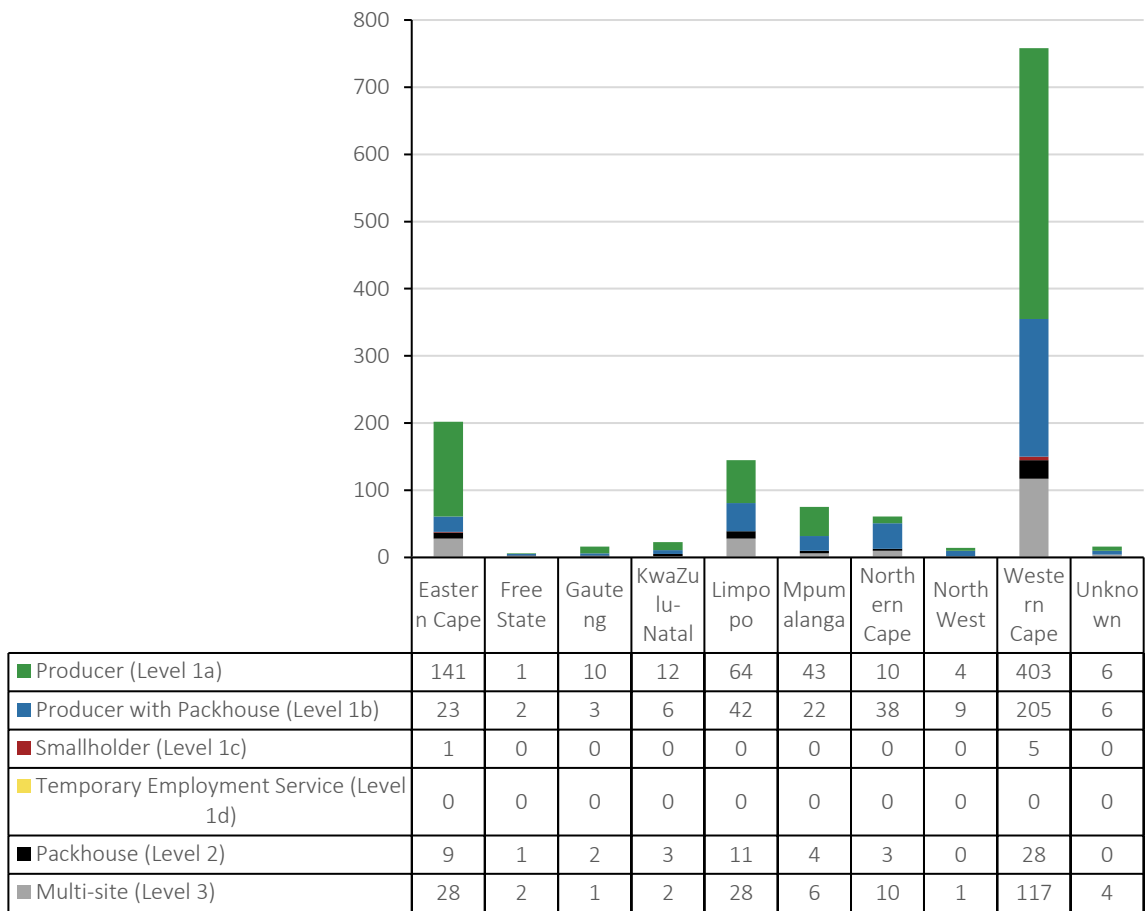
1.1.5. Active primary members by level

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

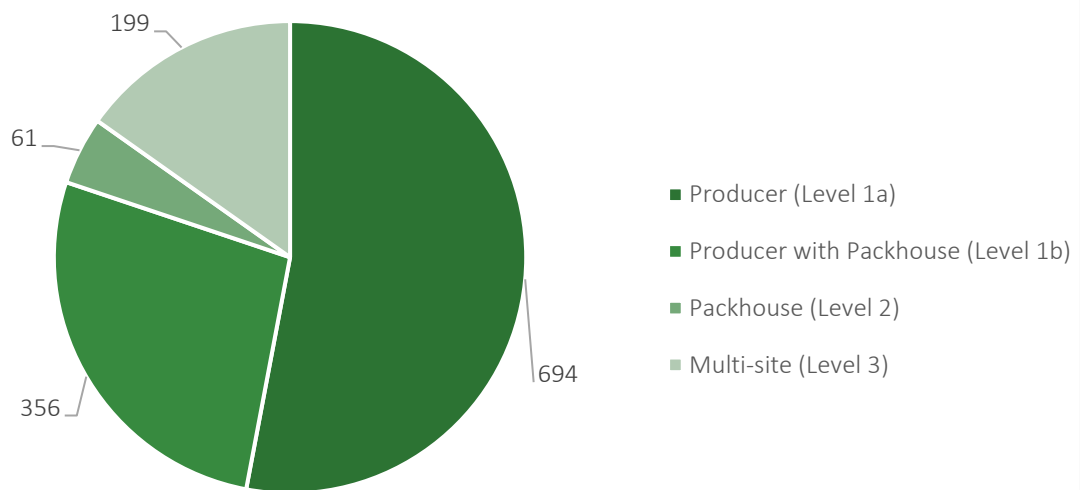
Level 1a:	Producer A single production site.
Level 1b:	Producer/packhouse A single production site including a packing/processing facility on site, packing/processing their own product.
Level 1c:	Smallholders/Emerging Growers Producers who need to become compliant and have never undergone an audit who 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 one legal entity 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 that does not need to be linked to Level 1 member sites. For example, NGO, trade union, or other non-profit entity not 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 by Registration Level per Province



Producer (level 1a) members continue to make up the largest percentage of membership – the producer (level 1a) members in the Western Cape currently represent 58,07% of all producers (level 1a) members. With fruit producers having the biggest representation on the *MySIZA* platform, 758 (57,6%) of the total registrations for primary members (1 319) are based in the Western Cape.

Active Primary Members in South Africa by Registration Level

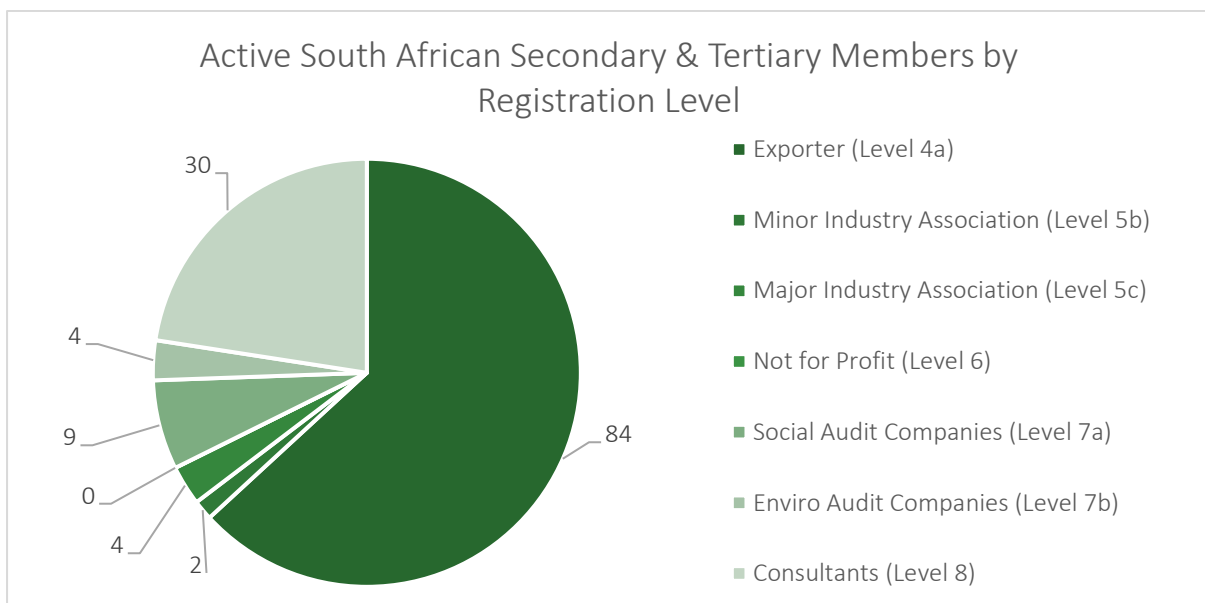


At the national scale, a similar pattern can be seen where producers (level 1a) dominate SIZA membership (52,74% of active primary members) whilst packhouses (level 2) have the smallest representation (4,64% of active primary members).

1.1.6. Active secondary and tertiary members by 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 for both social and/or environmental. Currently there are a total of 83 secondary members (exporters) and 51 tertiary members (audit firms, consultants, industry associations & remedy providers) registered on *MySIZA* in South Africa.

SIZA also shares data on both the Sedex and GLOBALG.A.P. platforms which leads to various buyer linkages being made via these two platforms. Although a large proportion of market stakeholders are members on the *MySIZA* platform, some buyers prefer to only work via one global platform, such as Sedex or GLOBALG.A.P. Overall, SIZA maintains hundreds of market links across these two platforms.



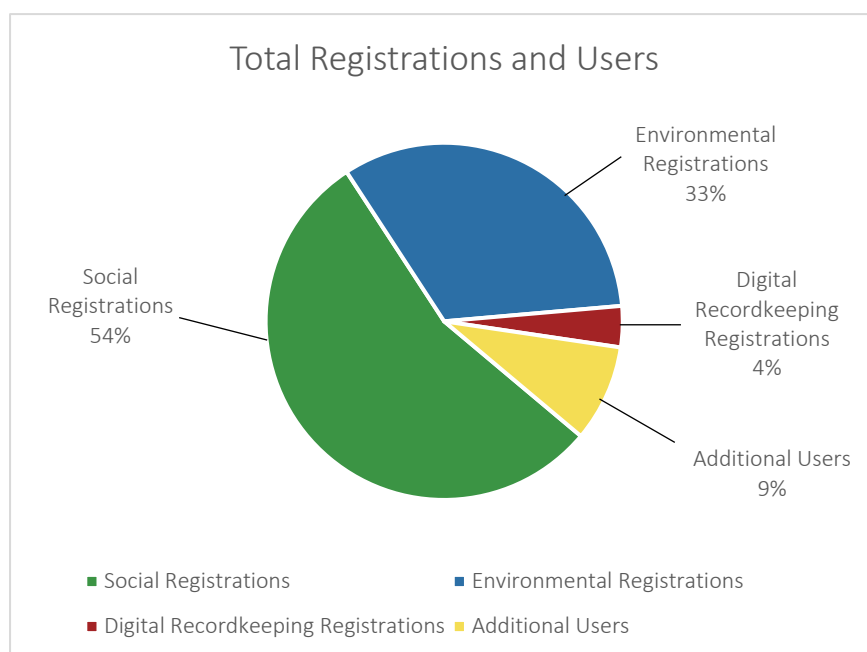
At the global scale, exporters (level 4a) dominate the active secondary and tertiary membership at 47,46% of active secondary and tertiary members, followed by consultants (16,95%), importers (16,95%) and retailers (7,91%).

1.1.7. Total MySIZA Registrations and Users

Several other users are also registered on the MySIZA platform which accumulates to the membership total. These consist of 74 audit managers, auditors and audit personnel, 133 secondary members (including buyers such as exporters, importers and retailers), 43 tertiary members (including consultants and remedy solution programmes), 5 environmental verification users, 3 GHG Specialist users, and 95 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 2 556 users**.

Module Registrations

Remember, one user can be linked to both the Social and Environmental modules, as well as Digital Recordkeeping. The 353 additional user profiles should be added to the total membership of module registrations, which includes 2 201 Social registrations, 1 321 Environmental registrations, and 150 Digital Recordkeeping registrations. This brings the total registrations in terms of membership to **4 025 users of primary, secondary and tertiary members of SIZA**.



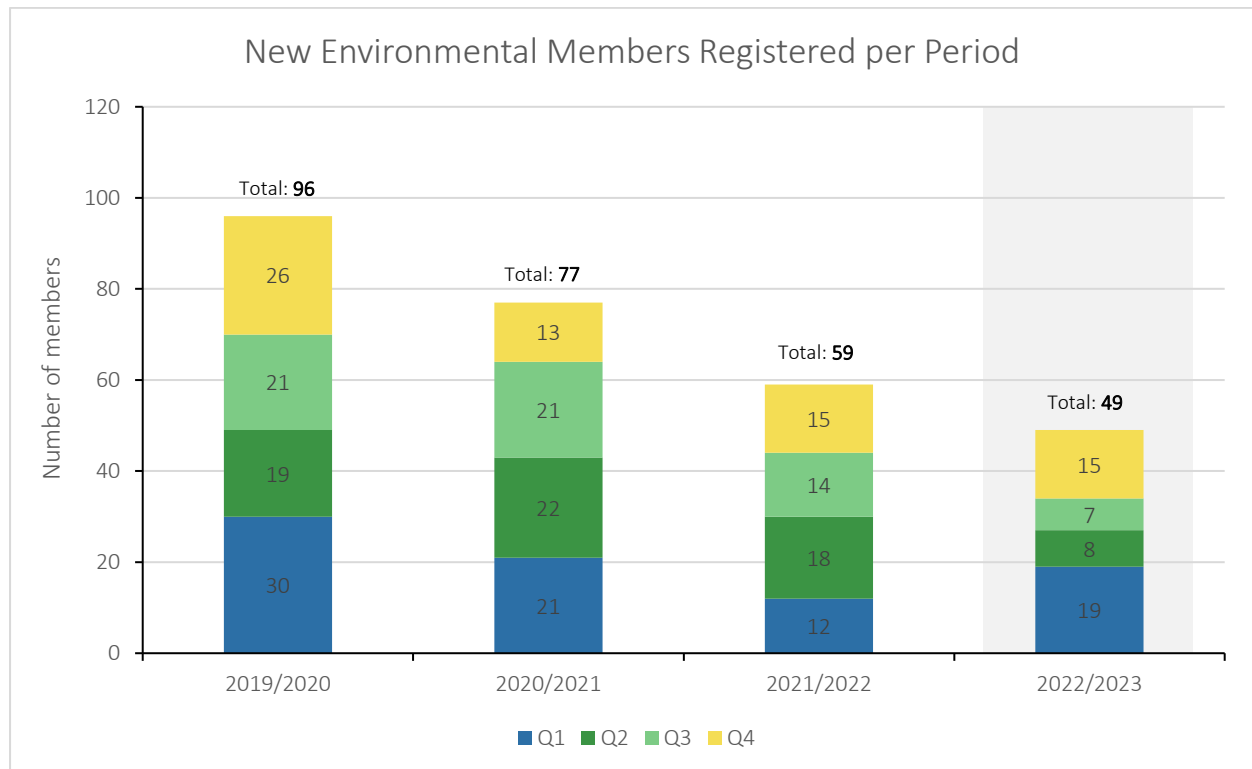
= 4 025 total users and registrations

1.2. New Members and Renewals

With SIZA being a multi-sector agricultural solution, the ongoing aim is to have all production units within South Africa to be registered for SIZA Environmental as a drive towards being a global leader in environmental sustainability. This section indicates the growth of the SIZA Environmental membership per period. 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 registration

Since 2019, a total of 281 new members registered for the SIZA Environmental module, with 15 new members registering for SIZA Environmental during the current reporting quarter.



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 Environmental members have indicated their various commodities on their SAQ. As outlined in the table below, the various commodities and varieties have been categorised with each commodities total. The four most prevalent commodities in the Western Cape are Stone Fruit (570 commodities), Citrus Fruit (427 commodities), Pome Fruit (400 commodities) and Wine Grapes (165 commodities):

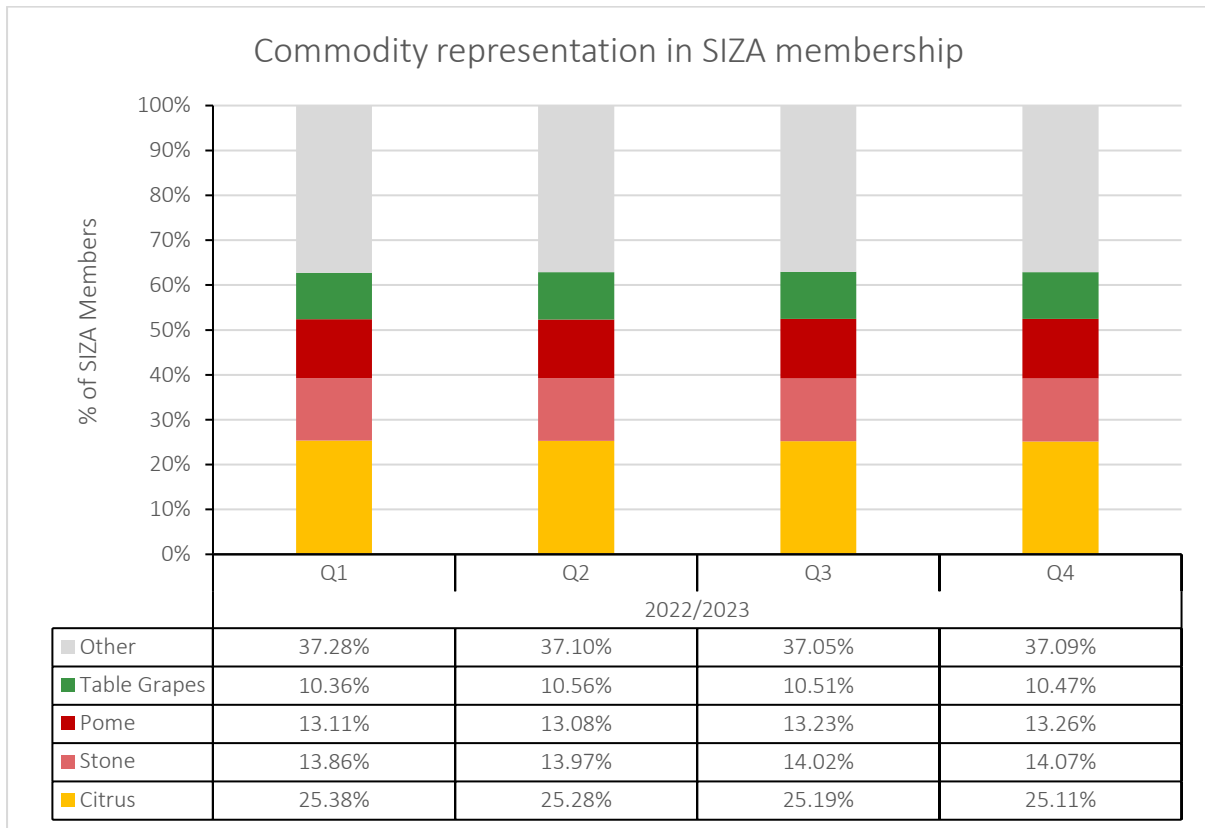
Commodities	South Africa		Western Cape	
	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated
Kumquats	0	0,00%	0	0,00%
Limes	24	0,72%	10	0,49%
Lemons	352	10,58%	130	6,31%
Pomelo	89	2,67%	8	0,39%
Grapefruit	21	0,63%	1	0,05%
Soft citrus	412	12,38%	199	9,66%
Oranges	218	6,55%	73	3,54%
Other Citrus	11	0,33%	6	0,29%
Total Citrus	1127	33,86%	427	20,73%
Apricots	93	2,79%	91	4,42%
Cherries	17	0,51%	10	0,49%
Nectacots	1	0,03%	1	0,05%
Nectarines	115	3,46%	108	5,24%
Peaches	161	4,84%	158	7,67%
Plums	200	6,01%	195	9,47%
Pluots	1	0,03%	1	0,05%
Prunes	6	0,18%	6	0,29%
Other Stone Fruit	0	0,00%	0	0,00%
Total Stone Fruit	594	17,85%	570	27,67%
Apples	184	5,53%	162	7,86%
Pears	258	7,75%	238	11,55%
Quince	0	0,00%	0	0,00%
Other Pome Fruit	0	0,00%	0	0,00%
Total Pome Fruit	442	13,28%	400	19,42%
Total Table Grapes	223	6,70%	156	7,57%
Avocados	125	3,76%	8	0,39%
Bananas	7	0,21%	0	0,00%
Litchis	19	0,57%	0	0,00%
Mangoes	26	0,78%	0	0,00%
Other Subtropical Fruit	9	0,27%	3	0,15%
Total Subtropical Fruit	186	5,59%	11	0,53%

Commodities	South Africa		Western Cape	
	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated
Processed Grapes (White)	0	0,00%	0	0,00%
Wine Grapes	162	4,87%	157	7,62%
Wine grapes (Red)	4	0,12%	4	0,19%
Wine Grapes (White)	4	0,12%	4	0,19%
Total Wine Grapes	170	5,11%	165	8,01%
Blackberries	2	0,06%	1	0,05%
Blueberries (potted)	53	1,59%	34	1,65%
Blueberries (soil)	51	1,53%	31	1,50%
Cranberries	0	0,00%	0	0,00%
Gooseberries	3	0,09%	2	0,10%
Mulberries	1	0,03%	0	0,00%
Raspberries	4	0,12%	2	0,10%
Strawberries	5	0,15%	4	0,19%
Other Berries	4	0,12%	3	0,15%
Total Berries	123	3,70%	77	3,74%
Almonds	4	0,12%	4	0,19%
Macadamia Nuts	63	1,89%	2	0,10%
Peanuts	0	0,00%	0	0,00%
Pecan Nuts	4	0,12%	1	0,05%
Walnuts	1	0,03%	0	0,00%
Other Nuts & Seeds	0	0,00%	0	0,00%
Total Nuts & Seeds	72	2,16%	7	0,34%
Canned Apricots	3	0,09%	3	0,15%
Canned Peaches	6	0,18%	6	0,29%
Canned Pears	1	0,03%	1	0,05%
Total Canning Fruit	10	0,30%	10	0,49%
Fynbos & Proteas	13	0,39%	12	0,58%
Other Flowers and Ornamentals	6	0,18%	4	0,19%
Total Flowers & Ornamentals	19	0,57%	16	0,78%
Dried Fruit	3	0,09%	2	0,10%
Raisins	8	0,24%	2	0,10%
Other Dried Fruit and Vegetables	1	0,03%	0	0,00%
Total Dried Fruit & Dried Vegetables	14	0,42%	5	0,24%

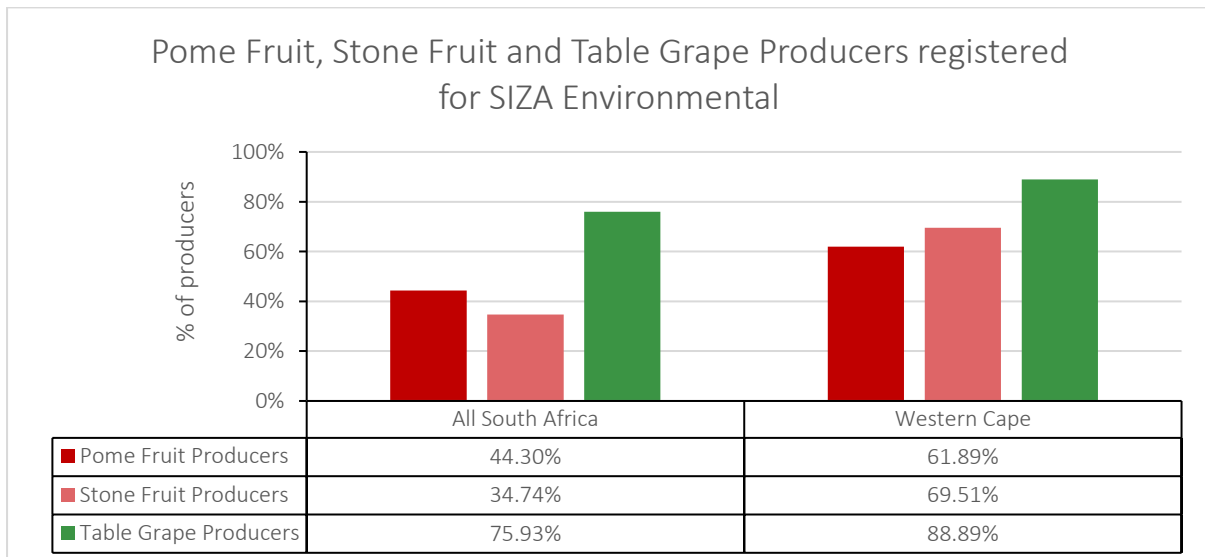
Commodities	South Africa		Western Cape	
	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated
Beetroot	2	0,06%	1	0,05%
Broccoli	4	0,12%	3	0,15%
Brussel Sprouts	1	0,03%	1	0,05%
Butternuts	27	0,81%	22	1,07%
Cabbage	3	0,09%	1	0,05%
Carrots	4	0,12%	2	0,10%
Cauliflower	3	0,09%	2	0,10%
Celery	0	0,00%	0	0,00%
Cucumber	4	0,12%	0	0,00%
Garlic	3	0,09%	1	0,05%
Green Beans	8	0,24%	1	0,05%
Kale	1	0,03%	0	0,00%
Lettuce	2	0,06%	0	0,00%
Okra	1	0,03%	0	0,00%
Onion	20	0,60%	15	0,73%
Other Marrows	4	0,12%	1	0,05%
Patty Pans	3	0,09%	1	0,05%
Potato	9	0,27%	6	0,29%
Pumpkin	8	0,24%	6	0,29%
Spinach & Chard	6	0,18%	2	0,10%
Spring Onion	2	0,06%	1	0,05%
Sweet Potato	4	0,12%	3	0,15%
Tomatoes	11	0,33%	5	0,24%
Zucchini/Baby Marrow	5	0,15%	2	0,10%
Other Vegetables	17	0,51%	7	0,34%
Total Fresh Vegetables	152	4,57%	83	4,03%
Maize	5	0,15%	1	0,05%
Soybeans	1	0,03%	0	0,00%
Wheat	3	0,09%	1	0,05%
Other Grains	3	0,09%	1	0,05%
Total Grains	8	0,24%	3	0,15%
Eggs	1	0,03%	1	0,05%
Meat	9	0,27%	6	0,29%
Poultry	2	0,06%	2	0,10%
Wool/Mohair	3	0,09%	3	0,15%
Dairy Products	2	0,06%	2	0,10%
Total Livestock & Animals	17	0,51%	14	0,68%

Commodities	South Africa		Western Cape	
	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated	Number of commodities represented in SIZA Environmental membership	% of total commodities indicated
Essential Oils	1	0,03%	1	0,05%
Sugar	3	0,09%	0	0,00%
Sugar Cane	2	0,06%	0	0,00%
Total Sugar & Oils	3	0,09%	1	0,05%
Fresh Herbs	4	0,12%	2	0,10%
Total Seasoning & Preservatives	4	0,12%	2	0,10%
Bell Peppers	6	0,18%	1	0,05%
Chillies	5	0,15%	0	0,00%
Other Peppers	0	0,00%	0	0,00%
Total Capsicum	11	0,33%	1	0,05%
Apple Juice	0	0,00%	0	0,00%
Other Juices	1	0,03%	1	0,05%
Total Juice	1	0,03%	1	0,05%
Cotton	1	0,03%	0	0,00%
Dates	2	0,06%	0	0,00%
Dragon Fruit	2	0,06%	1	0,05%
Figs	19	0,57%	17	0,83%
Granadillas	9	0,27%	2	0,10%
Guavas	12	0,36%	7	0,34%
Kiwis	7	0,21%	2	0,10%
Melon	3	0,09%	2	0,10%
Olives	18	0,54%	18	0,87%
Persimmons	15	0,45%	15	0,73%
Pomegranates	26	0,78%	23	1,12%
Tea & Beverages	10	0,30%	10	0,49%
Watermelon	5	0,15%	3	0,15%
Other Products not listed above	23	0,69%	11	0,53%
Total Other Products	152	4,57%	111	5,39%
Total Varieties	3328	100,00%	2060	100,00%

1.3.1. Commodity Statistics



SIZA Environmental membership is currently dominated by four fruit industries – the Citrus, Stone, Pome and Table Grape industries. These four industries were key to the founding of SIZA initially which can be seen in their significant commitment to the SIZA Standards. Other agricultural industries also contribute significant membership to SIZA, albeit at smaller numbers per industry currently.



Based on the data available per fruit industry, three of the most prevalent commodities in the Western Cape are Pome Fruit (280 SIZA members), Stone Fruit (297 members), and Table Grapes (221 members). When comparing the information provided by SIZA Environmental 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 Environmental member base. Within the Western Cape, 61,89% of Pome Fruit

producers, 69,51% of Stone Fruit producers, and 88,89% of Table Grape producers are registered for the SIZA Environmental module.

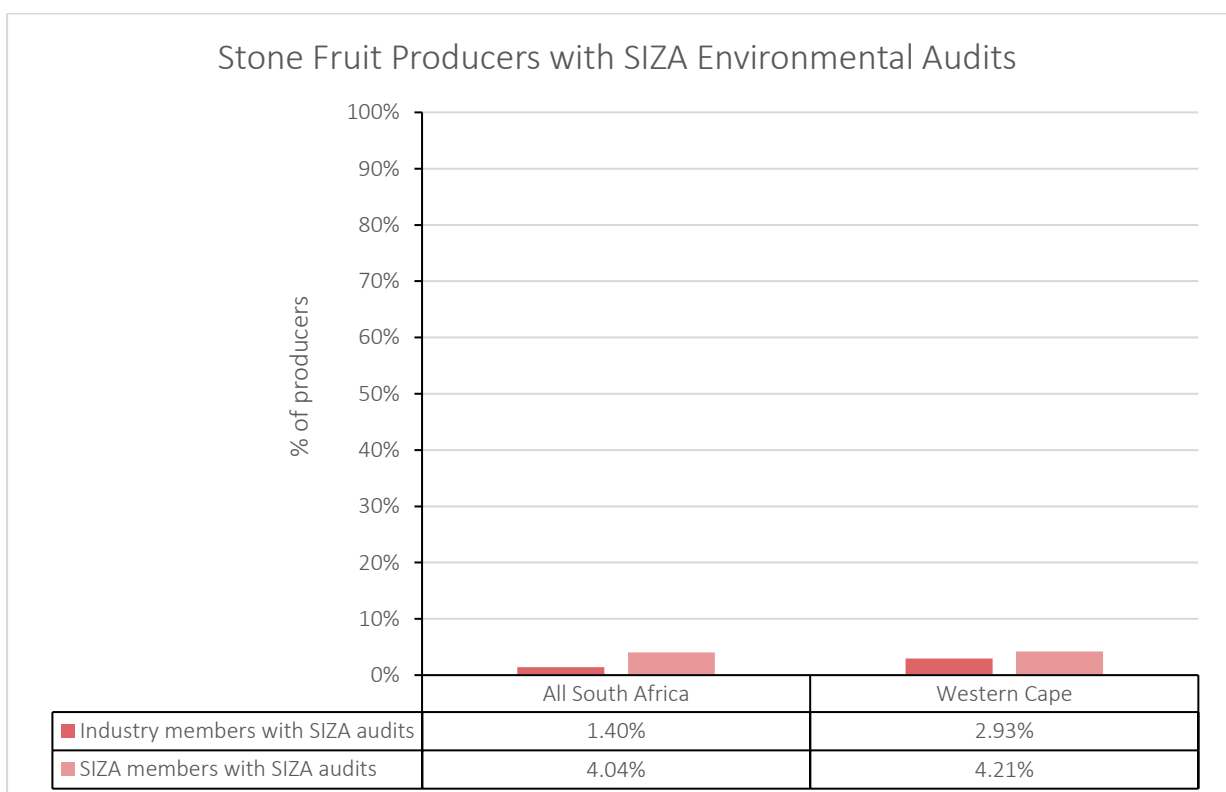
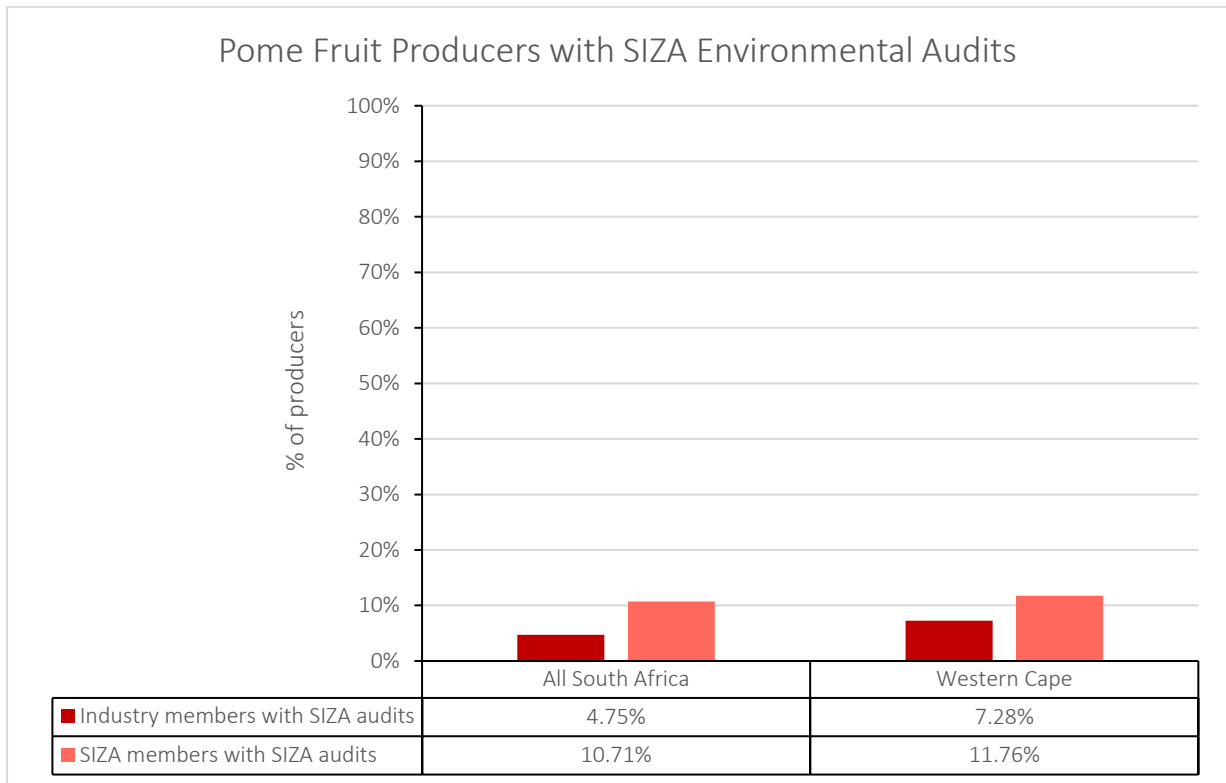
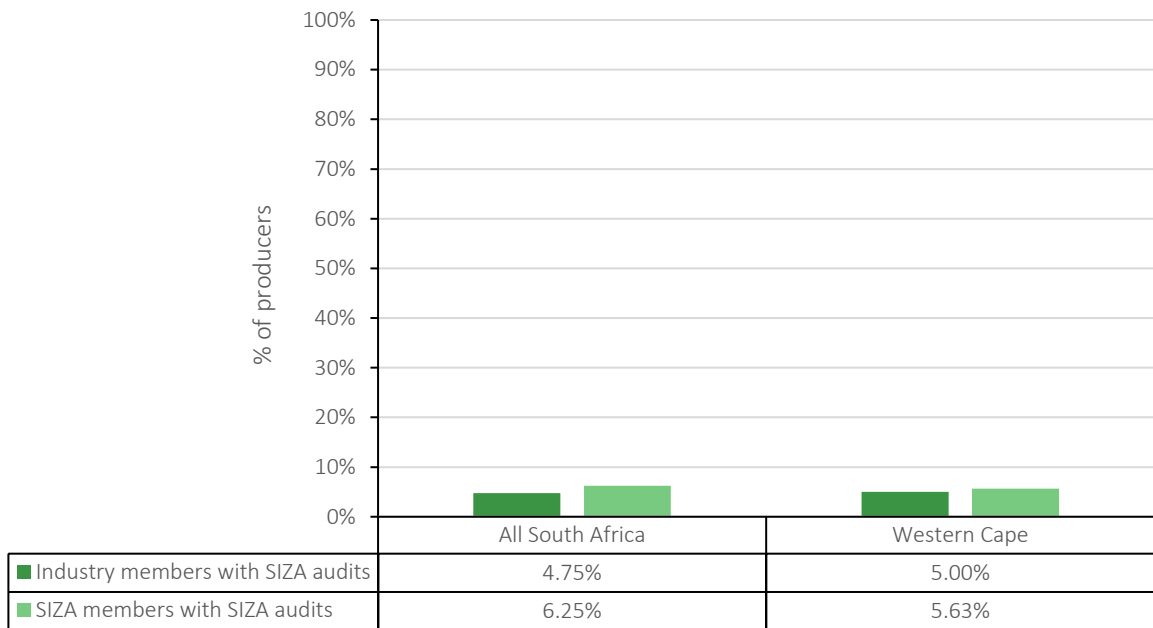


Table Grape Producers with SIZA Environmental Audits

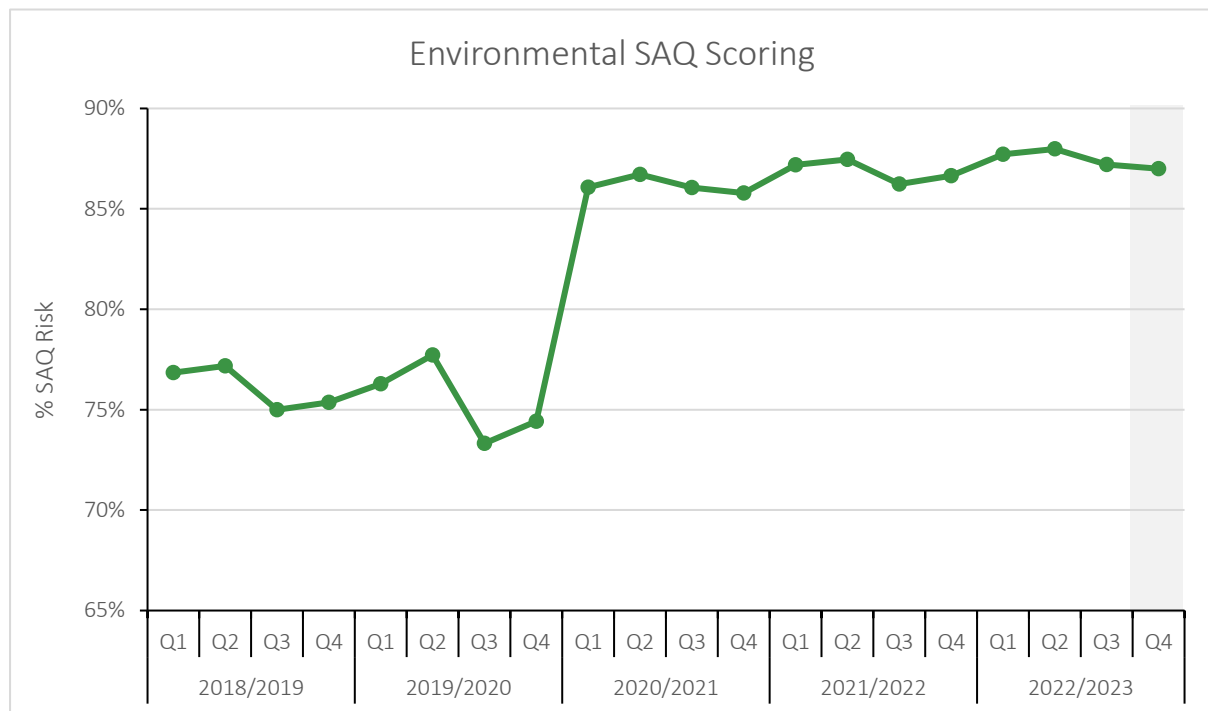


Although a large proportion of these producers are represented in SIZA, not many of these producers have conducted SIZA Environmental audits. This may be due to the fact that environmental requirements are not yet as widespread as social (ethical) requirements; however, recent market engagements indicate that various buyers are starting to implement their internal supply-chain requirements around environmental assurance/compliance. With many export markets targeting 2025 and beyond for higher levels of environmental compliance, the amount of SIZA Environmental Standard audits is expected to rise significantly over the next few years. South Africa and the European Union are also passing certain legislation around environmental compliance, such as the Carbon Tax Act, the Paris Agreement and the EU Due Diligence policy which requires businesses to showcase compliance against environmental sustainability requirements by 2023. It is therefore expected that environmental third-party audits will increase significantly within the next year as the focus on environmental sustainability becomes more stringent.

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. SAQs are also important for the auditing process, as 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.

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.



The average score for all Environmental SAQs approved in Q4 2022/2023 is 87%. The highest score for an approved SAQ in this period is 98,2%. The SIZA Environmental Specialists currently aim 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. Through these SAQ reviews, the SIZA Environmental Specialists assist new members with low SAQ scores to improve their scores every year before approval.

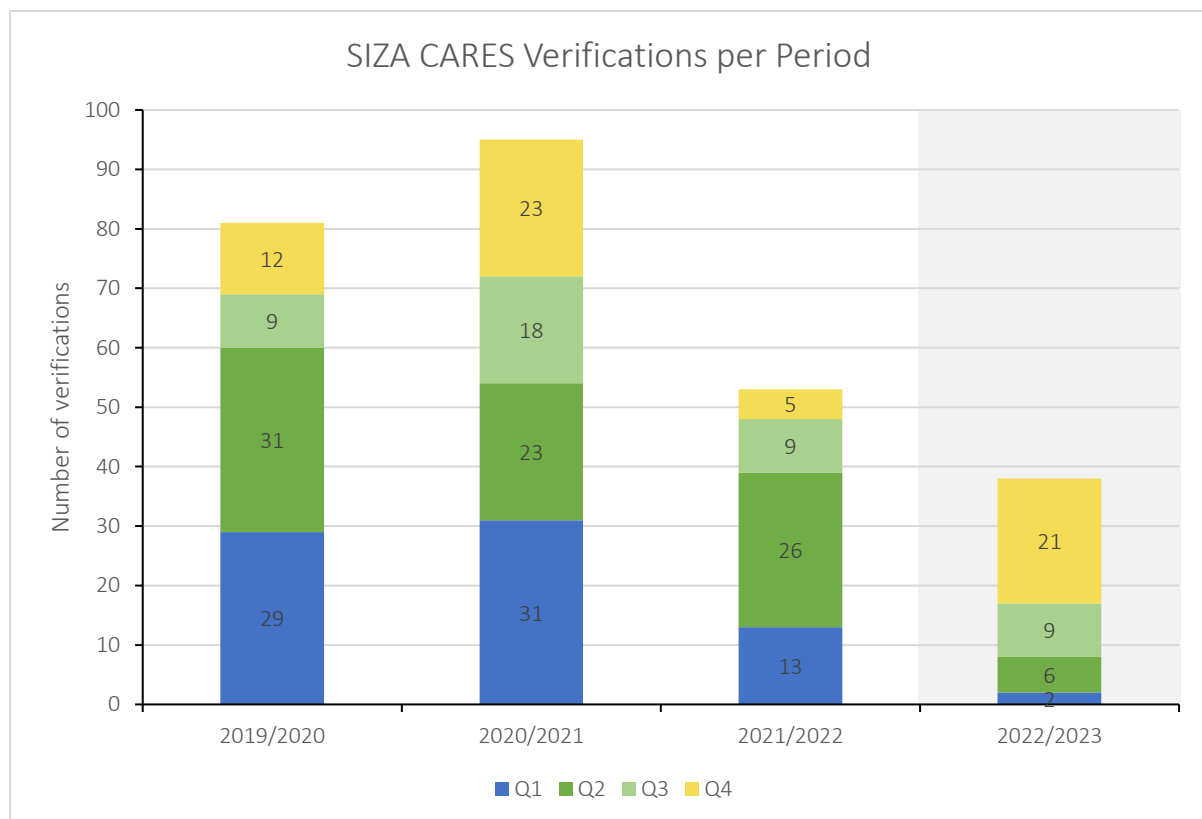
SIZA CARES SECOND-PARTY VERIFICATION PROGRAMME

As part of the drive for continuous improvement, SIZA launched the environmental second-party verification programme, also known as SIZA CARES (Creating Awareness and Resilience in Environmental Sustainability) in 2019. The aim of the second-party verification process is to verify the environmental SAQ and to assist suppliers with technical support and advice to improve environmental practices.

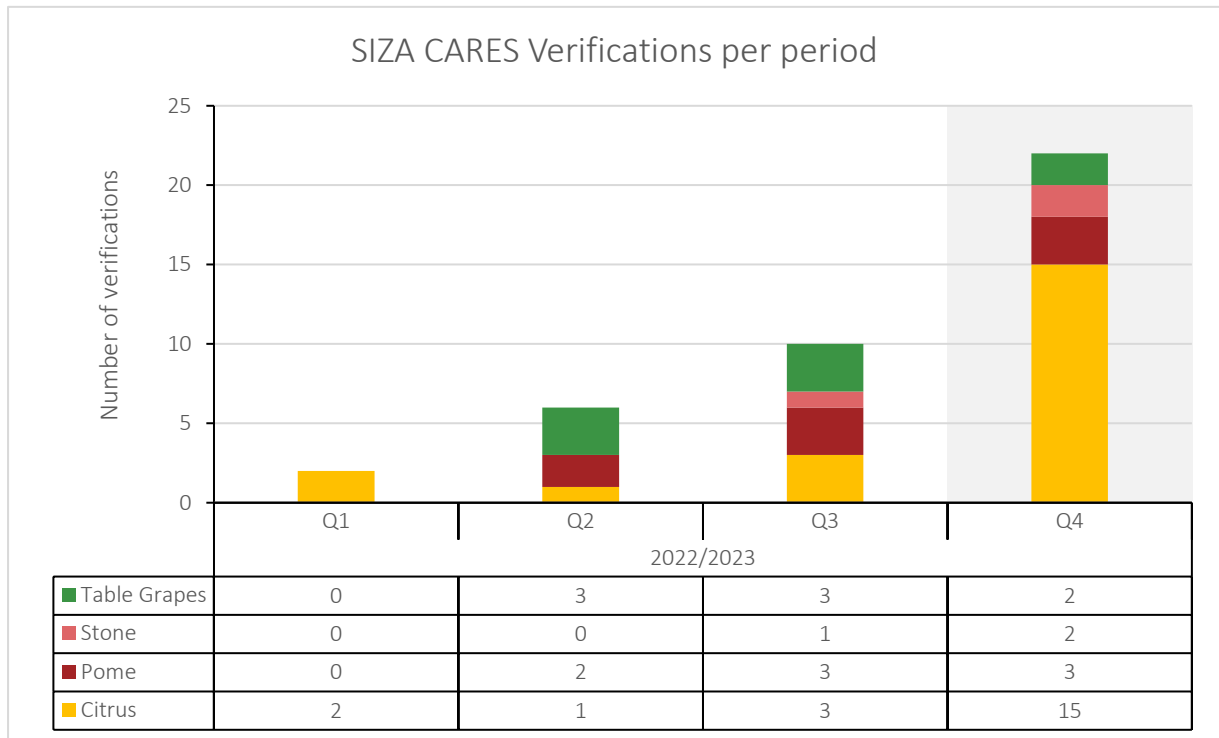
Since September 2019 members had the option to be selected for a SIZA CARES Second-Party Verification as part of sample-based programme depending on the requirements of the market they supply. A total of 247 verifications have already been conducted by SIZA verifiers since 2019, with nine verifications being conducted during the Q3 2022/2023 reporting period.

2.1. SIZA CARES Verifications per Period

As SIZA CARES site visits are designed to create awareness and drive continuous improvements, site visits are scheduled outside of peak season to ensure for optimal interaction with management. These site visits are then strategically scheduled to ensure that the availability of the environmental specialists is used optimally.

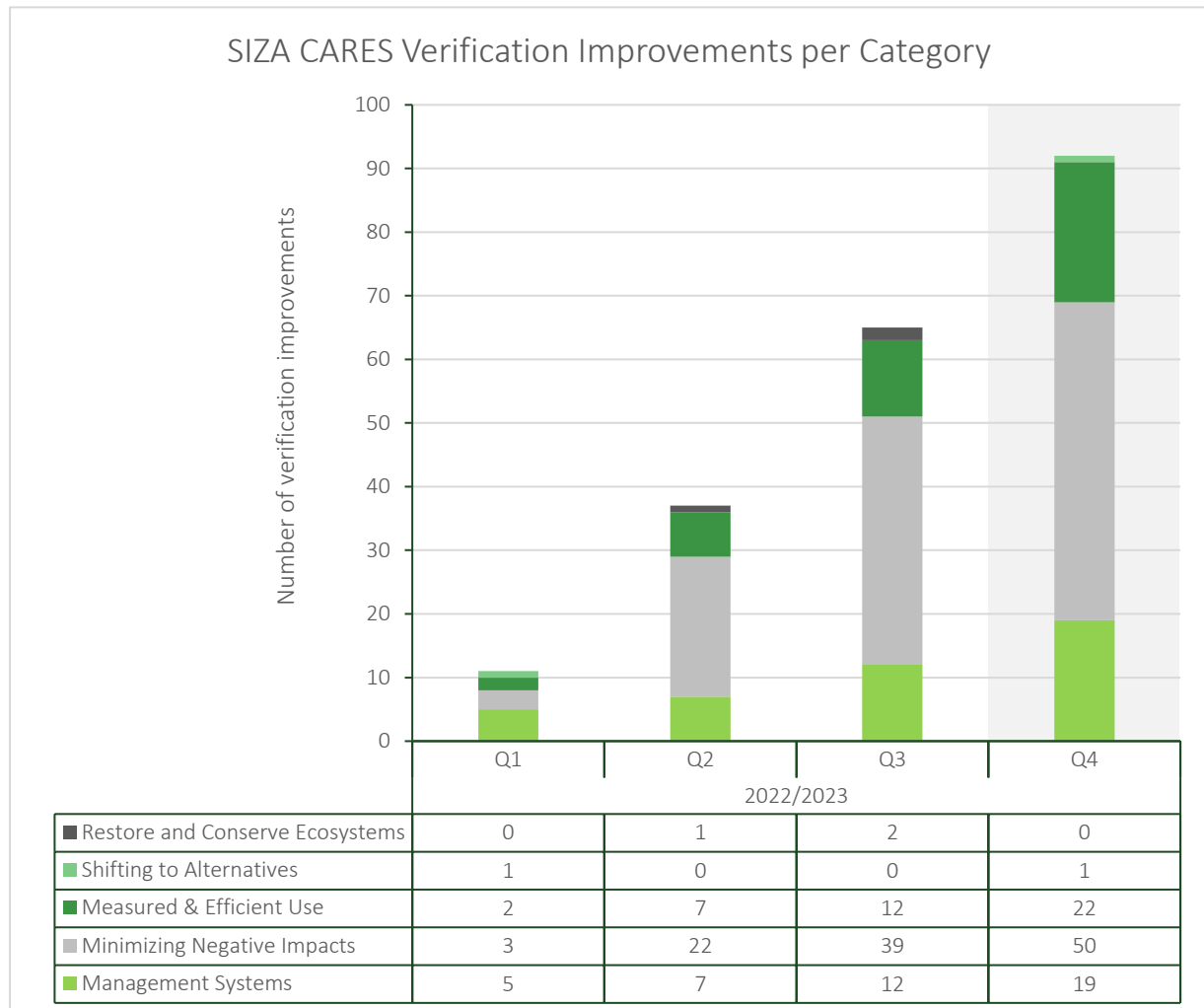


The higher amount of SIZA CARES Verifications in Q4 2022/2023 can be attributed to the high interest from citrus members based in the Eastern Cape (particularly from the Sundays River Valley and Gamtoos River Valley regions).



2.2. Verification Improvements

Since the implementation of the SIZA CARES programme, 267 verifications have been conducted. As this programme is implemented in preparation for third-party audits, it provides a clear indication of where improvement is needed and what the focus areas should be for awareness raising initiatives.



Management Systems, Minimising Negative Impacts and Measured & Efficient Use are the three categories which have been identified over the past year as needing the greatest attention to ensure compliance with the SIZA Environmental standard. Overall, these three categories account for 97,56% of all findings.

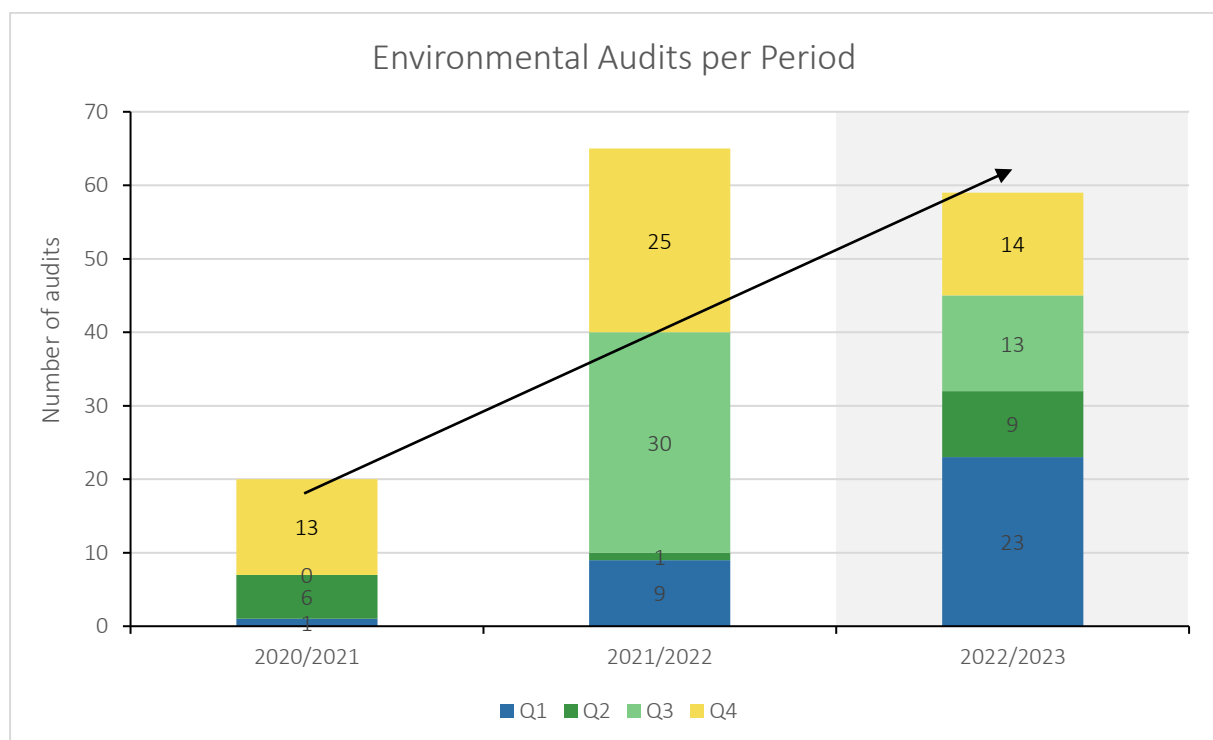
With SIZA being a continuous improvement programme, the focus is to drive improvements on any findings made during audits or verifications.

3. ENVIRONMENTAL AUDIT INFORMATION

3.1. Environmental Audits per Period

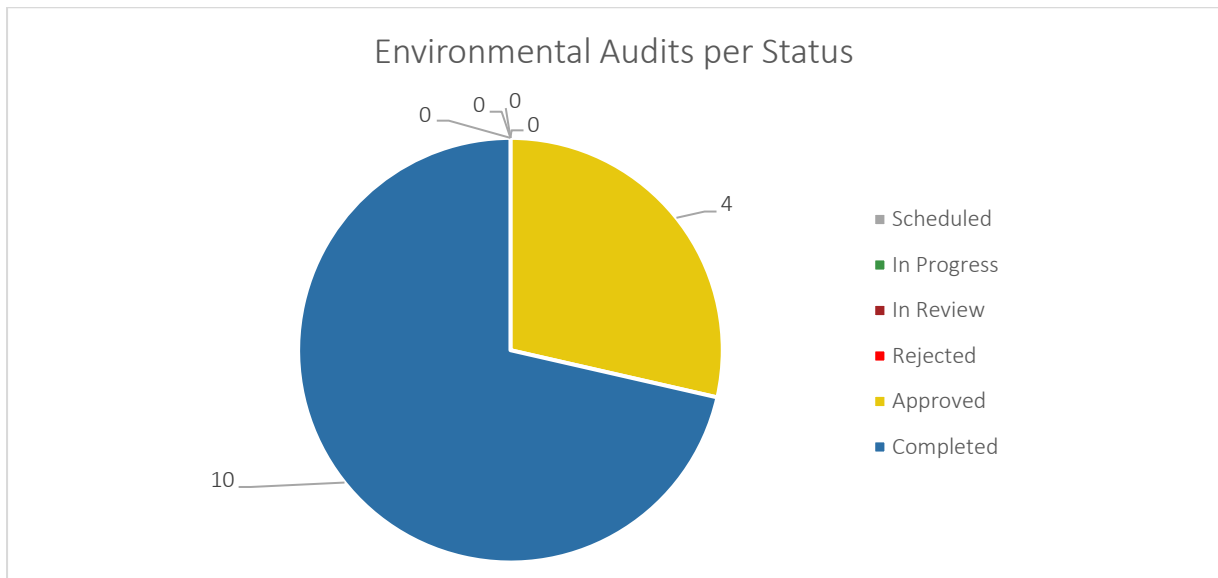
SIZA adopted a third-party audit approach to allow for a credible and objective process which can be a true reflection of the audit outcome and environmental practices in a business. A SIZA Environmental audit is not a pass or fail exercise, but rather aimed at assisting agriculture to be aware of their environmental risks and to drive continuous improvement towards the implementation of environmentally friendly practices. The purpose of the third-party audit is to monitor compliance against environmental legislation through the SIZA Environmental Standard by evaluating and identifying areas within the business that are non-compliant and require corrective- and remedial actions.

With the objectives of eliminating duplication, driving a cost- and time effective approach, and providing better transparency to stakeholders on a global scale, the SIZA Environmental audit can be conducted either as a stand-alone or a combined solution audit together with the GLOBALG.A.P. Integrated Farm Assurance (IFA) standard. While the respective audits may take place at the same time, two separate and comprehensive reports will be issued, and the SIZA Environmental Audit Report will be uploaded to the MySIZA online platform to ensure visibility in terms of environmental compliance to all relevant stakeholders. For the convenience of buyers, data will also be displayed through the GLOBALG.A.P. platform.



During the 2022/2023 reporting period, a total of 59 environmental audits were conducted, with 14 environmental audits having been conducted within Q4 2022/2023 alone. The consistent increase in the number of environmental audits can be attributed to certain markets having indicated their producers must be audited by an environmental sustainability standard from 2022 onwards.

3.2. Audits per Status

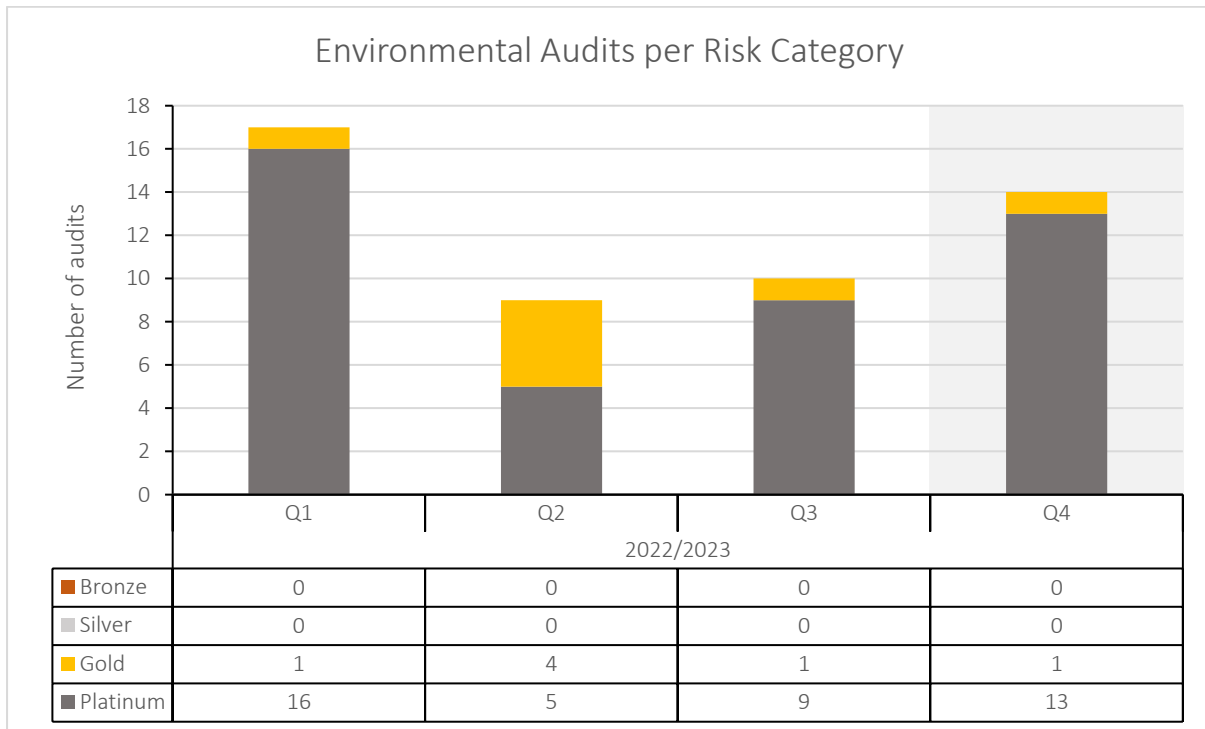


The emphasis in the SIZA programme is on continuous improvement to create better circumstances for all living and working on farms. Therefore, it is important to note that no audit confirmation letter can be issued if all corrective actions are not completed and signed off by the auditor. If audits are not in “Completed” status, it means that the audit process is not completed in full.

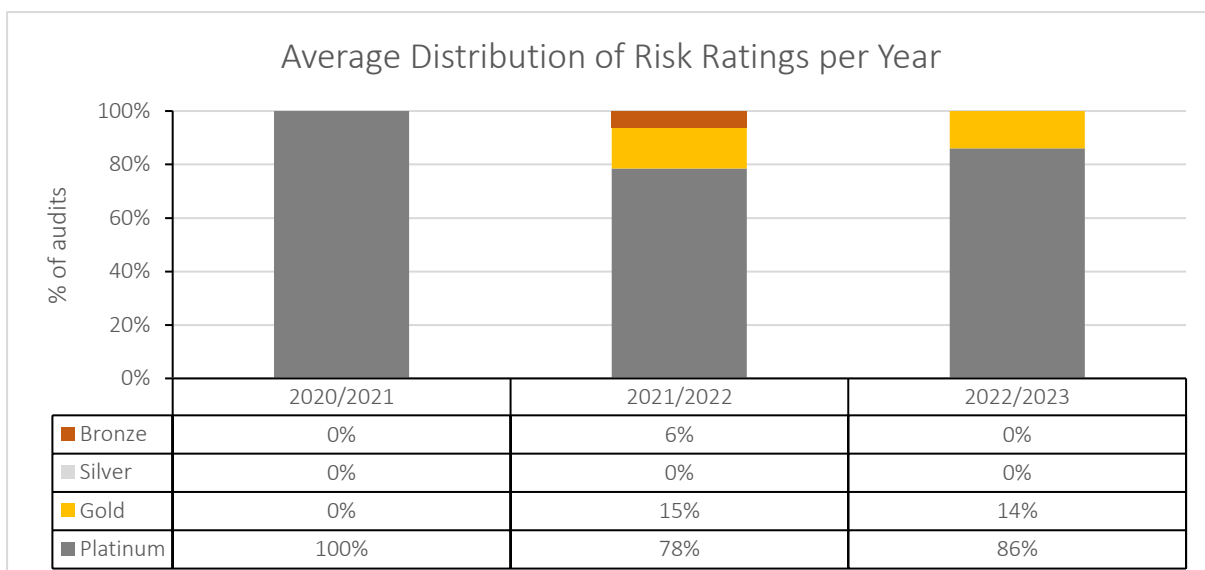
Of the 14 audits conducted during Q4 2022/2023, ten have already been completed and four are approved and awaiting corrective actions which must be uploaded by the producer. It is important to note that timelines are allocated to all the steps in the audit process for both the auditor and the auditee.

3.3. Audits per Risk Category

The SIZA Environmental 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.



Thirteen of the approved and completed audits for Q4 2022/2023 achieved Platinum status whilst one approved and completed audits achieved Gold status. As Platinum and Gold is the maximum SIZA audit rating that can be achieved by a primary member, it is a good indication of the industry’s commitment towards environmental sustainability and taking care of the environment. The SIZA CARES verification visits have greatly assisted members in their preparations for their first third-party audit, resulting in few non-compliances picked up in audits and lower risk ratings achieved – this is highly beneficial to members as fewer audits are required as the risk rating lowers.



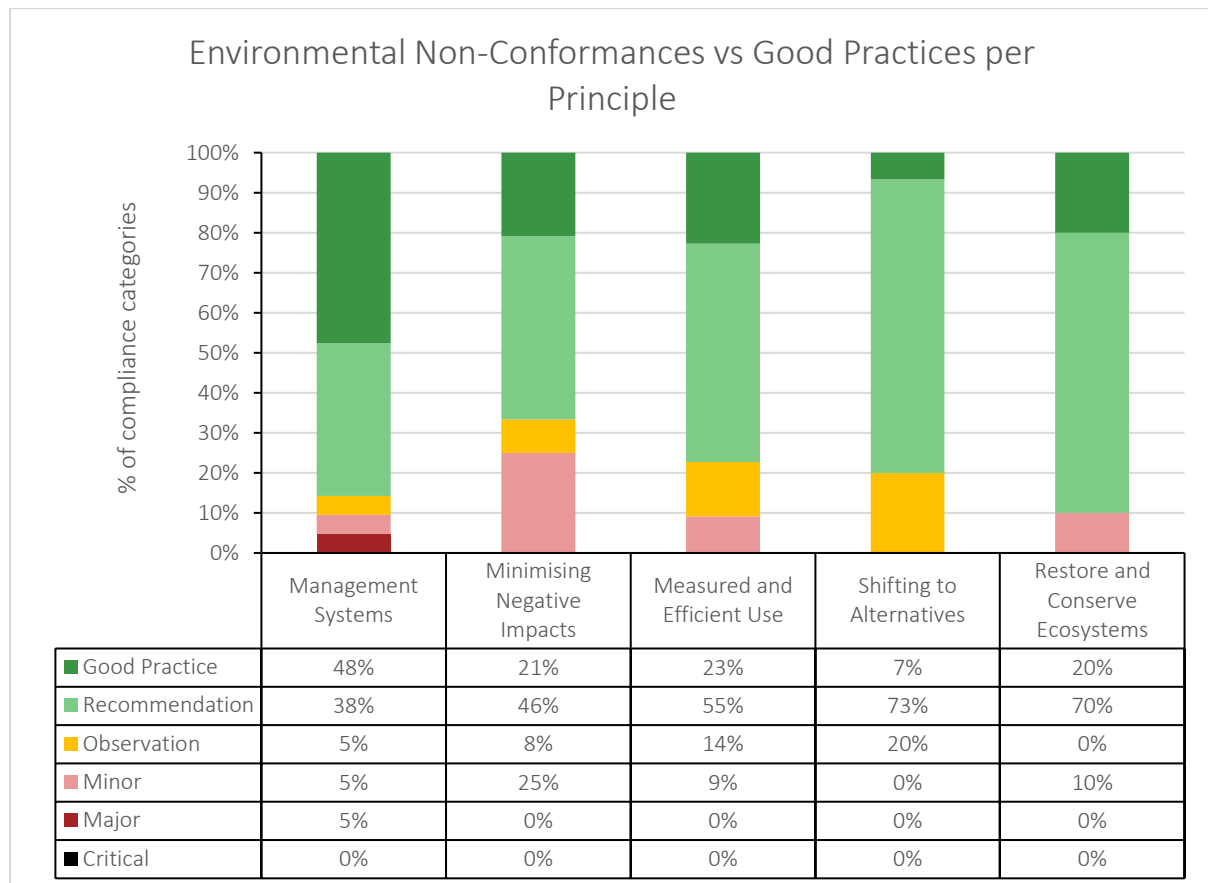
3.4. Non-Conformances

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 five principles of the SIZA Environmental Standard:

- Management systems
- Minimising Negative Impacts
- Measured and Efficient Use
- Shifting to Alternatives
- Restore and Conserve Ecosystems

3.4.1. Non-conformances vs good practices per principle

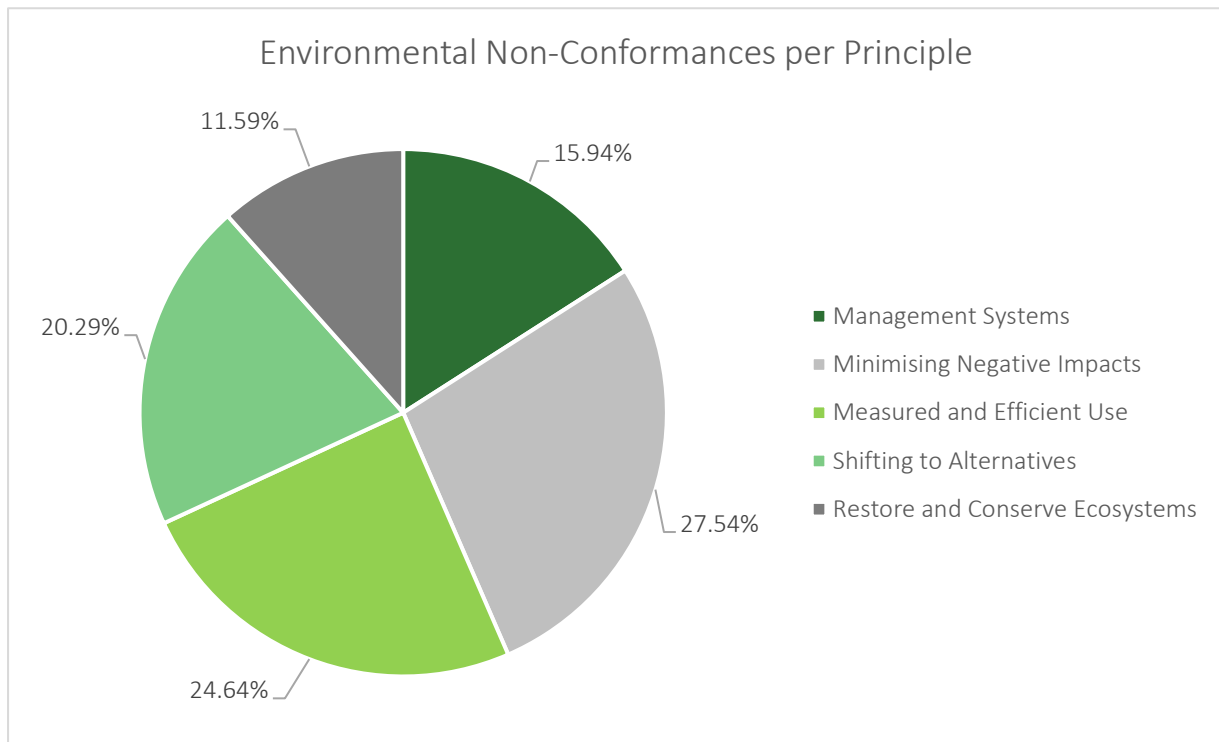


It is interesting to note that during this reporting quarter, 23 Good Practices were reported which indicates an increasing number of good environmental practices implemented by members, particularly within the Management Systems (10), Measured & Efficient Use (5) and Minimising Negative Impacts (5) principles. Good Practices are actions taken by a member’s management that meet the full requirements of the applicable standard requirement. This increase in the number of Good Practices can be explained due to better calibration efforts from auditors on reporting good practices more effectively. Another reason for this trend 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 Q4 2022/2023, most non-conformances (72,46%) fell in three principles, namely:

- Minimising Negative Impacts (19);
- Measured and Efficient Use (17) and
- Shifting to Alternatives (14)



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

Minimising Negative Impacts

The largest area of non-conformances lie within the Minimising Negative Impacts principle which aims to restrict production practices that degrade the environment. In general, the largest areas of non-conformances within this principle lie with the following themes:

- Insufficient evidence of measures taken to prevent water contamination as a result of run-off of chemicals, mineral and organic substances, including all nutrient management, crop protection and agro-chemical related substances .
- No evidence of relevant staff having been effectively and regularly trained in the safe/appropriate IAP clearing methods and techniques.
- Insufficient evidence of a IAP clearing plan which includes realistic clearing goals/targets and a map indicating areas of IAP growth.

Measured and Efficient Use

The second largest area of non-conformances lies within Measured and Efficient Use, where recordkeeping of production inputs should be used to gather baseline data from and track progress to improve resource use efficiency. In general, the largest areas of non-conformances within this principle lie with the following themes:

- No implementation of recycling or insufficient evidence pertaining to waste management and recycling.

- Insufficient evidence pertaining to water-use allocations and efficiency calculations.
- No proof of carbon footprint calculations.

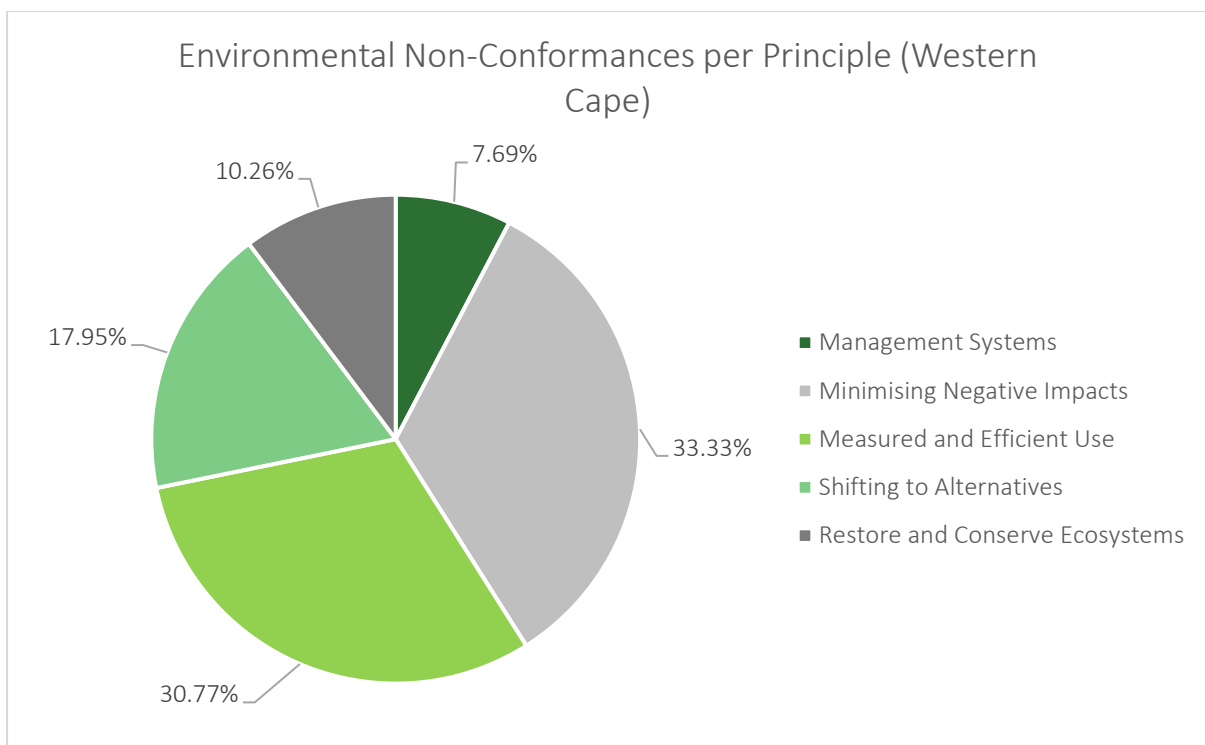
Shifting to Alternatives

In general, the largest areas of non-conformances within this principle lie with the following themes:

- No evidence of investment in renewable energy resources.
- No evidence of fertiliser programs showing a decrease in synthetic product usage.
- No accurate record keeping of waste sources and quantities going to landfill and no implementation of a waste management plan.

For the **Western Cape**, most non-conformances (82,05%) fell into three principles, namely:

- Minimising Negative Impacts (13);
- Measured and Efficient Use (12) and
- Shifting to Alternatives (7).



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:

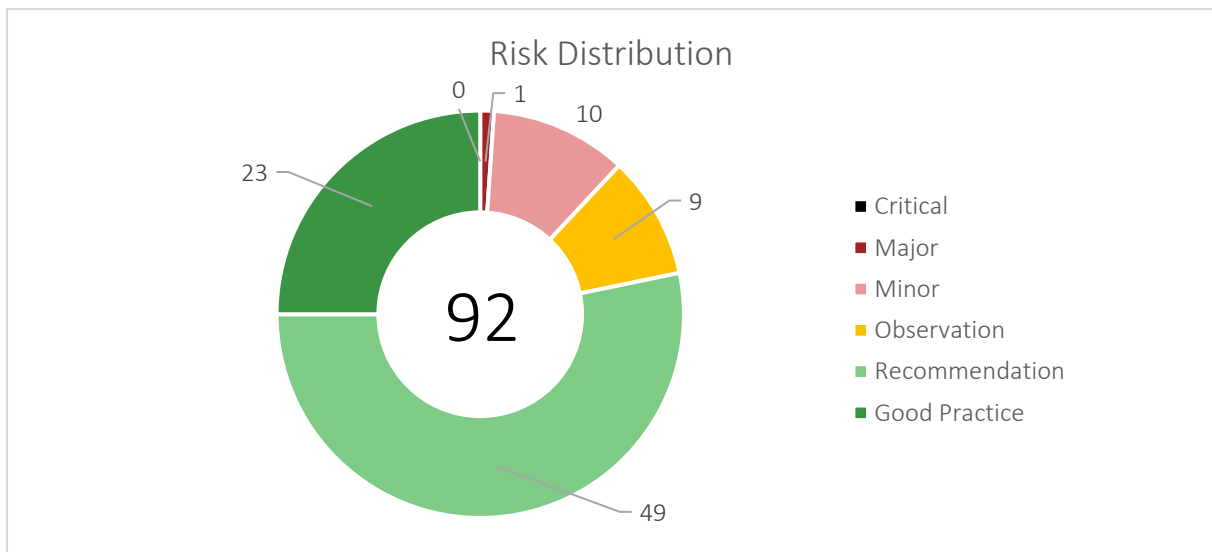
- An occasional or isolated problem.
- An issue which presents a low risk to the environment.
- A policy issue or misunderstanding where there is no evidence of a material breach.

A major non-compliance is:

- A breach which represents a danger to the environment.
- A material breach of a code requirement/law.
- A systemic violation of a code requirement/law.

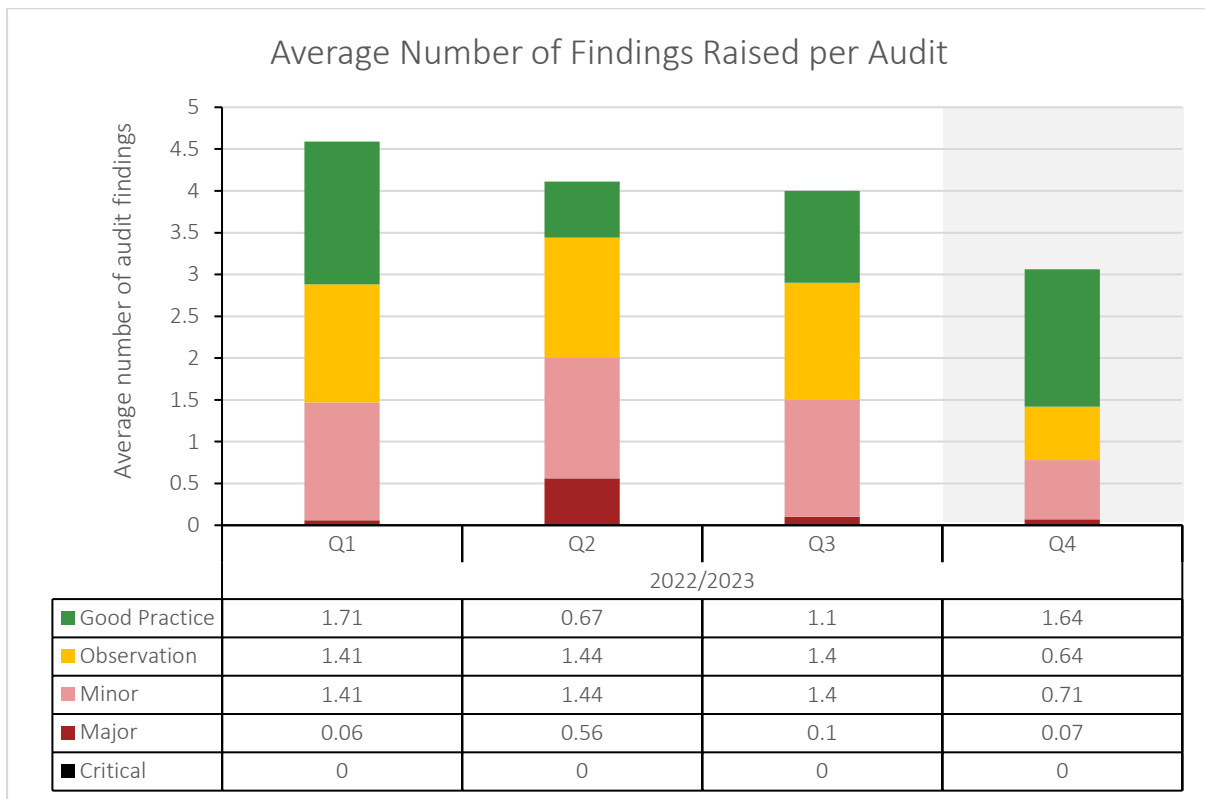
A critical non-compliance is:

- An issue which presents imminent risk to the environment;
- 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

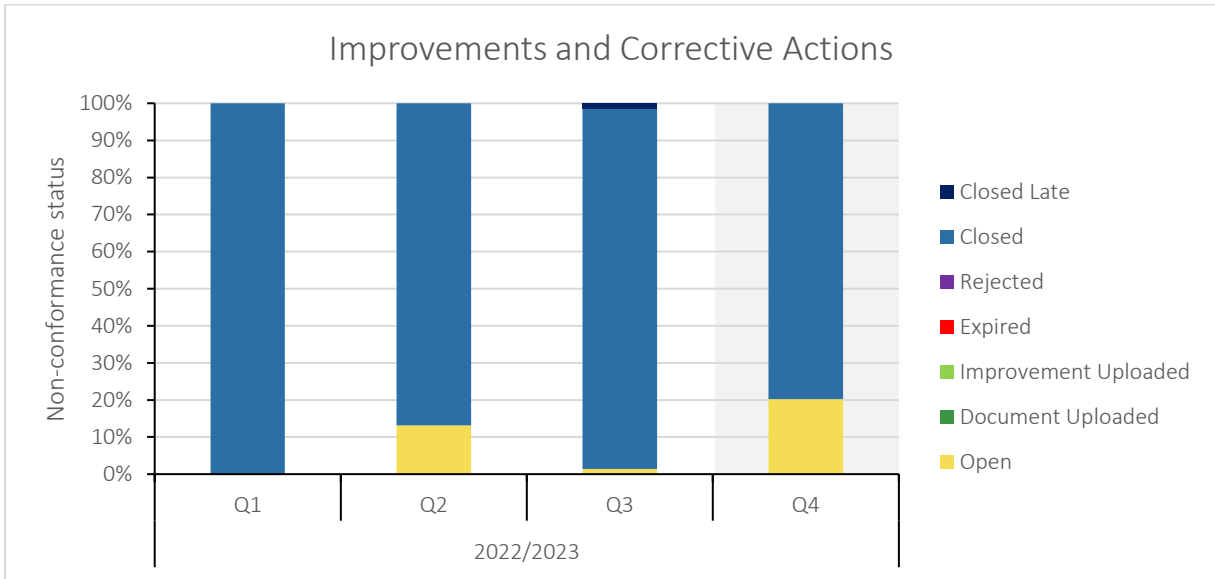
The graph below indicates the average number of findings that are raised per audit. During Q4 2022/2023 reporting period, an average of 3,06 findings were raised per audit.



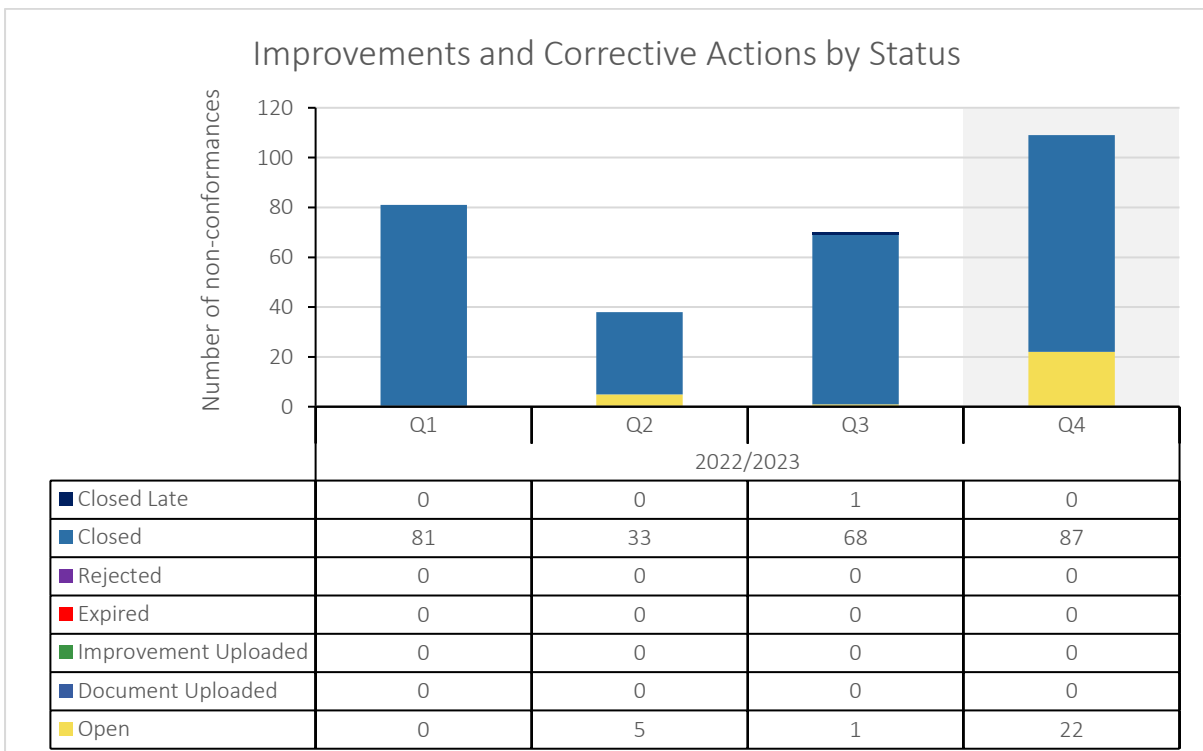
In line with the average number of findings for audits that were conducted in Q4 2022/2023, the average risk rating for Environmental Audits is Platinum. The overall risk rating of a SIZA member is calculated on the SIZA Audit Frequency Risk Matrix, available here: <https://siza.co.za/wp-content/uploads/Annexure-1-SIZA-Environmental-Audit-Frequency-Matrix.pdf>.

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 below graph shows that the majority of findings are closed out timeously during the given timeframes. The submission and closing of findings before the given deadlines is 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. This will result in more frequent audits, regardless of the initial risk rating received. 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(s) in order to show improvement.

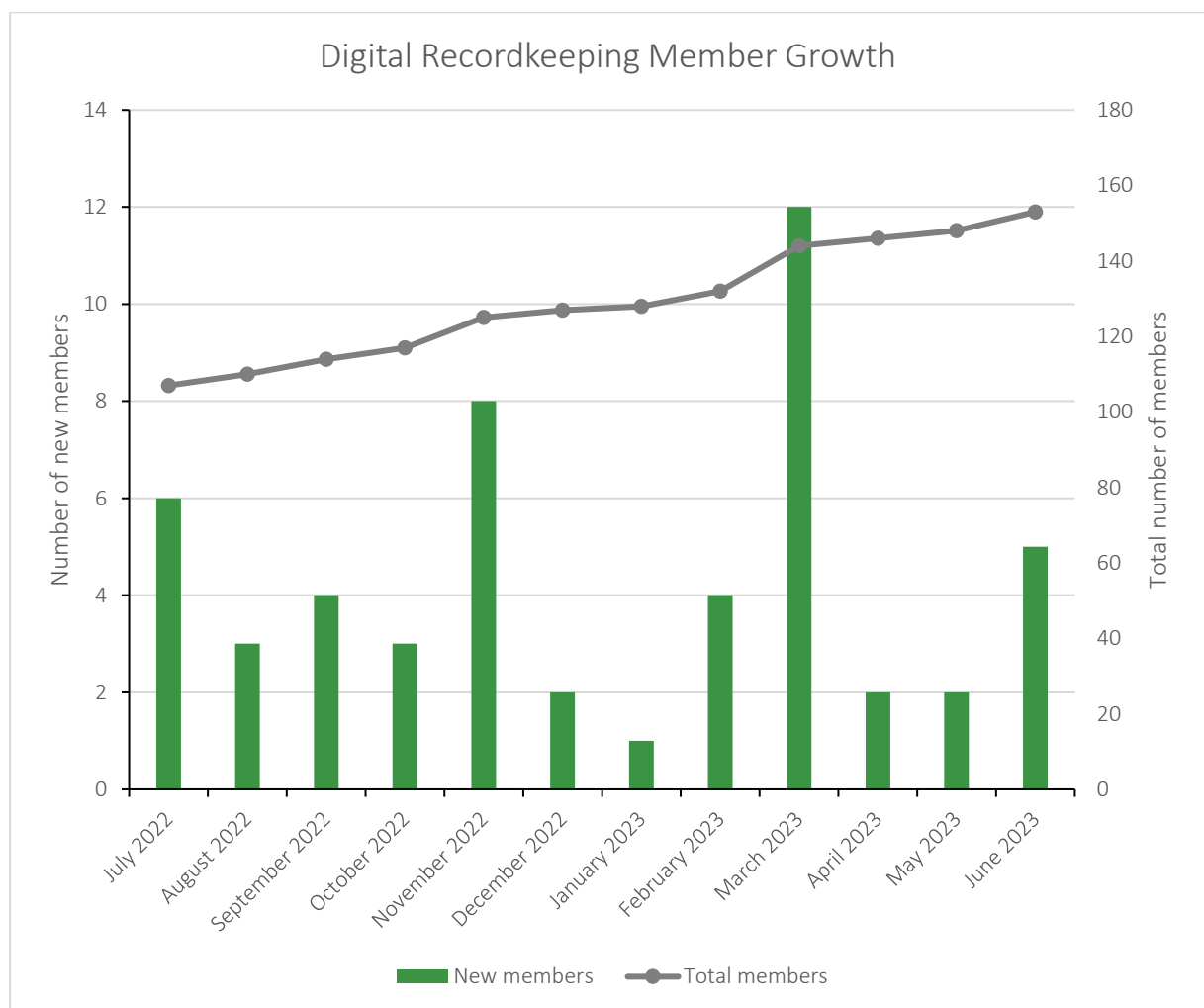


4. DIGITAL RECORDKEEPING

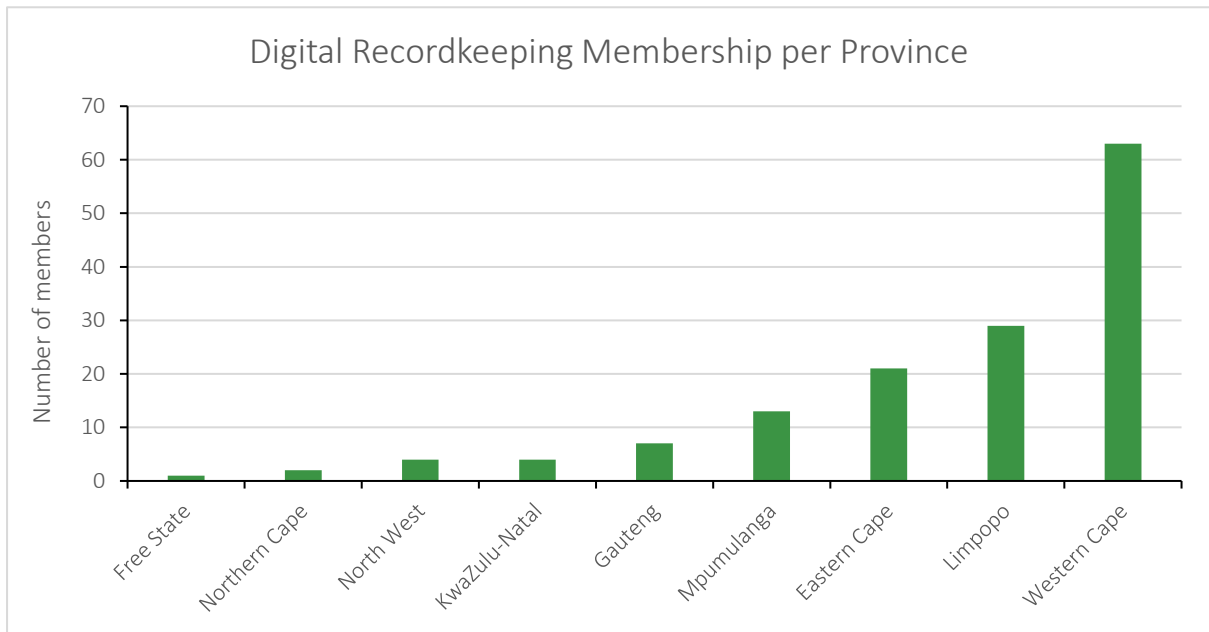
With a vision of enabling South African agriculture to be a global leader in ensuring sustainable, ethical trade and environmental stewardship, SIZA went live with the first phase of its Digital Recordkeeping Tool at the end of September 2021. With SIZA being a multi-sector agricultural programme, the programme is available to all sectors and commodities for both local and international members. Currently there are 150 members who have already signed up for Digital Recordkeeping to start capturing their production inputs online. Members who signed up for Digital Recordkeeping received training prior to setting up their profile, as it is important that the correct information is used from the start.

As recordkeeping and target setting form the foundation of continuous improvement, SIZA Digital Recordkeeping will enable producers to keep record of their production inputs and assess whether they are on track to meet their goals and to put practice into perspective, as standardised methods and calculations are used to track progress over time.

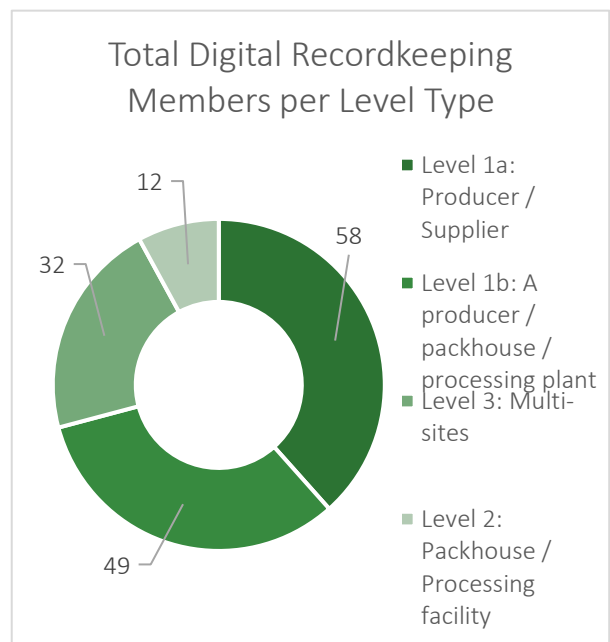
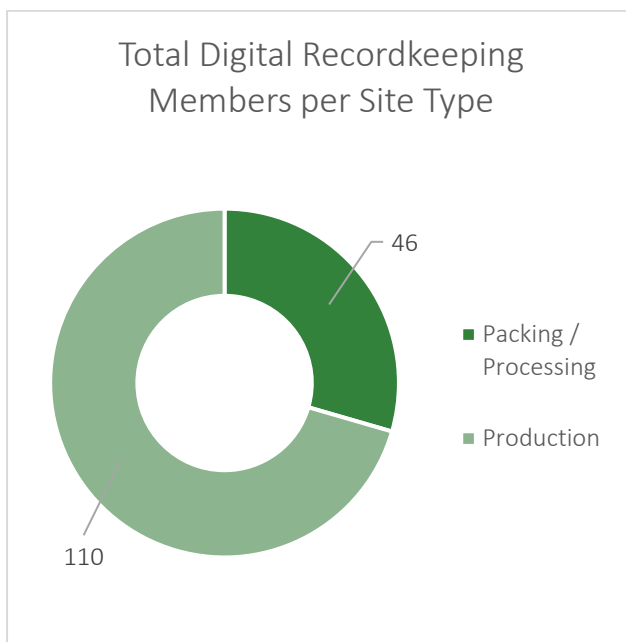
4.1. Digital Recordkeeping Membership



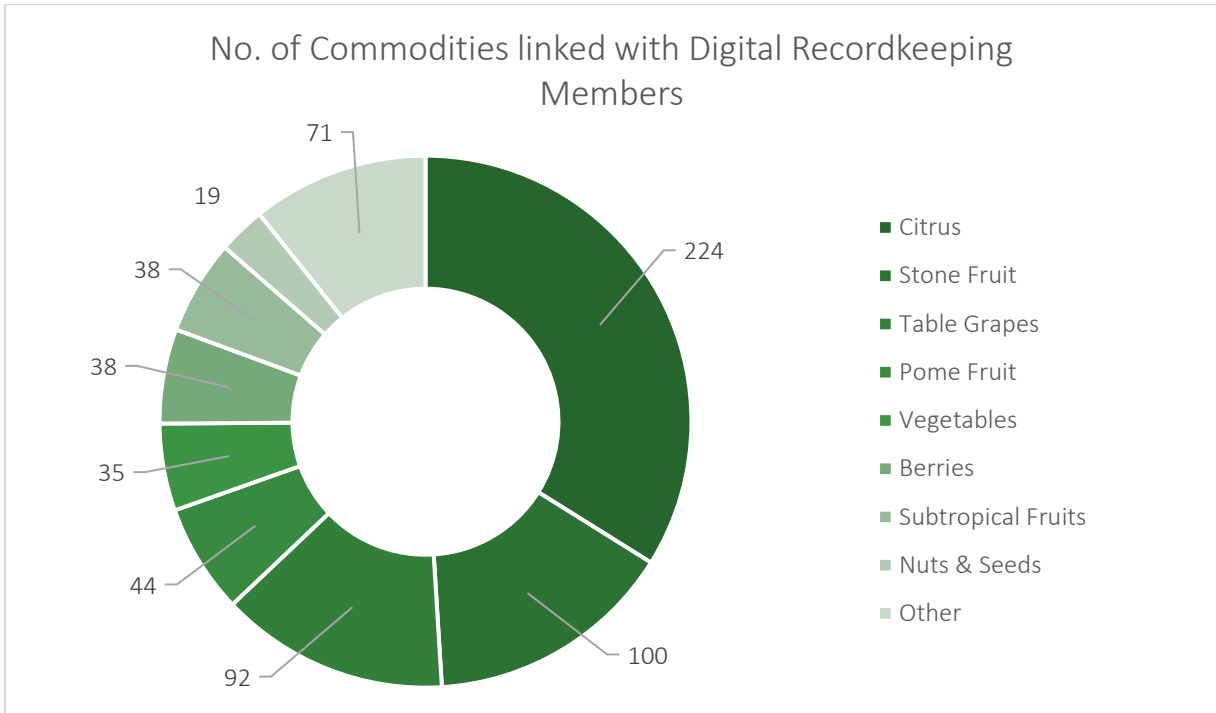
There has been a consistent growth in SIZA Digital Recordkeeping members over the past year. There is increasing interest and queries into the Digital Recordkeeping Programme which will likely lead to an increased amount of new members for the 2023/2024 year as market requirements for reduced Greenhouse Gas emissions become stronger and South African Carbon Tax requirements become clearer.



Digital Recordkeeping registrations predominantly come from the Western Cape (43,75%), followed by the Limpopo Province (20,14%) and Eastern Cape (14,58%) – this is aligned with the provincial distribution of SIZA Environmental members across South Africa.



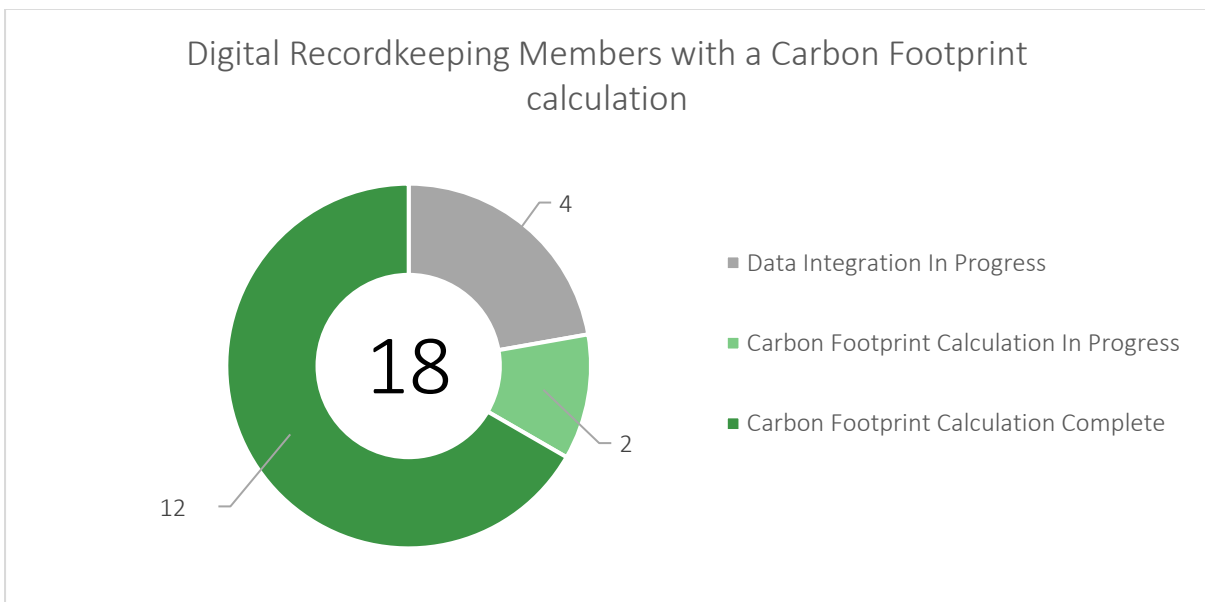
The current breakdown of Digital Recordkeeping members per site type and per level type are also well-aligned with the site type and level type member distributions of SIZA Environmental members – production members dominate the site types at 70,51% whilst membership level types consist mostly of producer/supplier members (level 1a) at 38,41%.



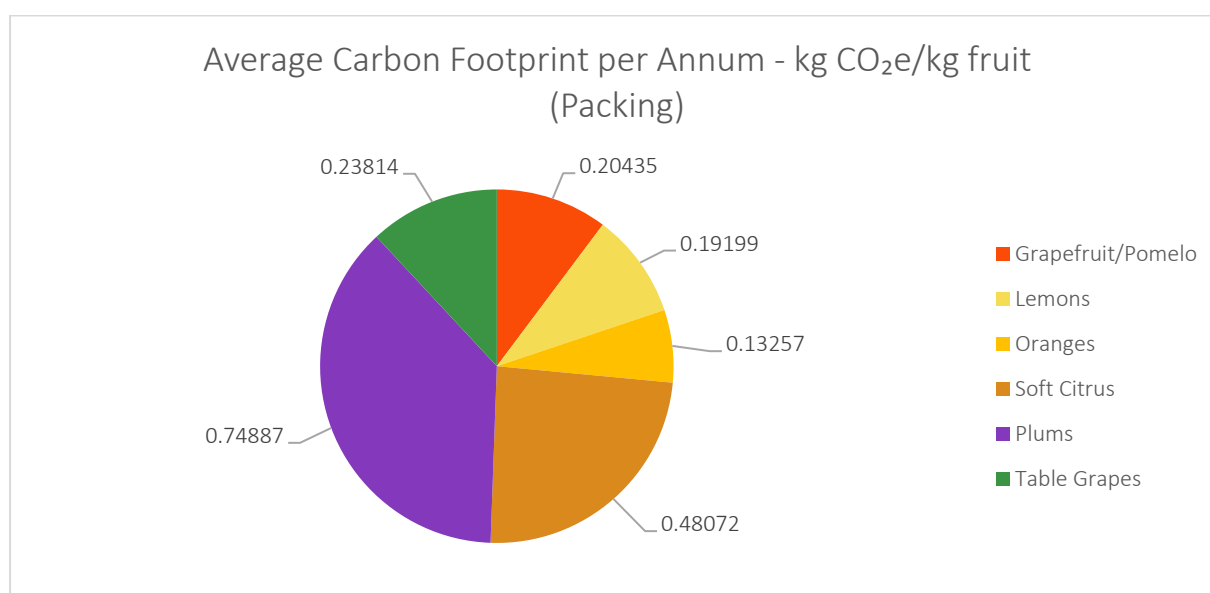
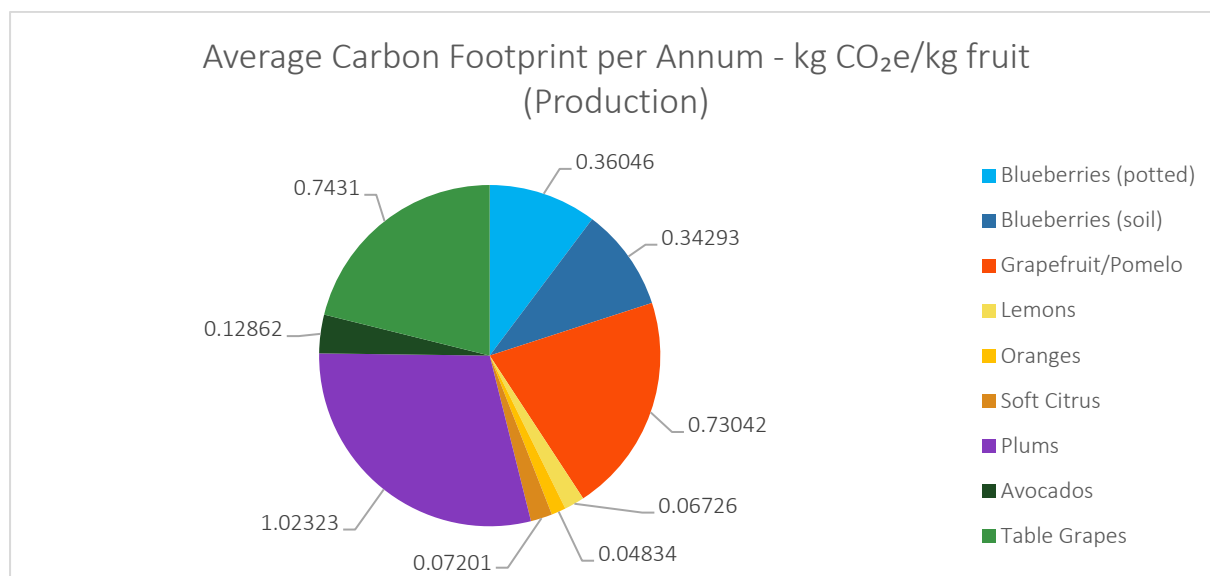
Interestingly, the majority of commodities linked with Digital Recordkeeping members are located within the citrus (37,57%) and stone fruit (18,5%) industries. This pattern is likely due to differing awareness levels of the Digital Recordkeeping Programme in each industry (for example, through adverts in fruit journals, industry forums and on-site promotions) and the different commodity seasons. After the launch in October and the increased drive to gain new registrations, we predict that the commodity representation will align with the overall commodity representation in general membership, accounting for some fluctuation due to seasonality.

4.2. Carbon Footprint Completion

As the majority of the data captured as part of the Digital Recordkeeping Tool also contributes to the carbon footprint of a business, the SIZA Digital Recordkeeping Programme includes a built-in functionality where members can request their carbon footprint to be calculated via the Confronting Climate Change (CCC) Initiative. There currently 18 members who have requested a carbon footprint calculation, of which 12 members having already completed their carbon footprint calculation.



Using data accumulated from members who have completed their carbon footprint calculations, we can start to see interesting trends emerging. As more members complete their carbon footprint over multiple years, the average carbon footprint per annum will incorporate seasonal and production variance, leading to an increasingly accurate representation of the carbon footprint contributions per commodity at the production and packing levels in South Africa.



5. 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.

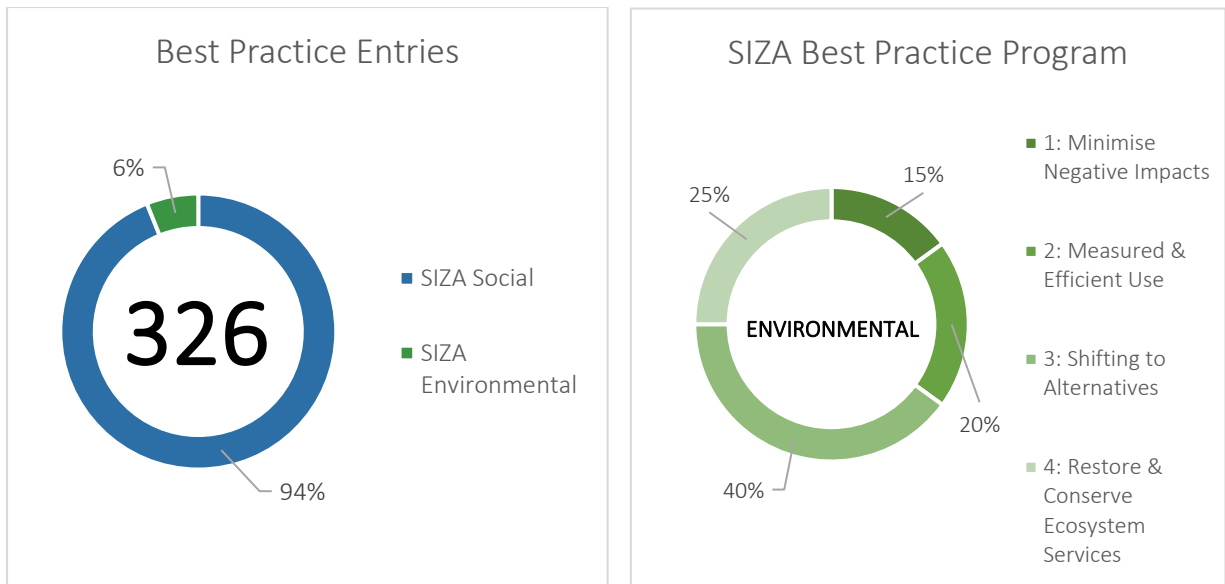
Members can upload details of their community engagement efforts and best practices on *MySIZA*, after which they are reviewed by SIZA admin. If approved, they will reflect as a Best Practices programme in the producer's member listing on *MySIZA*. It will also, together with other data, be visible to 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.
- Renewable-energy implementation on farms and processing facilities, removing reliance on electricity from the grid.
- Carbon neutrality by balancing practices to reduce carbon emissions 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.

To date, 306 Social (Ethical) and 20 Environmental Best Practices have been approved on *MySIZA*.



interestingly, two of the categories with the lowest number of Best Practices are also two of the categories that experienced the highest number of non-conformances, namely Measured and Efficient Use and Minimise Negative Impacts (see section 3.4.2). The Management Systems category is not currently an option for Best Practice entries as it is generally not a targeted area to implement best practices within as compliance with the requirements is deemed as the maximum compliance that can be achieved. Within each of the SIZA Environmental Standard principles, the following actions have been included as best practices thus far:

Principle 1: Minimising Negative Impacts

- Using additional sustainable agriculture standards for guide further improvements in sustainability.
- Systematic clearing of Invasive Alien Plants from riparian zones and mountainous areas in the region.

Principle 2: Measured and Efficient Use

- Calculation and tracking of the farm’s carbon footprint to progressively reduce carbon emissions and improve input efficiency.
- Implementation of a recycling scheme on the farm which includes non-monetary incentives for staff to separate their waste for recycling.
- Reusage of scrap wood to build beehives for the benefit of the local community and orchard pollination.

Principle 3: Shifting to Alternatives

- Shifting away from the national grid through the installation of a solar power plant.
- Installation of solar geysers at housing areas.
- Implementing biological farming practices to reduce external input usage as far as possible.

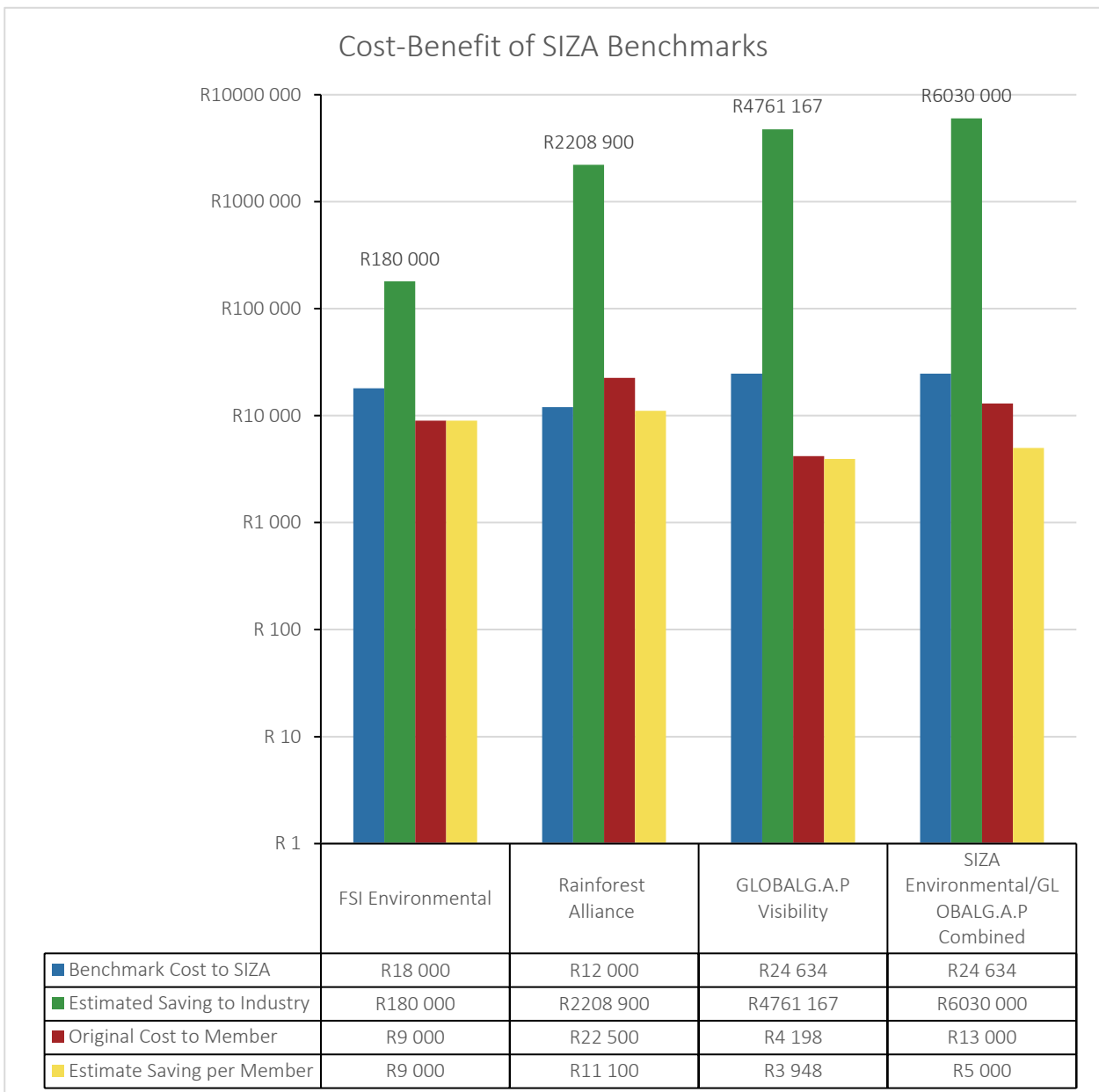
Principle 4: Restore and Conserve Ecosystem Services

- Establishment of protected areas on the farm for biodiversity conservation, especially of threatened species.
- Transferring of problematic bee colonies into beehives to assist with orchard pollination.
- Partnering with provincial conservation bodies to establish protected areas for both biodiversity conservation and ecotourism.
- Joining regional conservancies to maximise conservation efforts at a larger scale.

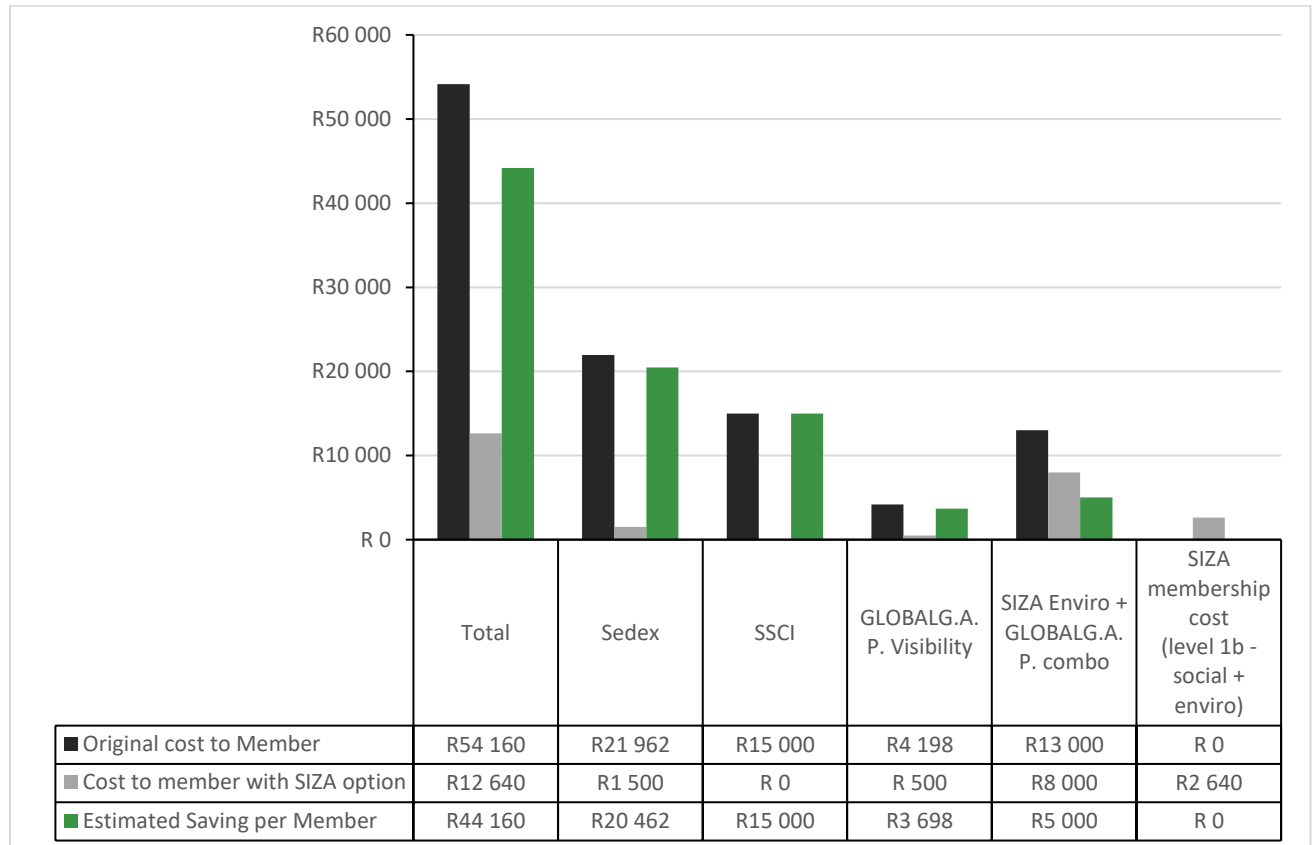
6. COST-BENEFIT OF SIZA BENCHMARKS

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. The value can be seen with the benchmarks against the Floriculture Sustainability Initiative and Rainforest Alliance which save the industry approximately R180 000 and R2 208 900, respectively. Further engagements with partners such as GLOBALG.A.P. provide visibility to producers supplying markets in the EU, resulting in a cost saving of +/- R5 000 per producer per audit. This translates to an industry saving of 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 compliance with the SIZA Environmental Standard.



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 for the Social and Environmental Standards, this producer has an estimated saving of R44 160 per year related to compliance costs. Furthermore, the potential savings to the Citrus industry is approximately R33 870 720, and R14 616 960 to the Table Grape industry, adding up to total industry savings of R48 487 680.



7. SIZA TRAINING

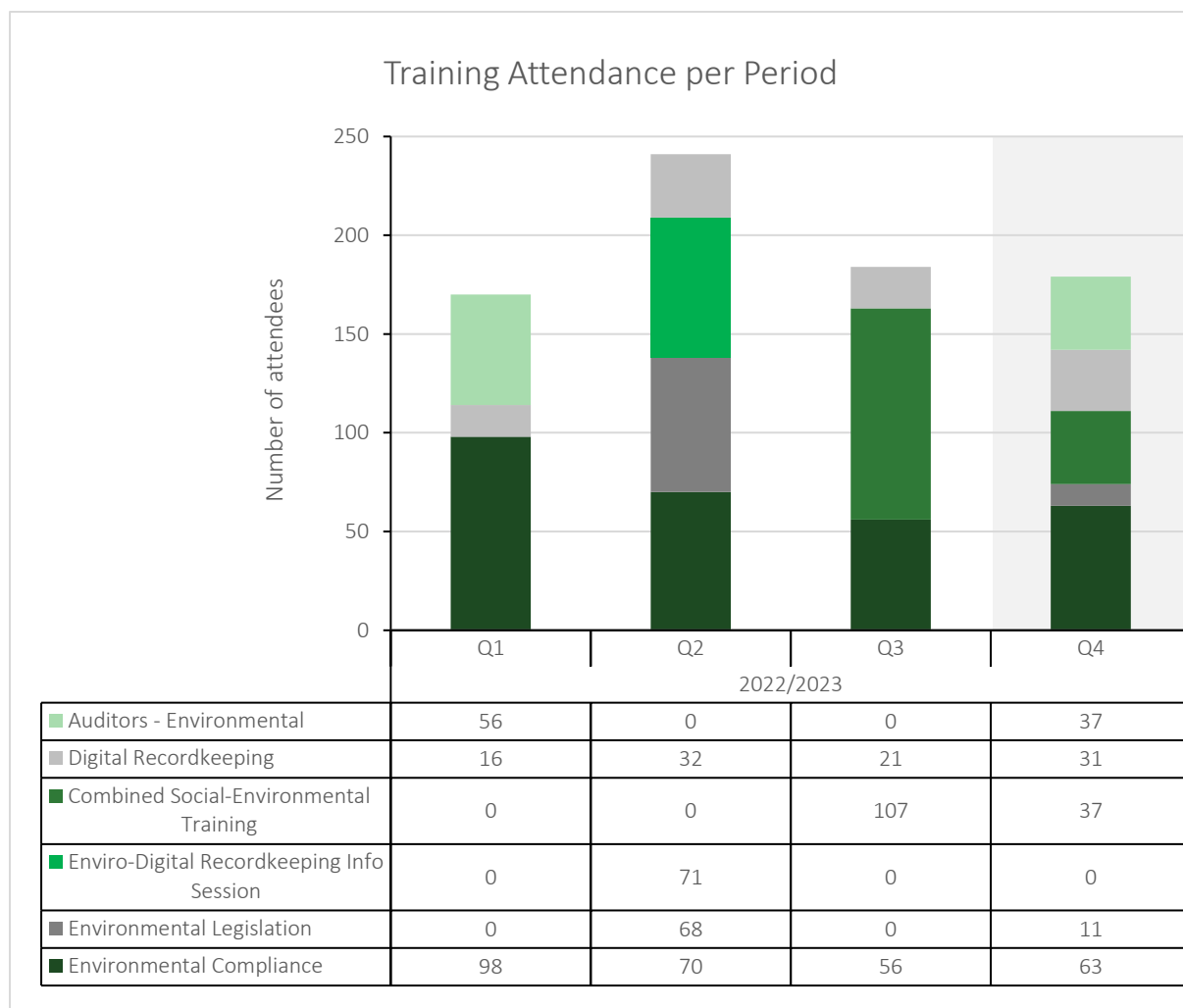
Through various training events, SIZA aims to assist members with understanding the various requirements of the SIZA Environmental Standards, in addition to, helping members in their preparations for their third-party audits. The training, in combination with in-person SIZA CARES visits, form the foundation 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

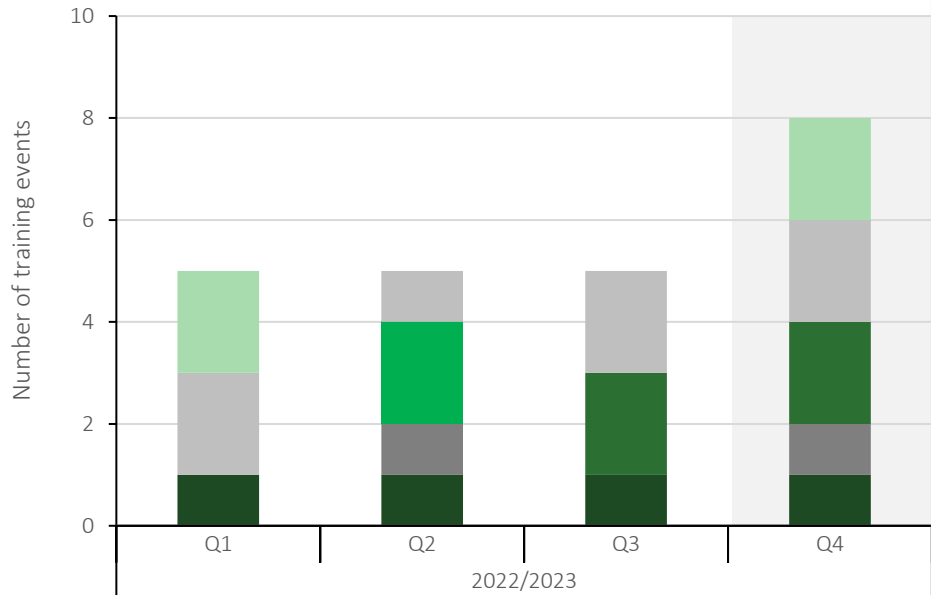
- Environmental Compliance
- Environmental Legislation
- Environmental-Digital Recordkeeping Information Session
- Combined Social-Environmental Training
- Digital Recordkeeping

Auditors

- Environmental Standard



Training Events per Period



	2022/2023			
	Q1	Q2	Q3	Q4
Auditors - Environmental	2	0	0	2
Digital Recordkeeping	2	1	2	2
Combined Social-Environmental Training	0	0	2	2
Enviro-Digital Recordkeeping Info Session	0	2	0	0
Environmental Legislation	0	1	0	1
Environmental Compliance	1	1	1	1