



SIZA ENVIRONMENTAL MONITORING & EVALUATION REPORT

Quarterly Update for Q2 2023/2024

01/10/2023 – 31/12/2023

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.

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 levels. 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 (Specific, Measurable, Achievable, Realistic and Time-linked) targets to track progress, monitor efficiency, and drive continuous improvement.

With a vision of driving continuous improvement, the 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 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.

In preparation and to assist producers for the third-party Environmental audit, SIZA offers a between-audit monitoring programme called **SIZA CARES**. As part of this capacity-building programme, SIZA Environmental members can voluntarily participate in the SIZA CARES programme. This programme, provided to members free of charge as part of their environmental membership, allows producers to assess themselves in advance of the third-party audit or to remain their practices between audit periods. During this process, they gain access to information, advice, and support from environmental specialists, enabling them to make the necessary corrections in their journey towards sustainable farming.

In support of the SIZA Environmental programme, SIZA developed the Digital Recordkeeping Programme in 2022. **Digital monitoring** through key performance indicators will help producers to monitor the performance of their business practices, such as water-use efficiency, energy efficiency, carbon emissions, and waste production among others. As recordkeeping and target setting form the foundation of continuous improvement, the implementation of the SIZA Digital Recordkeeping functionality enables producers, packhouses, and processing facilities to assess whether they are on track to meet their goals and to put practices into perspective, as standardised methods and calculations are used to track progress over time. The programme furthermore allows buyers to gain access to world-class reporting on key performance indicators, resulting in data showcasing areas of improvement, trends, and inputs over time. It will also assist producers in calculating their carbon tax when the legislation is implemented and enforced.

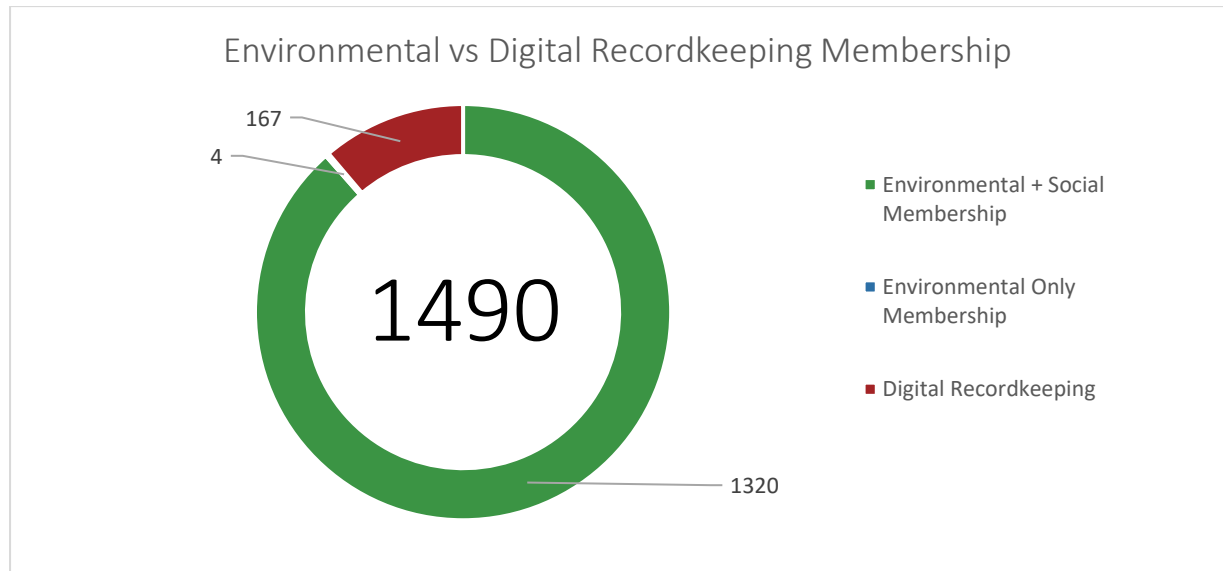
The Monitoring and Evaluation quarterly report provides insight into the various aspects related to the SIZA programme including statistics on the SIZA membership, annual monitoring activities, third-party audit outcomes, SIZA CARES programme, as well as the Digital Recordkeeping Programme and trends 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 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 1 324 active primary member profiles registered on the *MySIZA* platform for SIZA Environmental. Of the 1 324 members, four members are registered for the Environmental module only, while the remaining 1 320 members are registered for both the Social and Environmental modules. An additional 167 members are registered for Digital Recordkeeping.

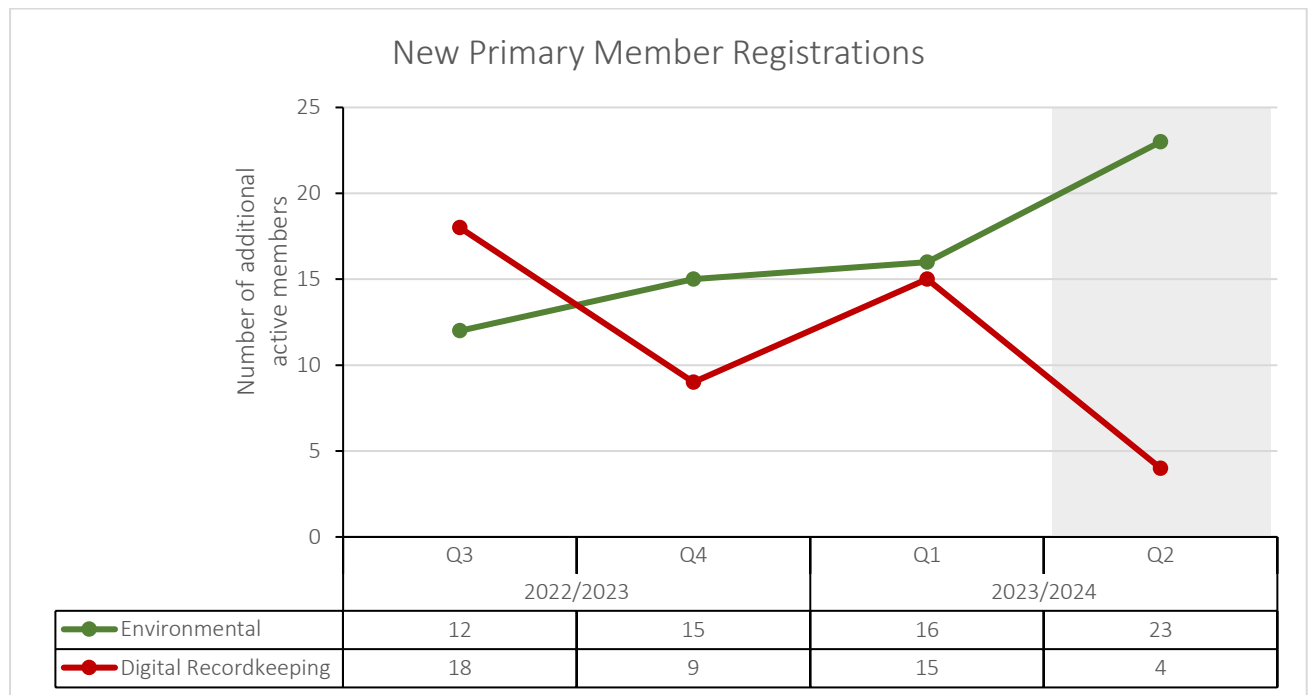


Membership for the SIZA Environmental module has been slowly increasing over the past several years, although the number of new members are less per period, each quarter still reflects a positive growth or stable Social membership.



A total of 23 new primary members registered for SIZA Environmental in this past quarter whilst a total of 66 new primary members registered in the annual period from Q3 2022/2023 to Q2 2023/2024. 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.

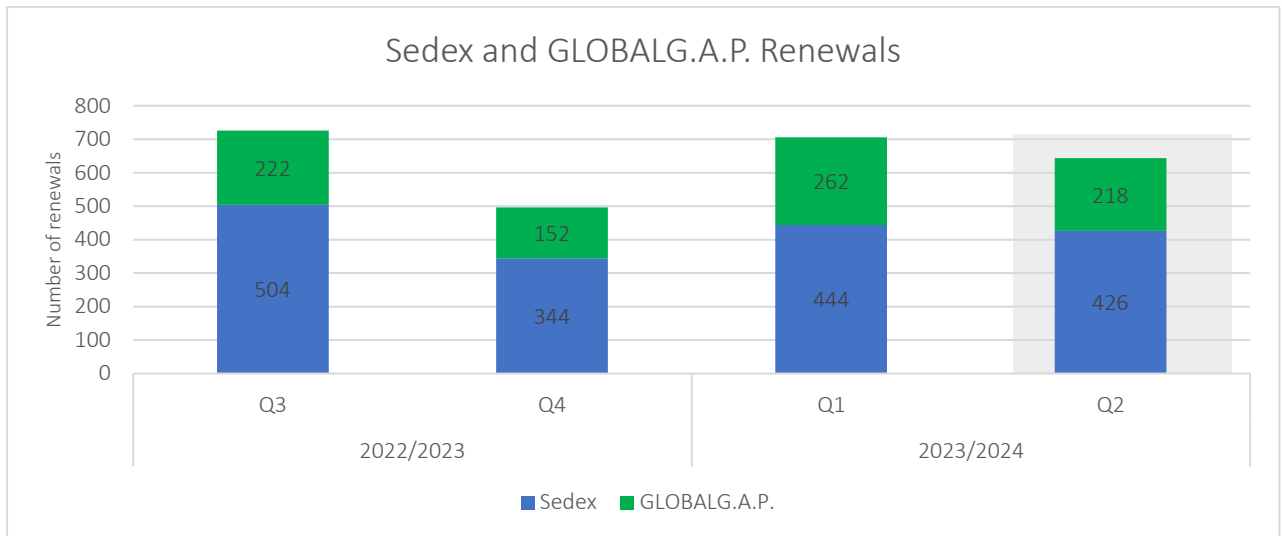
The slight decrease in the number of registrations for the Digital Recordkeeping Programme can be due to the fact that registrations are object to producer seasons, and in the next quarter it is expected to increase again as a introductory session on the programme will be facilitaed introducing nuw producers and other commodities to the programme.



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.

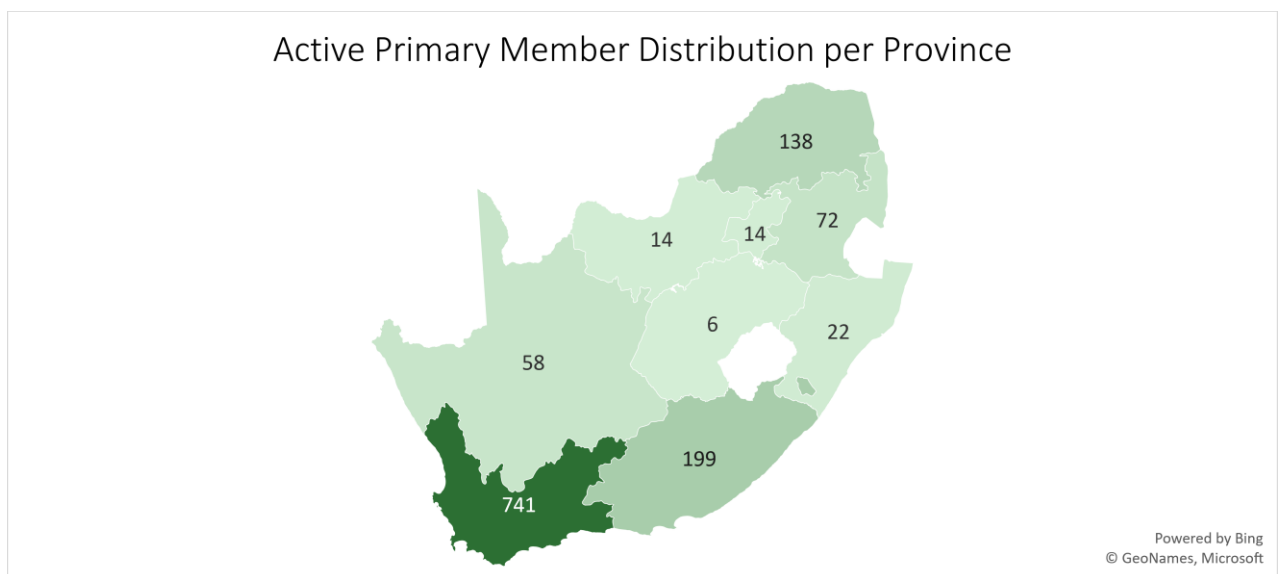
In total, there are 1 724 SIZA members registered for Sedex visibility, and 1 675 SIZA members registered for Social audit visibility on GLOBAL.G.A.P. and 854 Environmental audit visibility on GLOBAL.G.A.P.



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, and perhaps the change of market supply, as most members plan, register and therefore renew their membership in their primary commodity's season.

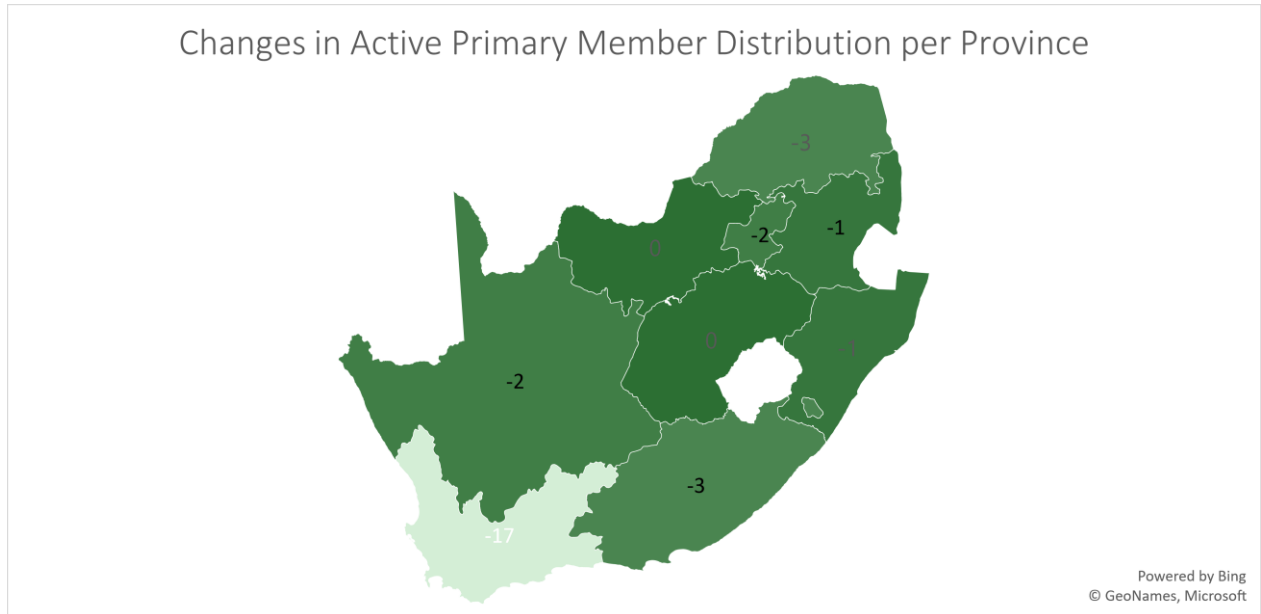
1.1.3. Active primary members per province

Although SIZA represents more than 40 different commodities, fruit still remains the largest member groups in the programme. Approximately 36% of SIZA's Environmental membership is made up of non-fruit commodities. 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 741 Primary Environmental member profiles, followed by the Eastern Cape (199) and Limpopo (138).



1.1.4. Changes in active primary member distribution per province

When comparing the primary member distribution per province for Q1 2023/2024 and Q2 2023/2024, decrease in membership 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.



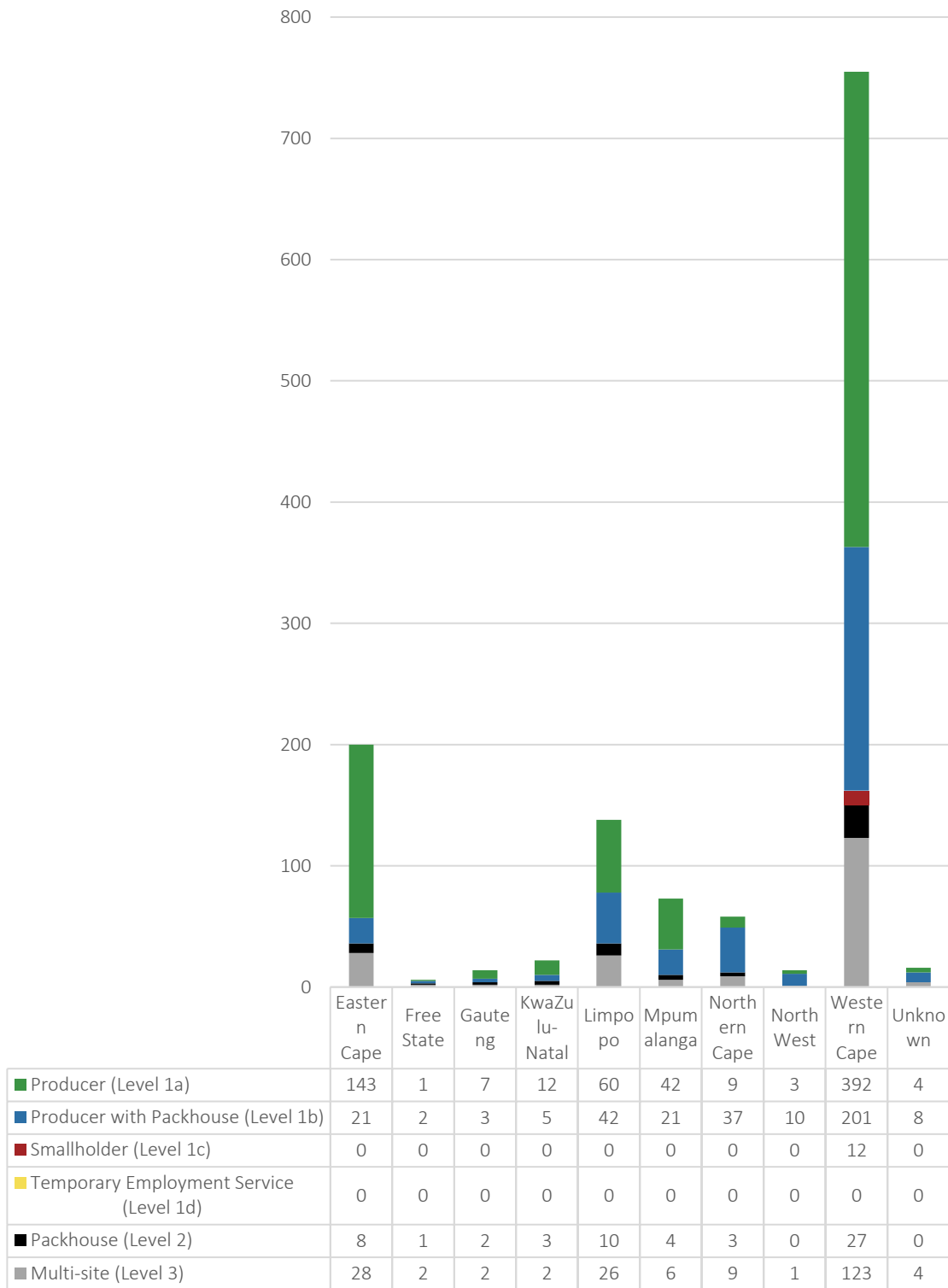
1.1.5. Active primary members by level

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.

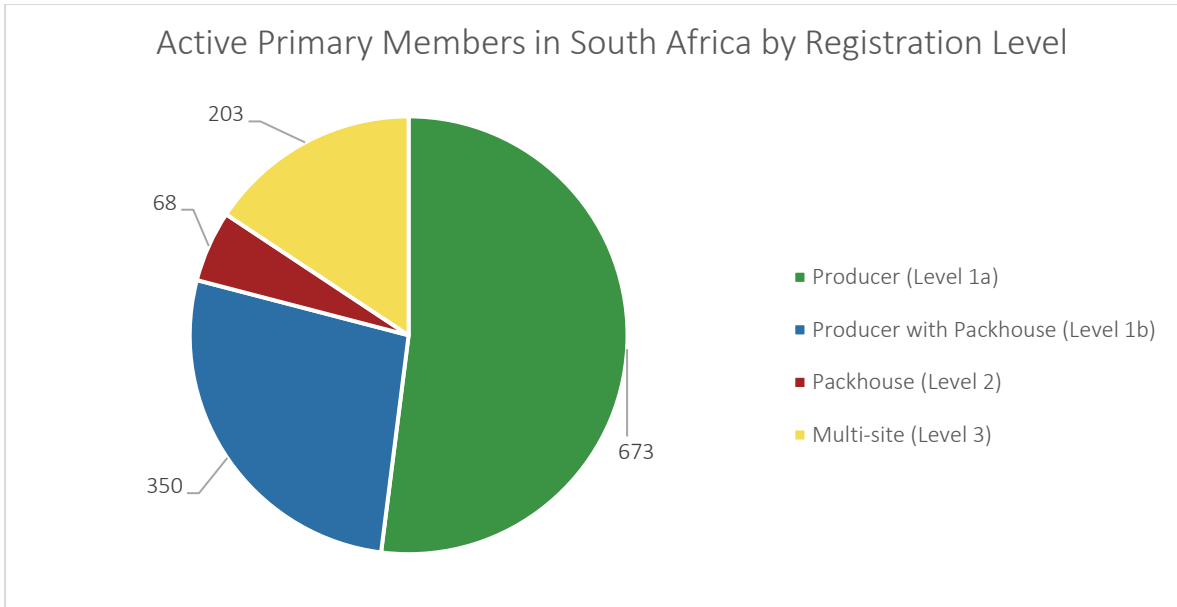
Definitions as indicated below are the same for the Social (Ethical) and Environmental modules because they are two separate standards/modules.

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 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 by Registration Level per Province



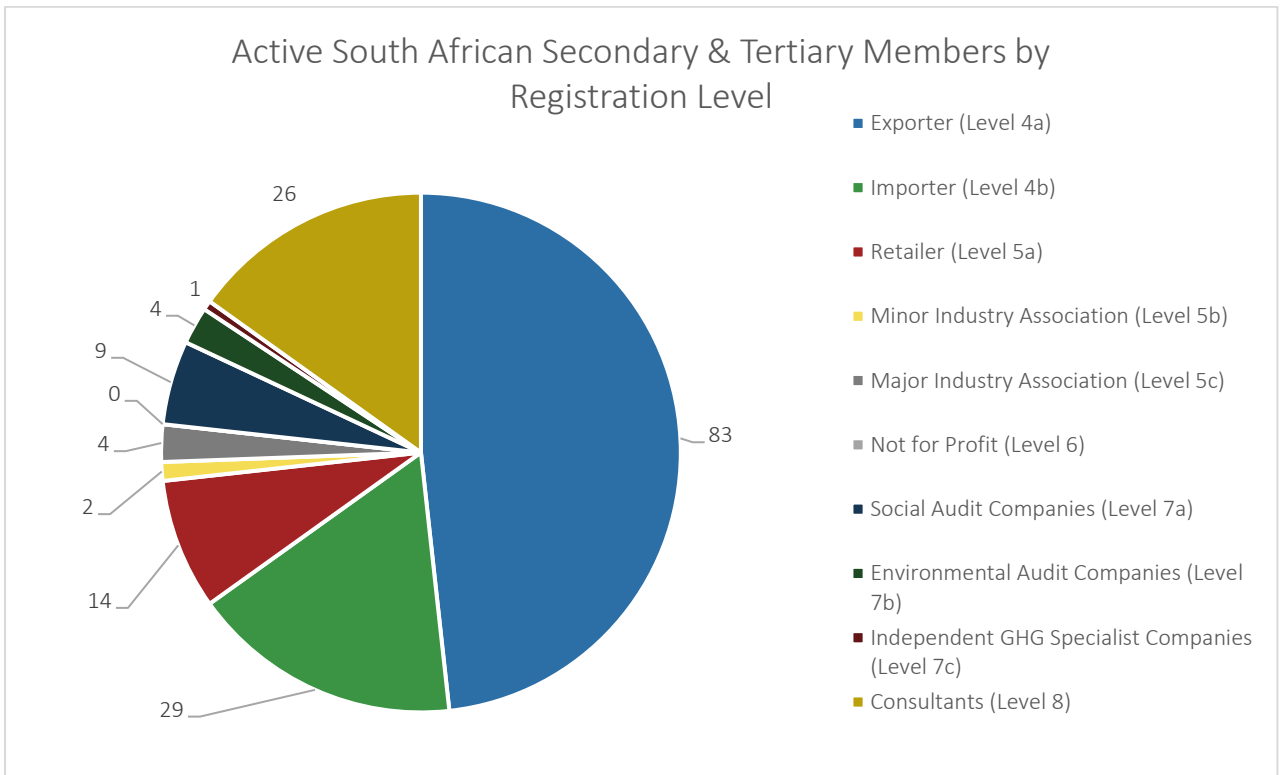
Producer (level 1a) members continue to make up the largest percentage of membership – the producer (level 1a) members in the Western Cape currently represent 51,85% of all primary members. With fruit producers having the biggest representation on the *MySIZA* platform, 673 (58,25%) of the total registrations for primary members (756) are based in the Western Cape.



At the national scale, a similar pattern can be seen where producers (level 1a) dominate SIZA membership (51,53% of active primary members) whilst packhouses (level 2) have the smallest representation (5,21% 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 132 secondary members (exporters, importers, retailers and industry associations) and 39 tertiary members (audit firms, consultants & 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 global platforms.

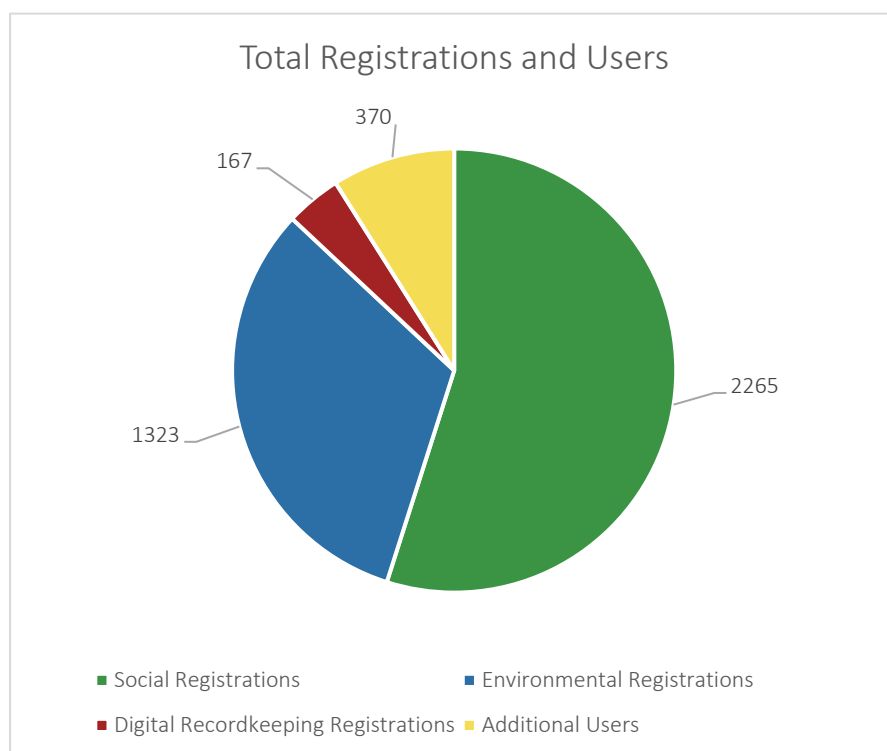


1.1.7. Total MySIZA Registrations and Users

Several other users are also registered on the MySIZA platform which accumulates to the membership total. These consist of 79 audit personnel, 145 secondary members (including buyers such as exporters, importers and retailers), 40 tertiary members (including consultants and remedy solution programmes), 5 environmental verification users, 3 GHG Specialist users, and 94 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 370 additional users on the MySIZA platform.

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 370 additional user profiles should be added to the total membership of module registrations, which includes 2 265 Social registrations, 1 323 Environmental registrations, and 167 Digital Recordkeeping registrations. This brings the total registrations in terms of membership to **4 125 users**.



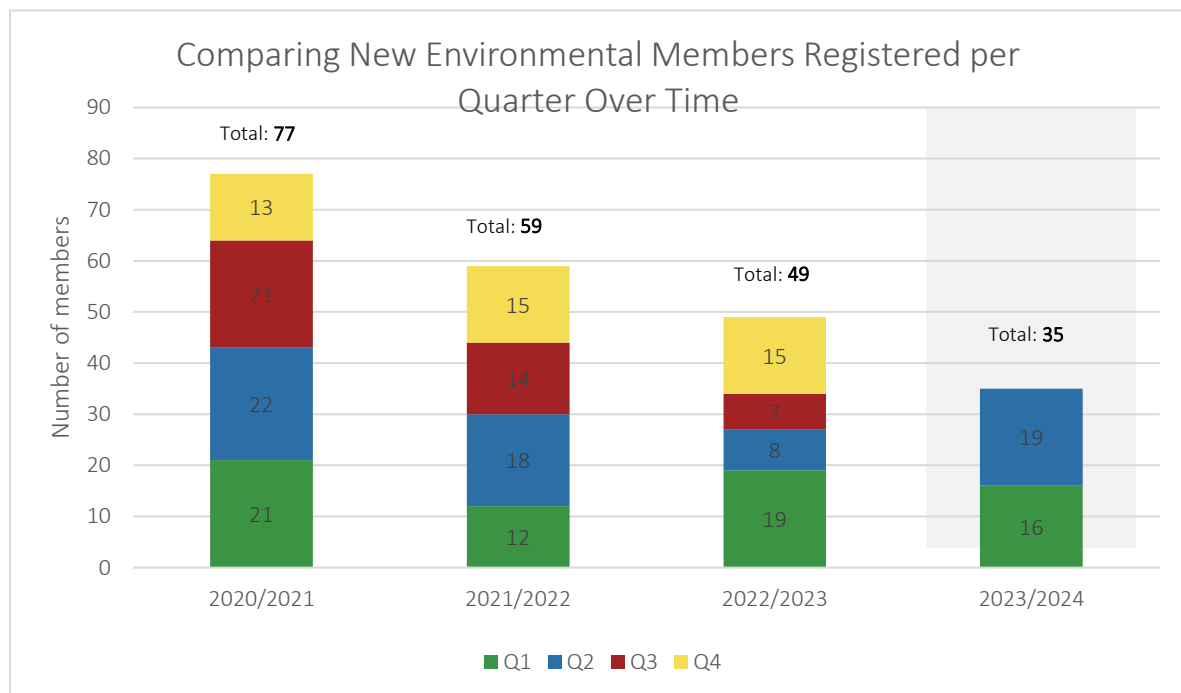
= **4 125** total users and registrations

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 and the Digital Recordkeeping Programme 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 and the market requirements for environmental compliance.

1.2.1. Comparing new Environmental members registered per quarter over time

Since 2019, a total of 300 new members registered for the SIZA Environmental module, with 19 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- and Citrus (579 and 455 member sites with each respective commodity), Pome Fruit (416 member sites), and Table Grapes (161 member sites with Table Grape commodities):

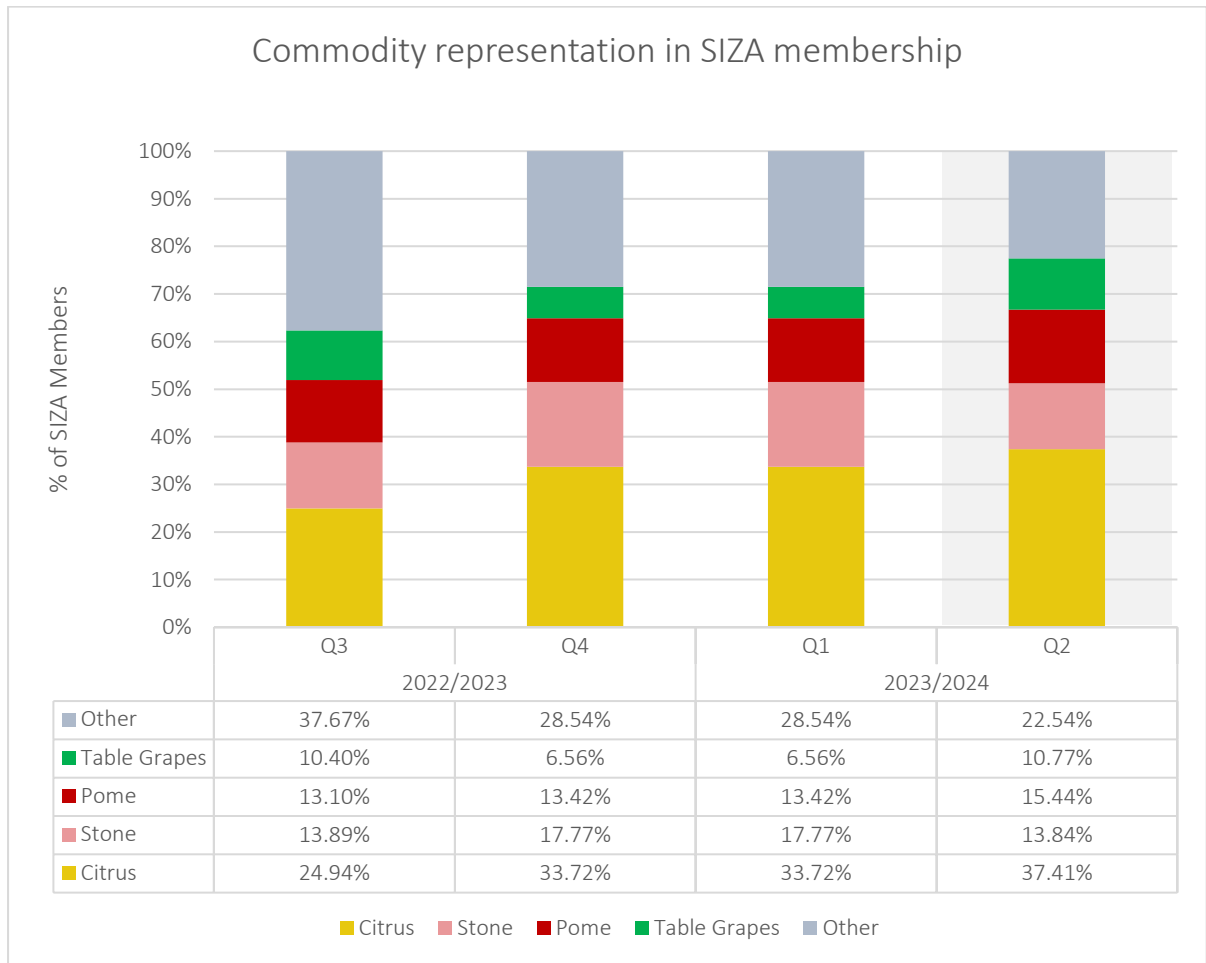
Commodity	All South Africa		Western Cape	
	Number of commodity represented in SIZA membership	% of total commodities indicated	Number of commodity represented in SIZA membership	% of total commodities indicated
Kumquats	2	0,05%	0	0,00%
Limes	35	0,80%	10	0,46%
Lemons	507	11,62%	140	6,49%
Pomelo	119	2,73%	8	0,37%
Grapefruit	42	0,96%	1	0,05%
Soft citrus	566	12,97%	202	9,36%
Oranges	346	7,93%	86	3,99%
Other Citrus	18	0,41%	8	0,37%
Total Citrus	1633	37,41%	455	21,09%
Apricots	129	2,96%	91	4,22%
Cherries	31	0,71%	12	0,56%
Nectacots	1	0,02%	1	0,05%
Nectarines	154	3,53%	119	5,52%
Peaches	224	5,13%	164	7,60%
Plums	274	6,28%	201	9,32%
Pluots	1	0,02%	1	0,05%
Other Stone Fruit	9	0,21%	0	0,00%
Total Stone Fruit	604	13,84%	579	26,84%
Apples	290	6,64%	174	8,07%
Pears	384	8,80%	242	11,22%
Quince	1	0,02%	0	0,00%
Other Pome Fruit	1	0,02%	0	0,00%
Total Pome Fruit	674	15,44%	416	19,29%
Total Table Grapes	470	10,77%	161	7,46%
Avocados	130	2,98%	11	0,51%
Bananas	7	0,16%	0	0,00%
Litchis	19	0,44%	0	0,00%
Mangoes	26	0,60%	0	0,00%
Pineapples	1	0,02%	0	0,00%
Other Subtropical Fruit	10	0,23%	3	0,14%
Total Subtropical Fruit	193	4,42%	14	0,65%

Commodity	All South Africa		Western Cape	
	Number of commodity represented in SIZA membership	% of total commodities indicated	Number of commodity represented in SIZA membership	% of total commodities indicated
Processed Grapes (White)	0	0,00%	0	0,00%
Wine Grapes	161	3,69%	158	7,32%
Wine grapes (Red)	8	0,18%	8	0,37%
Wine Grapes (White)	7	0,16%	7	0,32%
Total Wine Grapes	176	4,03%	173	8,02%
Blackberries	2	0,05%	1	0,05%
Blueberries (potted)	46	1,05%	30	1,39%
Blueberries (soil)	53	1,21%	32	1,48%
Cranberries	2	0,05%	0	0,00%
Gooseberries	4	0,09%	2	0,09%
Raspberries	4	0,09%	2	0,09%
Strawberries	7	0,16%	5	0,23%
Other Berries	5	0,11%	4	0,19%
Total Berries	123	2,82%	76	3,52%
Beetroot	1	0,02%	1	0,05%
Broccoli	4	0,09%	3	0,14%
Brussel Sprouts	1	0,02%	1	0,05%
Butternuts	35	0,80%	30	1,39%
Cabbage	4	0,09%	2	0,09%
Carrots	3	0,07%	3	0,14%
Cauliflower	3	0,07%	2	0,09%
Celery	1	0,02%	0	0,00%
Cucumber	2	0,05%	0	0,00%
Garlic	2	0,05%	1	0,05%
Green Beans	5	0,11%	1	0,05%
Kale	1	0,02%	0	0,00%
Lettuce	1	0,02%	0	0,00%
Okra	1	0,02%	0	0,00%
Onion	20	0,46%	17	0,79%
Other Marrows	4	0,09%	2	0,09%
Patty Pans	2	0,05%	1	0,05%
Potato	10	0,23%	7	0,32%
Pumpkin	11	0,25%	9	0,42%
Spinach & Chard	3	0,07%	2	0,09%
Spring Onion	2	0,05%	1	0,05%
Sweet Potato	6	0,14%	5	0,23%
Tomatoes	11	0,25%	6	0,28%
Zucchini/Baby Marrow	5	0,11%	2	0,09%
Other Vegetables	16	0,37%	8	0,37%
Total Fresh Vegetables	154	3,53%	104	4,82%

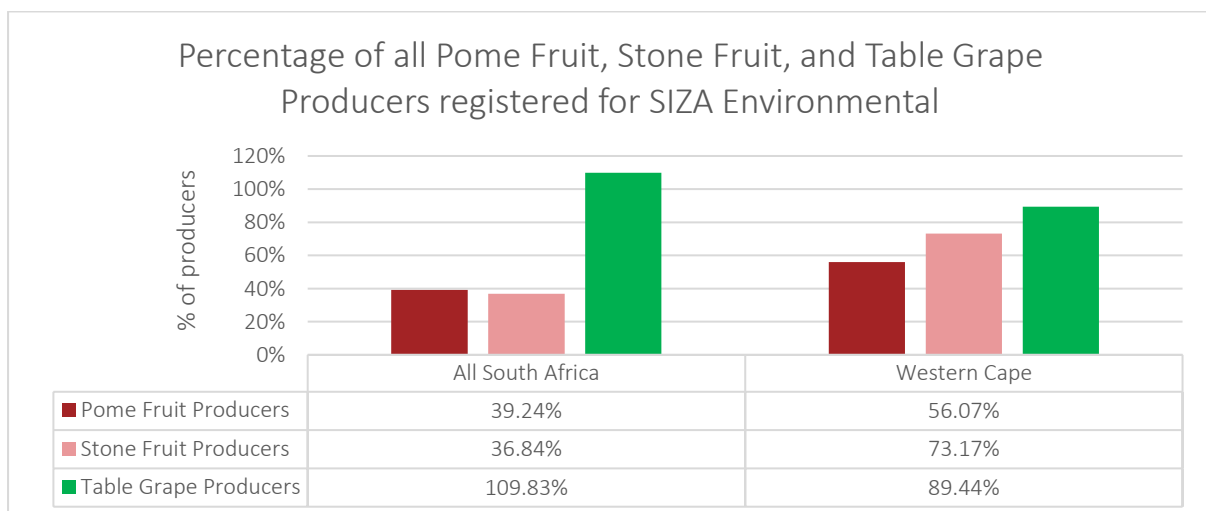
Commodity	All South Africa		Western Cape	
	Number of commodity represented in SIZA membership	% of total commodities indicated	Number of commodity represented in SIZA membership	% of total commodities indicated
Almonds	6	0,14%	6	0,28%
Macadamia Nuts	68	1,56%	2	0,09%
Peanuts	8	0,18%	0	0,00%
Pecan Nuts	5	0,11%	1	0,05%
Walnuts	1	0,02%	0	0,00%
Other Nuts & Seeds	0	0,00%	0	0,00%
Total Nuts & Seeds	88	2,02%	9	0,42%
Canned Apricots	3	0,07%	3	0,14%
Canned Peaches	6	0,14%	6	0,28%
Canned Pears	1	0,02%	1	0,05%
Total Canning Fruit	10	0,23%	10	0,46%
Fynbos & Proteas	11	0,25%	11	0,51%
Other Flowers and Ornamentals	6	0,14%	4	0,19%
Total Flowers & Ornamentals	17	0,39%	15	0,70%
Dried Fruit	3	0,07%	2	0,09%
Prunes	6	0,14%	6	0,28%
Raisins	7	0,16%	2	0,09%
Other Dried Fruit and Vegetables	1	0,02%	0	0,00%
Total Dried Fruit & Dried Vegetables	17	0,39%	10	0,46%
Maize	7	0,16%	1	0,05%
Soybeans	1	0,02%	0	0,00%
Wheat	3	0,07%	1	0,05%
Other Grains	4	0,09%	2	0,09%
Total Grains	15	0,34%	4	0,19%
Eggs	1	0,02%	1	0,05%
Meat	9	0,21%	6	0,28%
Poultry	2	0,05%	2	0,09%
Wool/Mohair	3	0,07%	3	0,14%
Dairy Products	2	0,05%	2	0,09%
Total Livestock & Animals	17	0,39%	14	0,65%
Essential Oils	1	0,02%	1	0,05%
Sugar	3	0,07%	0	0,00%
Sugar Cane	2	0,05%	0	0,00%
Total Sugar & Oils	6	0,14%	1	0,05%
Fresh Herbs	2	0,05%	2	0,09%
Total Seasoning & Preservatives	2	0,05%	2	0,09%
Bell Peppers	5	0,11%	0	0,00%
Chillies	4	0,09%	0	0,00%
Other Peppers	0	0,00%	0	0,00%
Total Capsicum	9	0,21%	0	0,00%

Commodity	All South Africa		Western Cape	
	Number of commodity represented in SIZA membership	% of total commodities indicated	Number of commodity represented in SIZA membership	% of total commodities indicated
Apple Juice	0	0,00%	0	0,00%
Other Juices	2	0,05%	1	0,05%
Total Juice	2	0,05%	1	0,05%
Cotton	1	0,02%	0	0,00%
Dates	2	0,05%	0	0,00%
Dragon Fruit	3	0,07%	1	0,05%
Figs	18	0,41%	17	0,79%
Granadillas	8	0,18%	2	0,09%
Guavas	12	0,27%	7	0,32%
Kiwis	9	0,21%	2	0,09%
Melon	4	0,09%	2	0,09%
Olives	19	0,44%	19	0,88%
Persimmons	15	0,34%	15	0,70%
Pomegranates	26	0,60%	24	1,11%
Tea & Beverages	11	0,25%	11	0,51%
Watermelon	6	0,14%	3	0,14%
Other Products not listed above	21	0,48%	10	0,46%
Total Other Products	155	3,55%	113	5,24%
Total Varieties	4365	100,00%	2157	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 most recent data available per fruit industry, three of the most prevalent commodities in the Western Cape are Pome Fruit (231 SIZA members), Stone Fruit (300 members), and Table Grapes (161 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, 56,07% of Pome Fruit producers, 73,17% of Stone Fruit producers, and 89,44% of Table Grape producers are registered for the SIZA Environmental module.

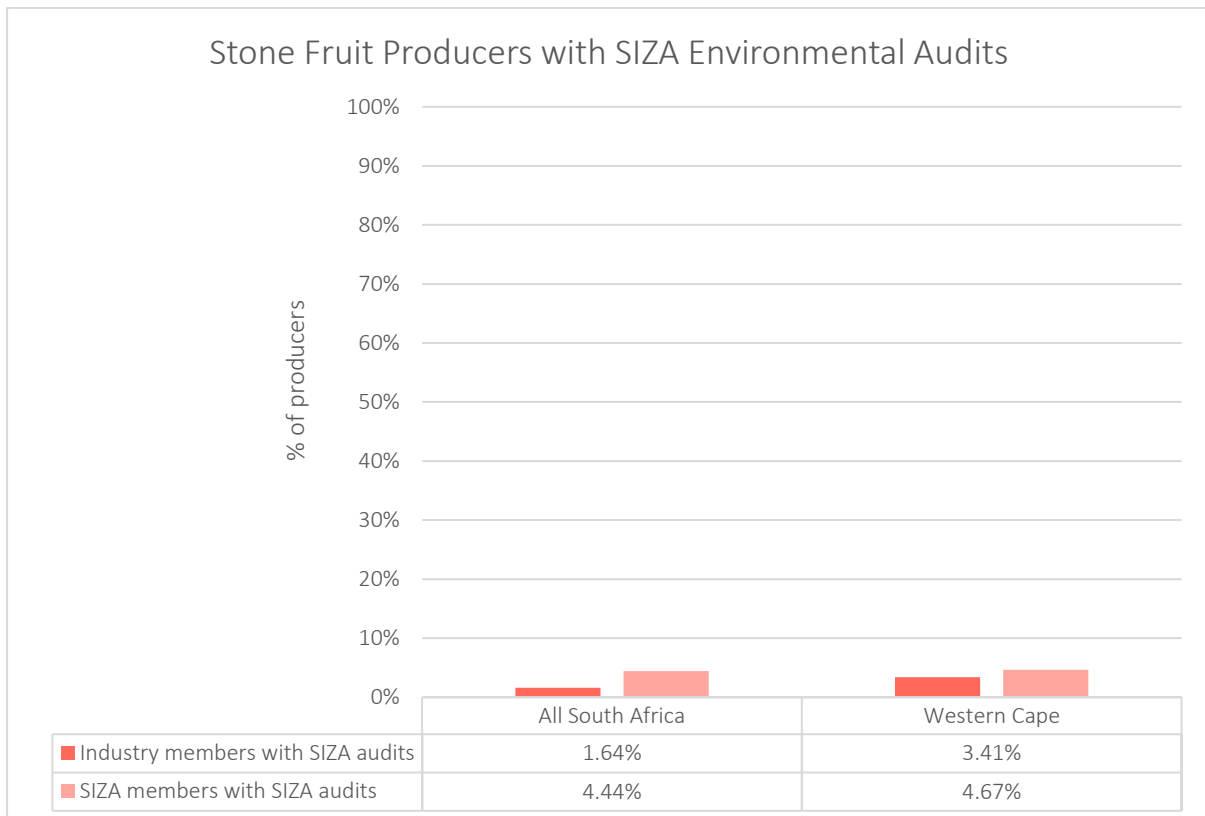
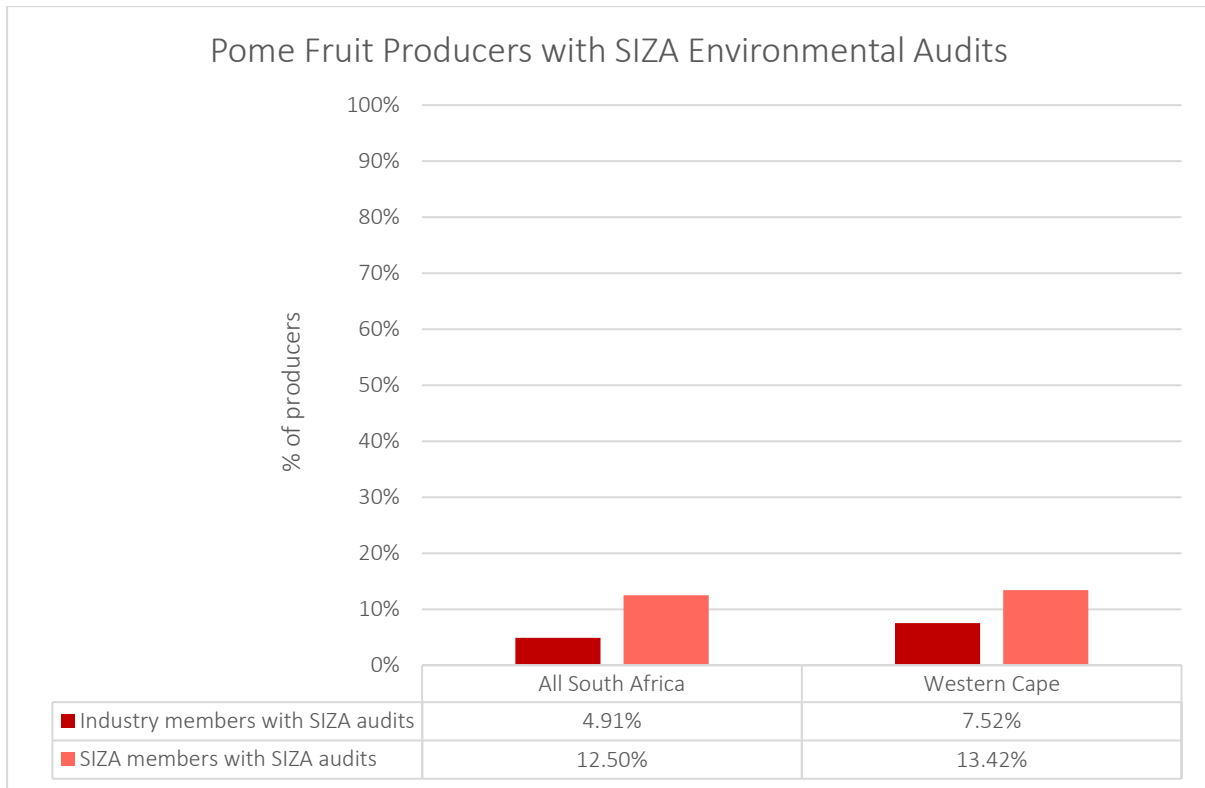
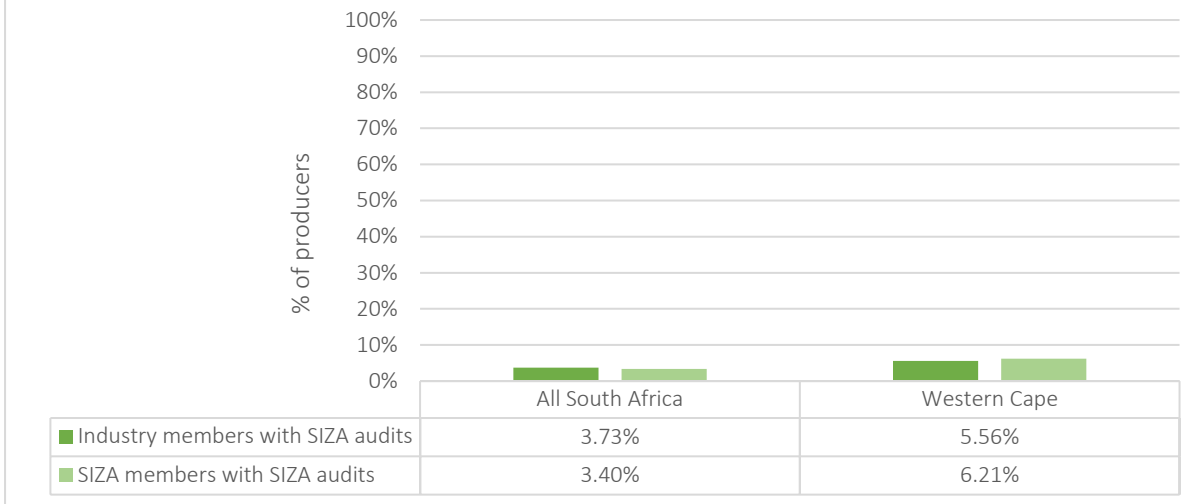


Table Grape Producers with SIZA Environmental Audits

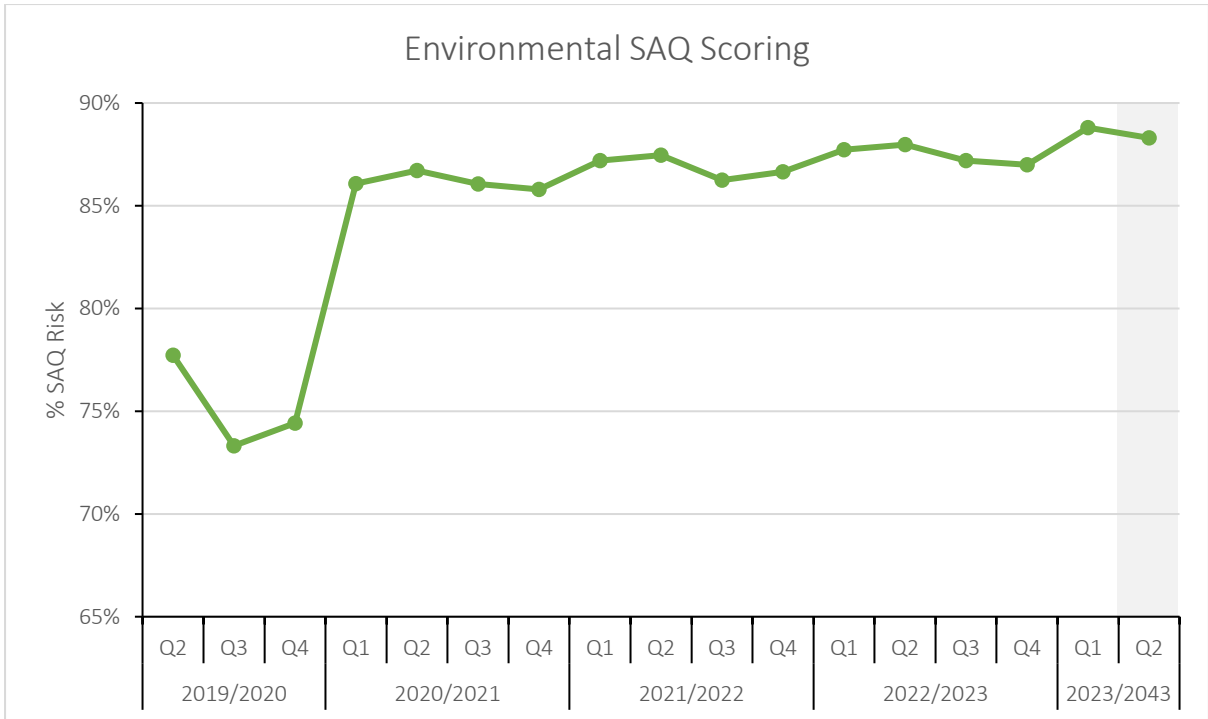


Although a large proportion of these producers are represented in SIZA, not many of these producers have conducted SIZA Environmental audits. This may be due to the fact that environmental requirements are not yet as widespread as social (ethical) requirements; however, recent market engagements indicate 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 the end of 2023. Therefore in 2024 it is 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.

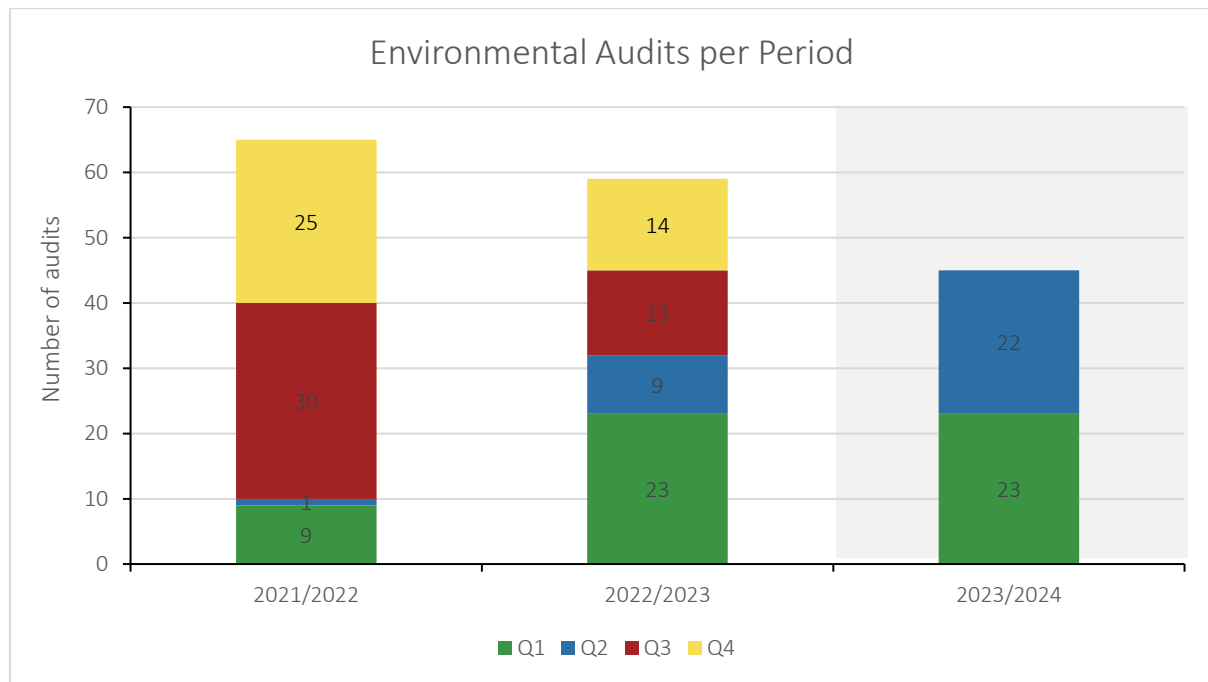


SIZA SAQ percentages are risk-based, and not completion-based, meaning that the percentage score assigned to each SAQ is based on the risk level associated with the answers provided by the member, and not an indication of how many questions were completed. The average score for all Environmental SAQs approved in Q2 2023/2024 is 88.3%. The highest score for an approved SAQ in this period is 98,80%. 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.

3. ENVIRONMENTAL THIRD-PARTY AUDIT INFORMATION

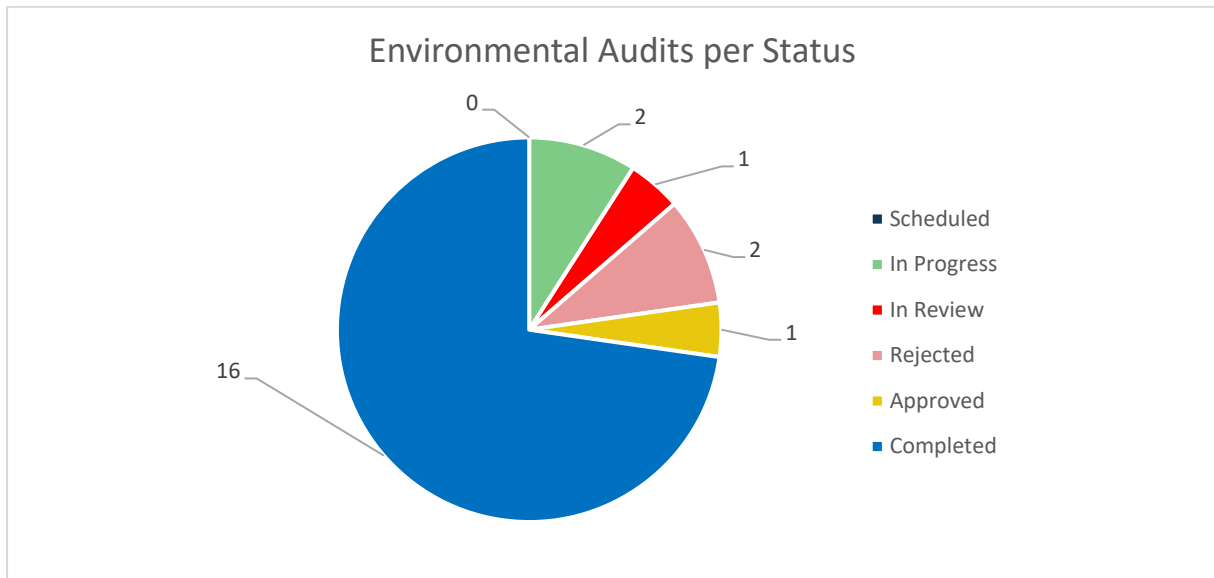
3.1. Environmental Audits per Period

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 as indicated in the SIZA Environmental Standard by evaluating and identifying areas within the business that are non-compliant and require corrective- and remedial actions.



During the Q2 2023/2024 reporting period, a total of 22 environmental audits were conducted. The consistent increase in the number of environmental audits per quarter 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

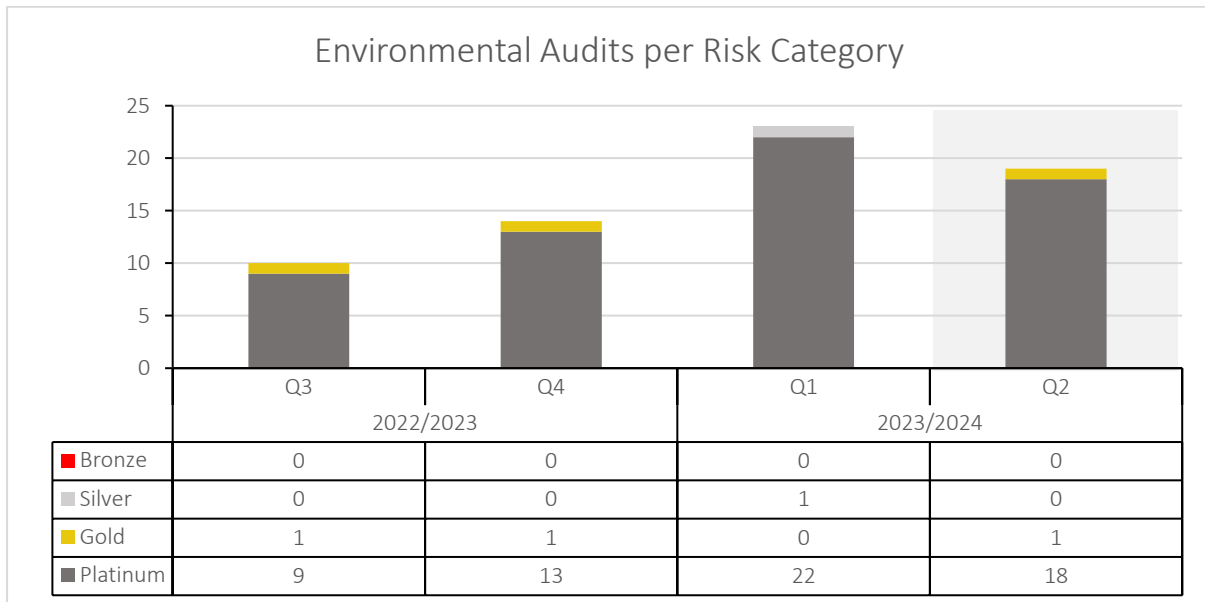


The emphasis in the SIZA programme is on continuous improvement (identifying areas of risk) to create better circumstances for all living and working on farms. Therefore, it is important to note that no audit confirmation letter can be issued if all corrective actions are not completed and signed off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

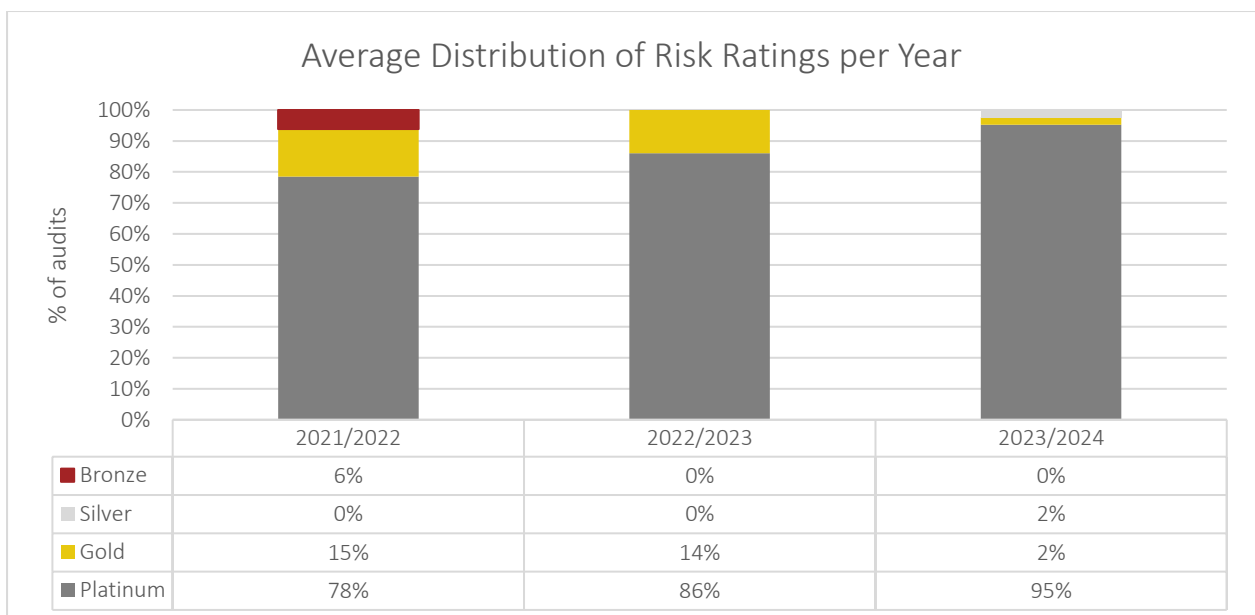
Of the 22 audits conducted during Q2 2023/2024, 16 have already been completed and 1 is approved and awaiting corrective actions which must be uploaded by the producer. It is important to note that timelines are allocated to all the steps in the audit process for both the auditor and the auditee.

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.



18 of the approved and completed audits for Q2 2023/2024 achieved Platinum status whilst one approved and completed audit achieved Gold status. As Platinum 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 between audit monitoring 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.



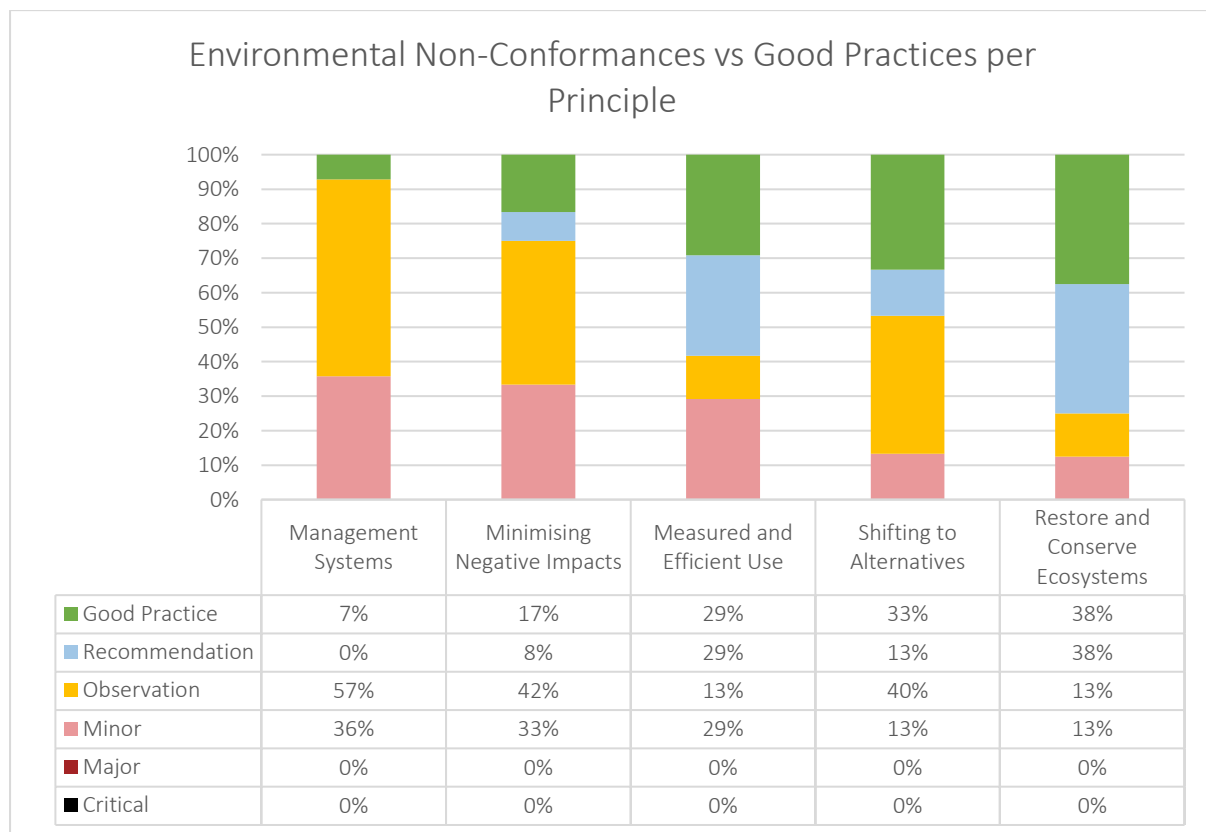
3.4. Non-Conformances Raised between 1 October – 31 December 2023

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 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



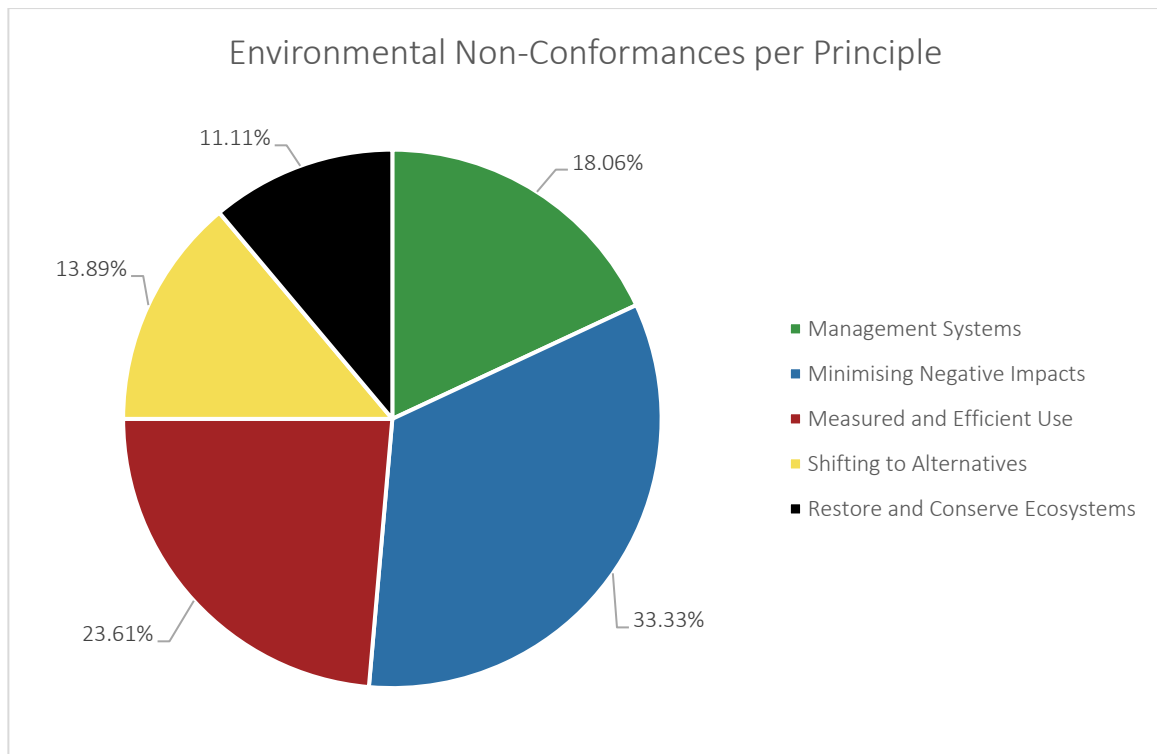
It is interesting to note that during this reporting quarter, 20 Good Practices were reported which indicates an increasing number of good environmental practices implemented by members, particularly within the Measured and Efficient Use (7) and Shifting to Alternatives (5) code principles. Good Practices 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.

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3.4.2. Non-conformances per principle

In Q2 2023/2024, most non-conformances (75%) fell in three principles, namely:

- Minimising Negative Impacts (24)
- Measured and Efficient use (17) and
- Management Systems (13)



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 lies 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 an 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.

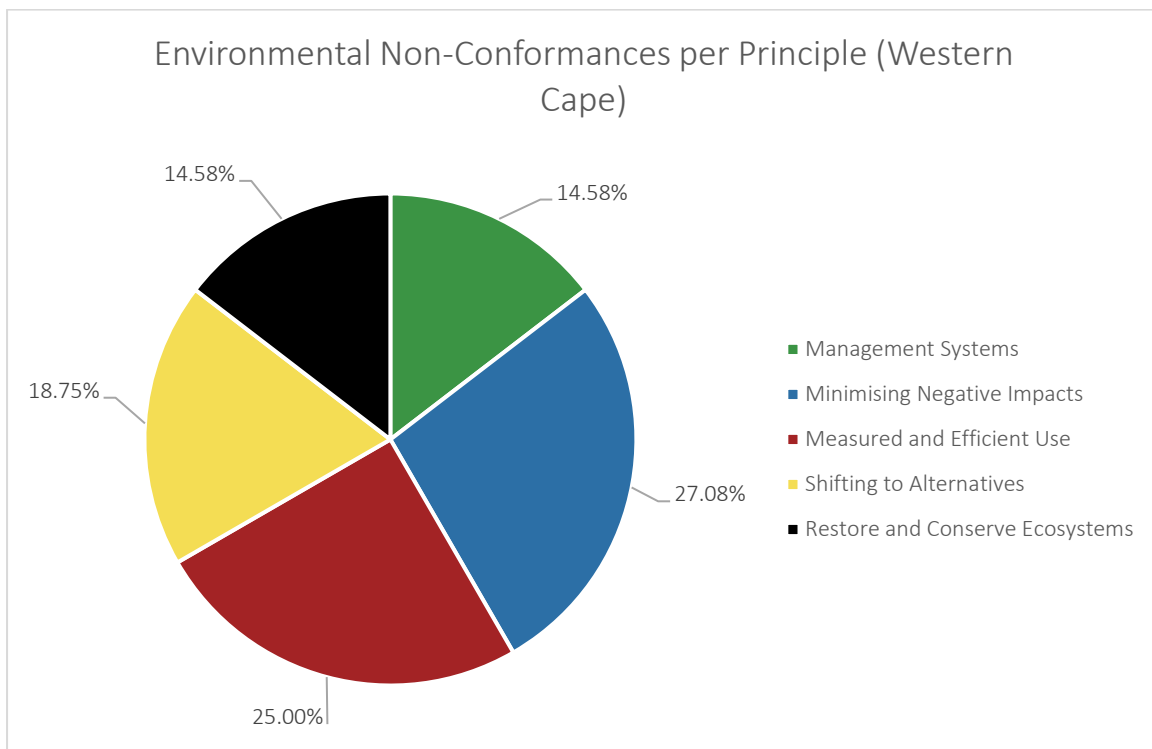
Shifting to Alternatives

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 (66,67%) fell into three principles, namely:

- Minimising Negative Impacts (13);
- Measured and Efficient Use (12) and
- Shifting to Alternatives (9).



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:

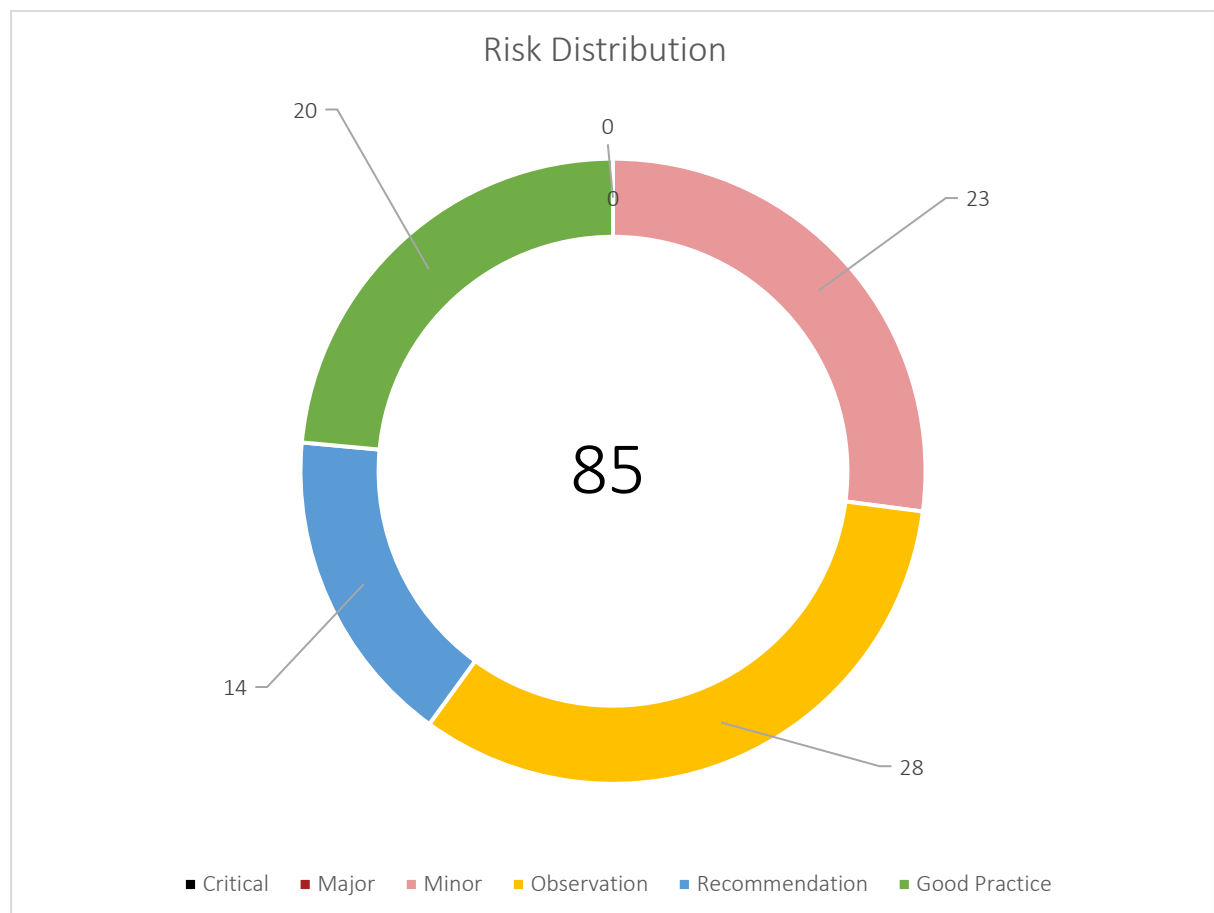
- An occasional or isolated problem.
- An issue which presents a low risk to the environment.
- A policy issue or misunderstanding where there is no evidence of a material breach.

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.

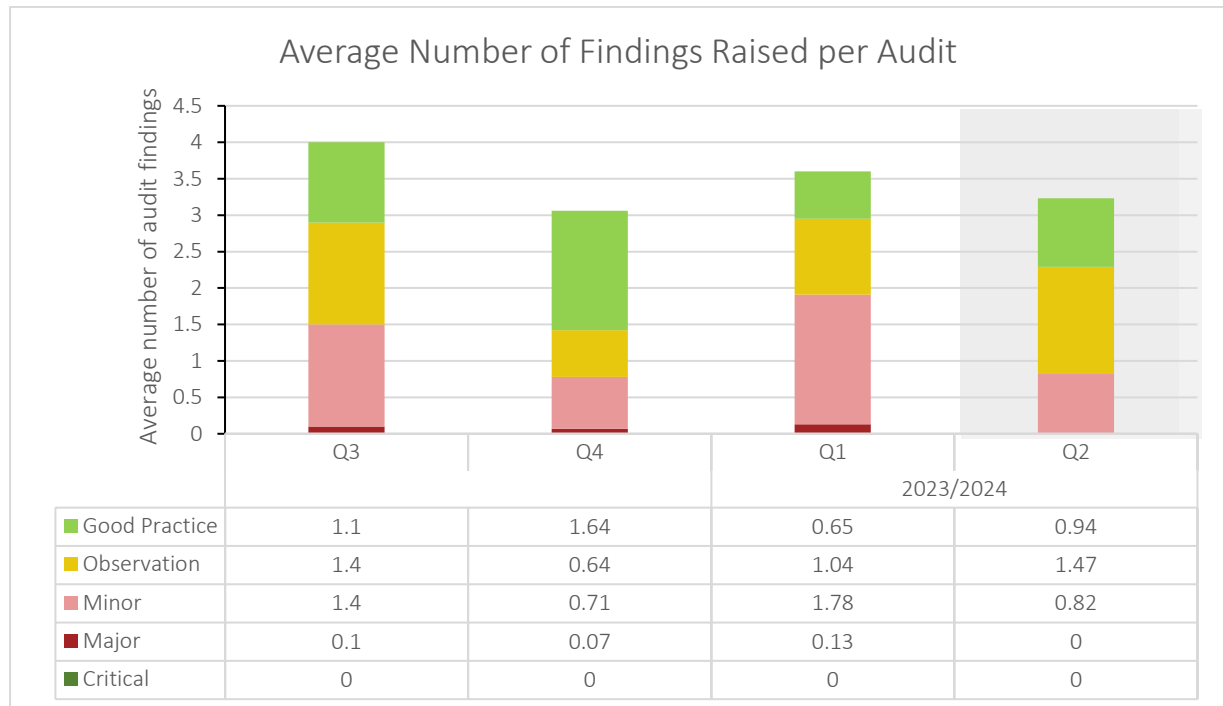
A critical non-compliance is:

- 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 Q2 2023/2024 reporting period, an average of 3,23 findings were raised per audit. For the Western Cape, the average number of findings were slightly higher at 4,8 findings per audit on average with an average of 0,94 being Good Practices; therefore the slightly higher findings per audits are in effect caused due to Good Practices rather than negative findings.

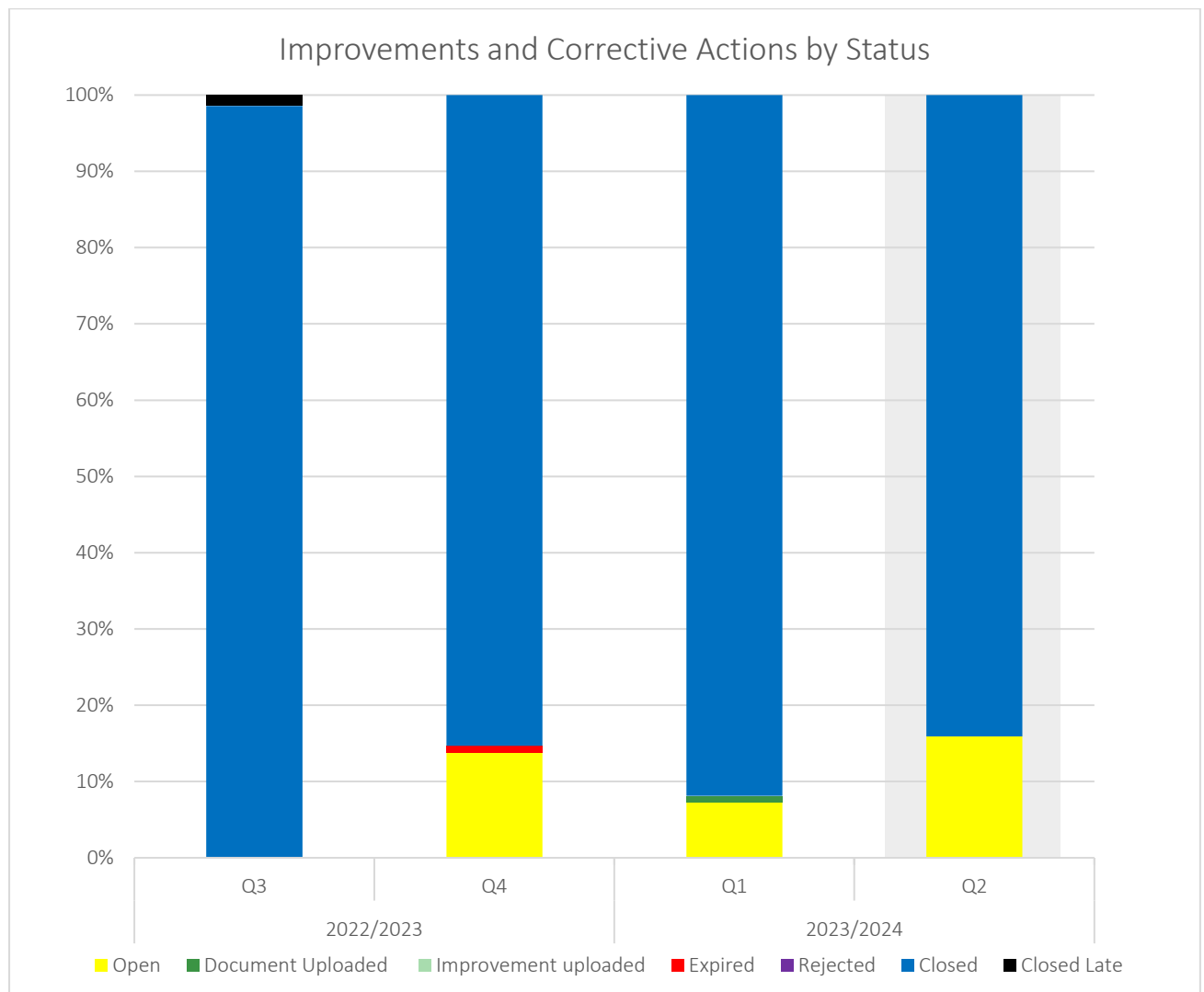


In line with the average number of findings for audits that were conducted in Q2 2023/2024, the average risk rating for Environmental Audits is Platinum. The overall risk rating of a SIZA member is calculated on the SIZA Audit Frequency Risk Matrix, available here: <https://siza.co.za/wp-content/uploads/Annexure-1-SIZA-Environmental-Audit-Frequency-Matrix.pdf>.

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.

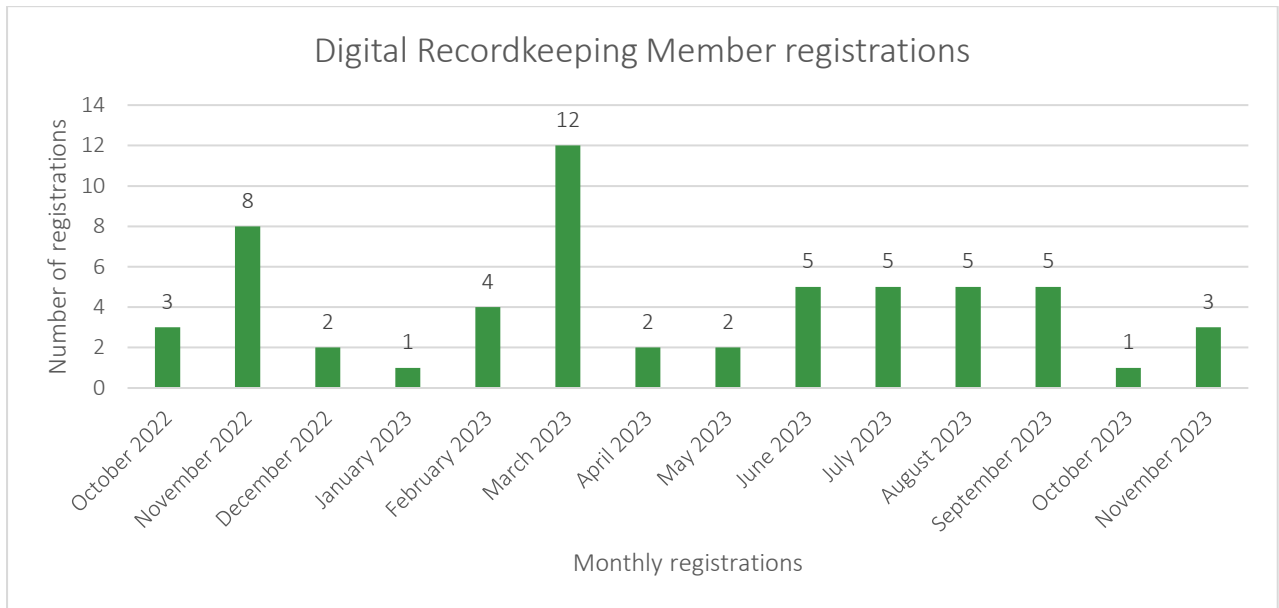
The graph below indicates how non-conformances are closed out over time. Expired non-conformances will result in a follow-up audit during the 12 months following the audit date, while open non-conformances indicate that the producer still needs to upload corrective action(s) in order to show improvement.



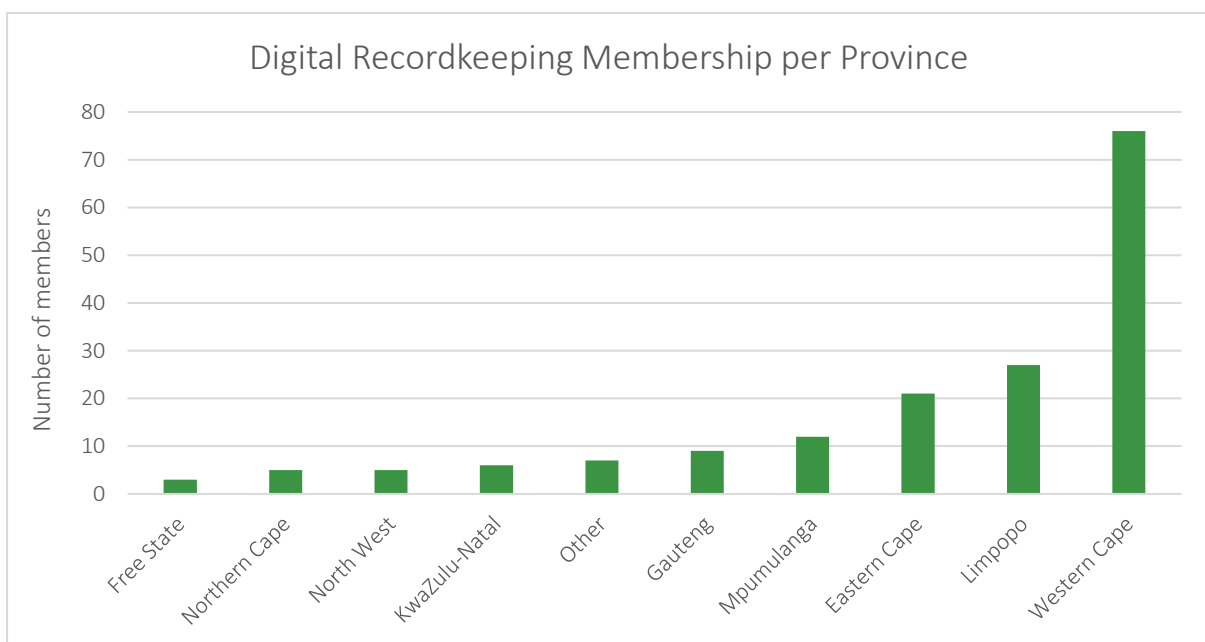
4. DIGITAL RECORDKEEPING

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 168 members, comprised of over 300 sites, 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.

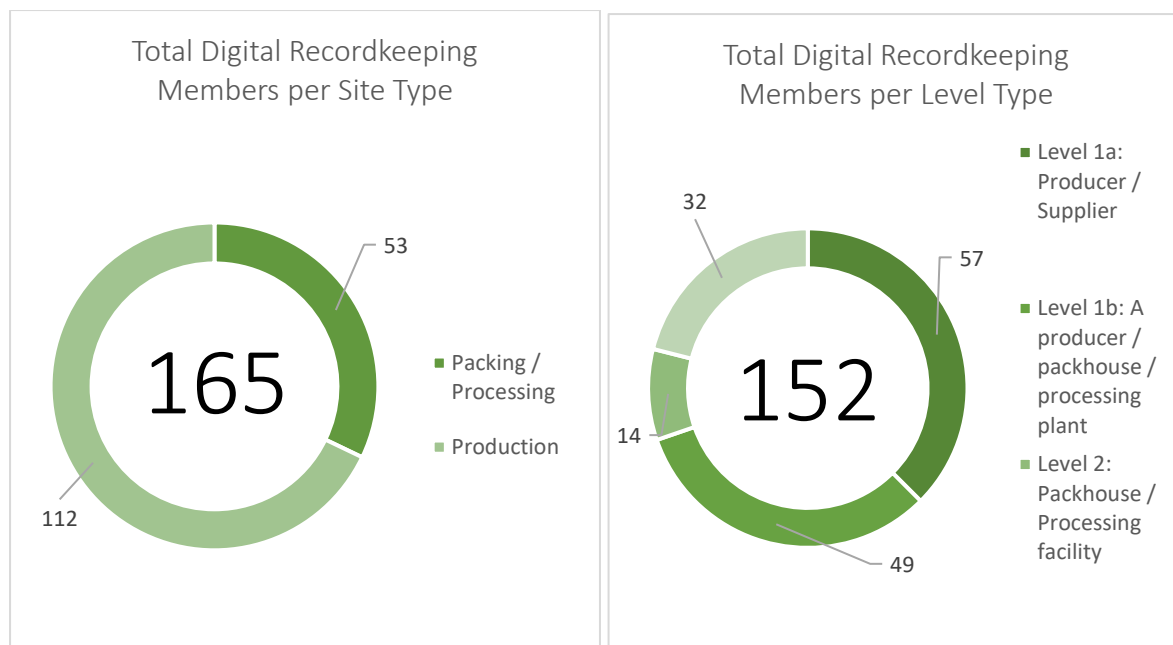
4.1. Digital Recordkeeping Membership



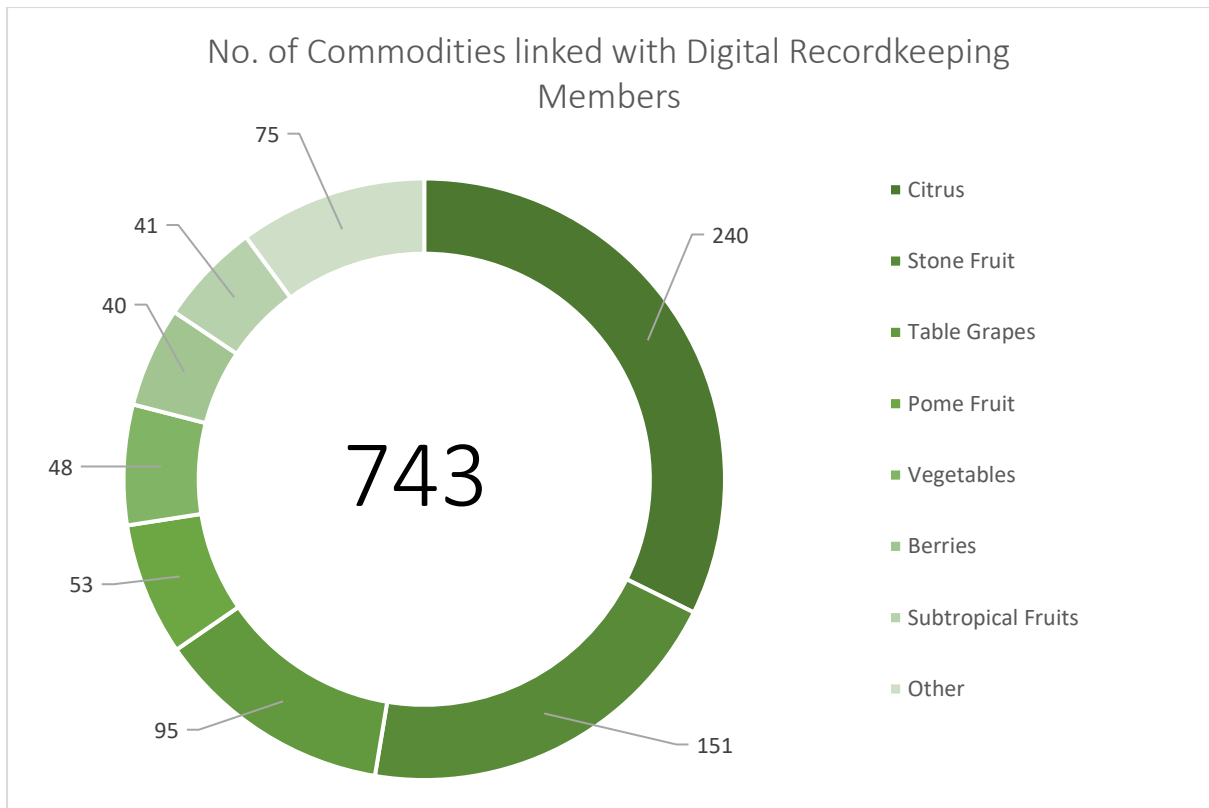
There has been a consistent growth in the number of SIZA Digital Recordkeeping members registrations over the past year. There is increasing interest and queries into the Digital Recordkeeping Programme which will likely lead to an increased amount of new members for the 2023/2024 year as market requirements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



In support of our membership totals, the Digital Recordkeeping registrations predominantly come from the Western Cape (44,44%), followed by the Limpopo Province (15,79%) and Eastern Cape (12,28%) – this is aligned with the provincial distribution of SIZA Environmental members across South Africa.



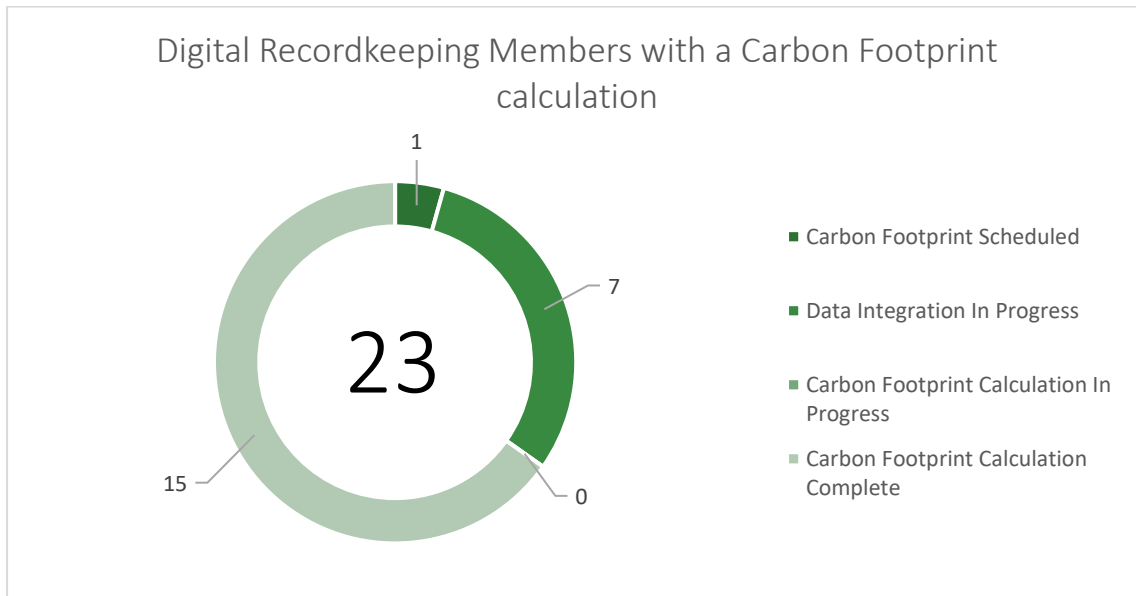
The current breakdown of Digital Recordkeeping members per site type and per level type are also well-aligned with the site type and level type member distributions of SIZA Environmental members – production members dominate the site types at 58,55% whilst membership level types consist mostly of multisites (21,05%) and producer/supplier members (level 1a) at 37,50%.



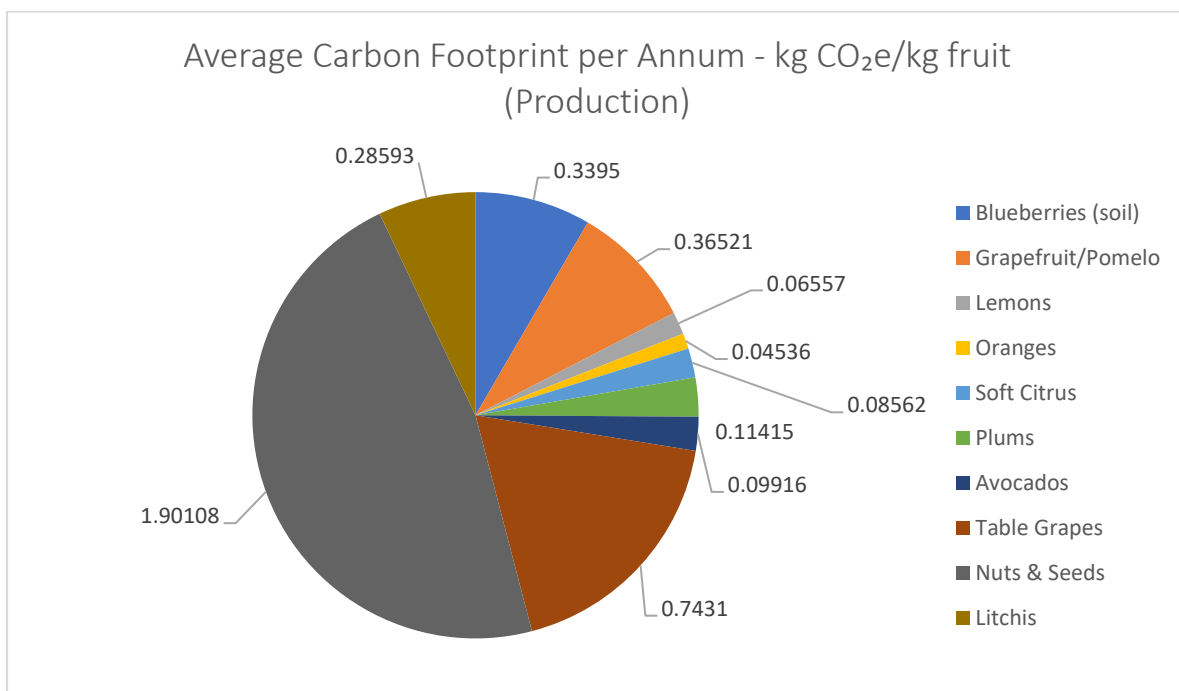
Interestingly, the majority of commodities linked with Digital Recordkeeping members are located within the citrus (32,30%) and stone fruit (20,32%) industries. This pattern is likely due to differing awareness levels of the Digital Recordkeeping Programme in each industry (for example, through adverts in fruit journals, industry forums and on-site promotions) and the different commodity seasons. After the launch 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

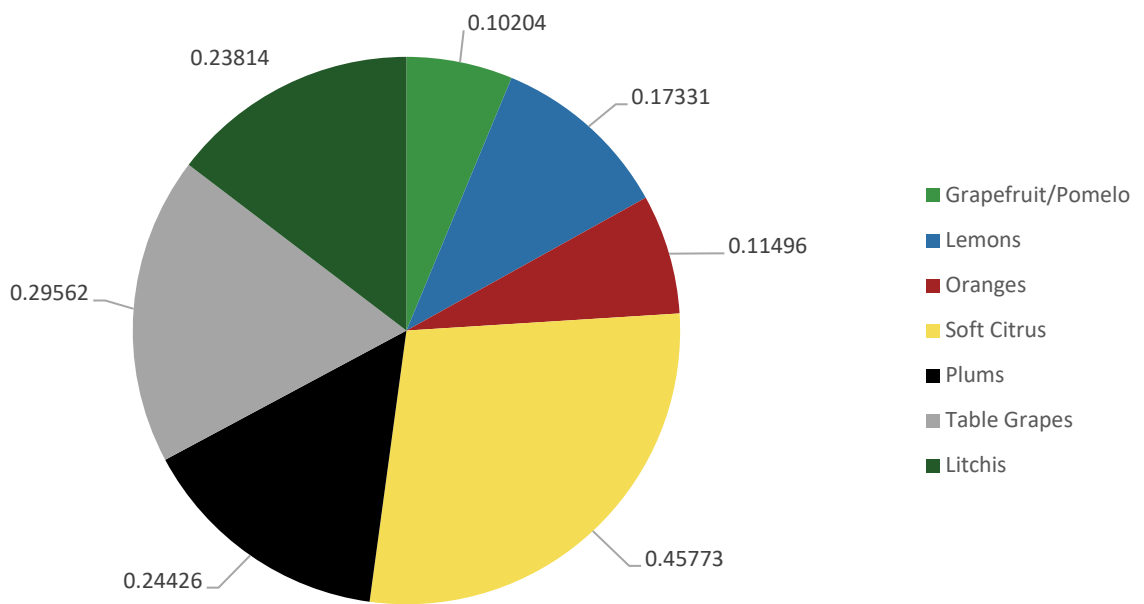
As the majority of the data captured as part of the Digital Recordkeeping Tool also contributes to the carbon footprint of a business, the SIZA Digital Recordkeeping Programme includes a built-in functionality where members can request their carbon footprint to be calculated via the Confronting Climate Change (CCC) Initiative. There currently 23 members who have requested a carbon footprint calculation, of which 15 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.*



Average Carbon Footprint per Annum - kg CO₂e/kg fruit (Packing)



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.

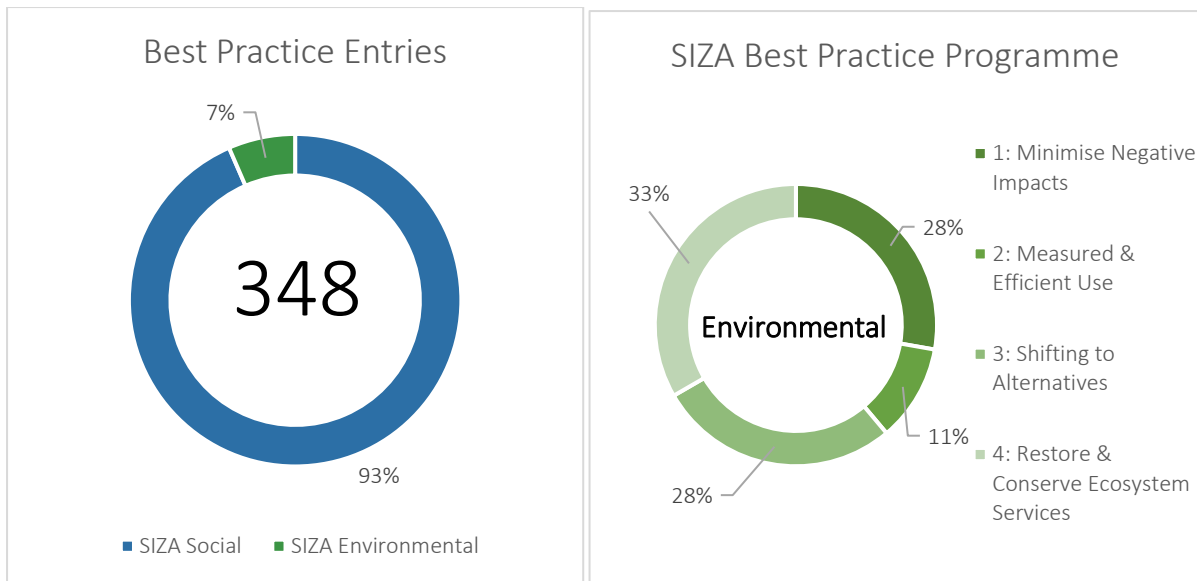
Members can upload details of their community engagement efforts and best practices on *MySIZA*, after which they are reviewed by SIZA admin. If approved, they will reflect as a Best Practices programme in the producer's member listing on *MySIZA*. It will also, together with other data, be visible to 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. 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, 289 Social (Ethical) and 18 Environmental Best Practices have been approved on *MySIZA*. For the Western Cape the total Best Practices are 163 for Social (Ethical) and 12 for Environmental.



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. SIZA ENVIRONMENTAL CAPACITY BUILDING INITIATIVES

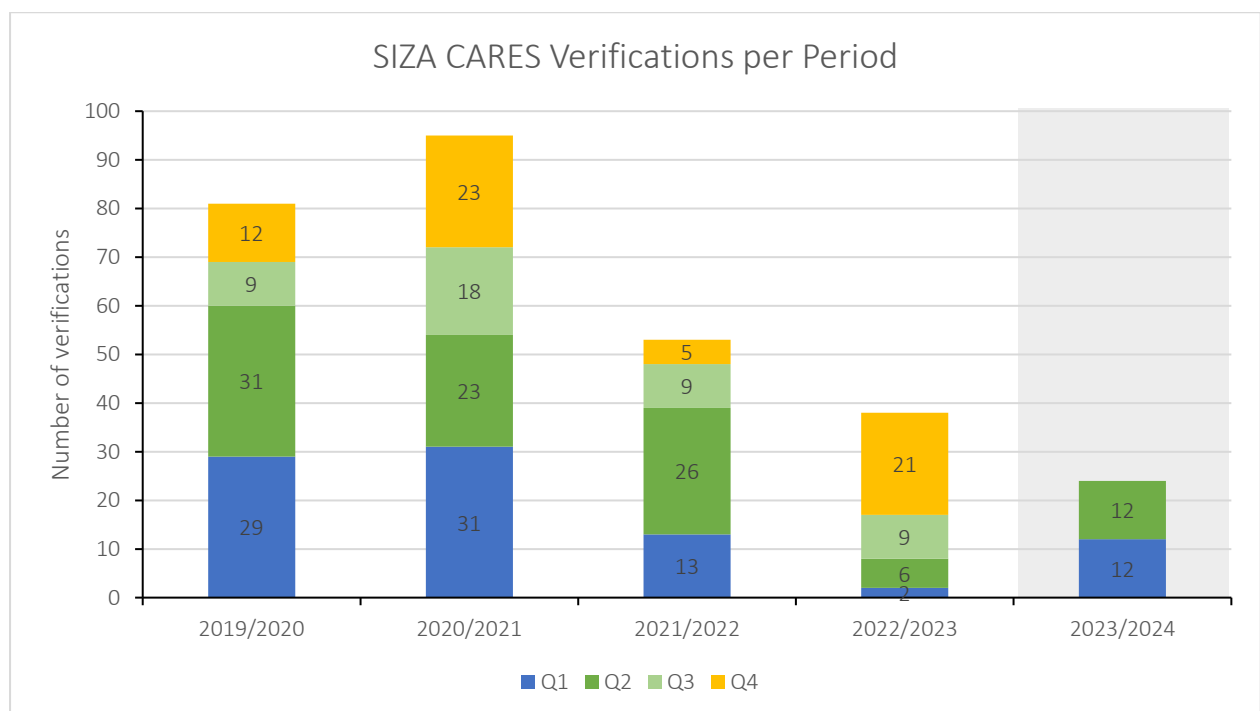
6.1. SIZA CARES Between Audit Monitoring Programme

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

Since September 2019 members had the option to be selected for a SIZA CARES as part of sample-based programme depending on the requirements of the market they supply. Producers can also volunteer to be a part of this capacity building initiative in preparation for their third-party environmental audit. A total of 291 verifications have already been conducted by SIZA verifiers since 2019, with 17 SIZA CARES visits being conducted during the Q2 2023/2024 reporting period.

6.2. 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.

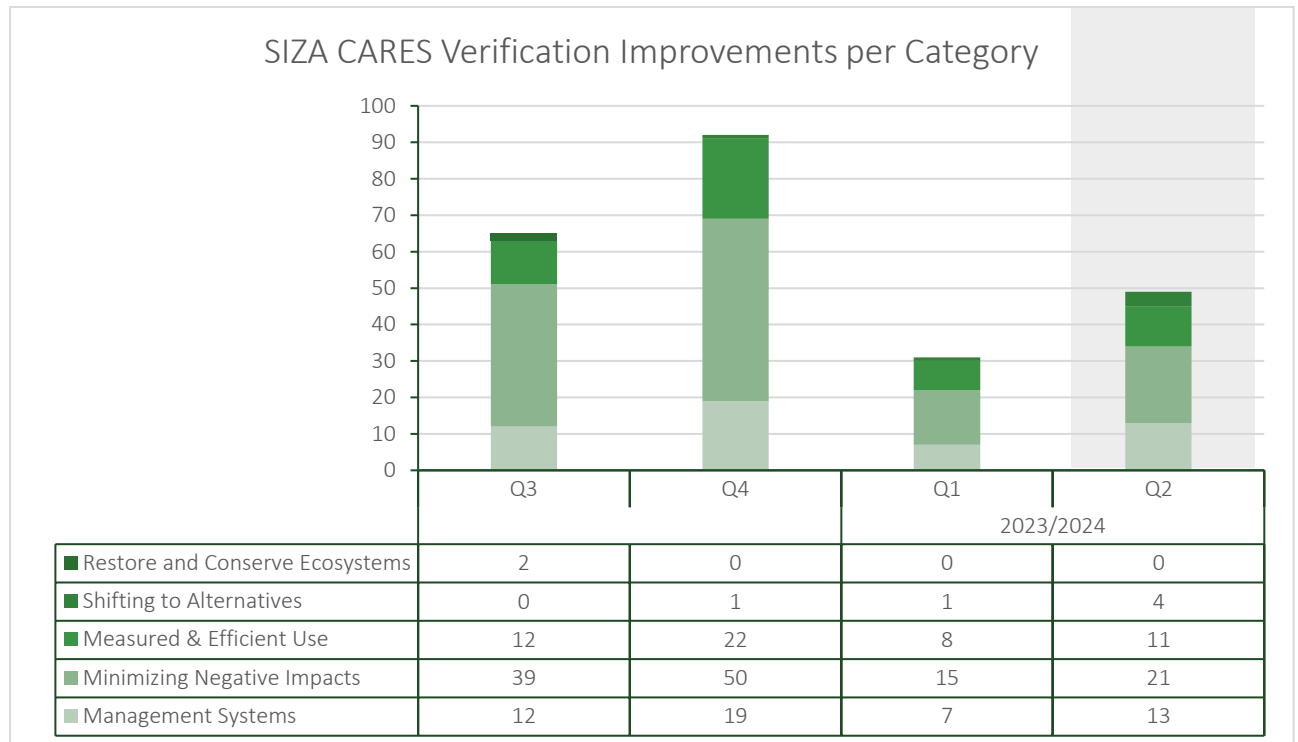


During this period, SIZA CARES Verifications were conducted at sites spanning the following commodities:

Category	Commodity
Berries	Blueberries
Citrus	Lemons
Citrus	Soft Citrus
Citrus	Oranges
Citrus	Grapefruit
Nuts & Seeds	Macadamia Nuts
Subtropical Fruits	Avocado
Table Grapes	Table Grapes
Dried fruit	Raisins
Wine Grapes	Wine grapes
Other products	Fresh herbs
Other product	Spring onions
Other product	Pomegranates

6.3. SIZA CARES Improvements

Since the implementation of the SIZA CARES programme, 291 verifications have been conducted. As this programme is implemented as a between audit monitoring programme which also provides preparation for party audits as well as 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 93,75% of all findings during this period.

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

It is important to note that a SIZA CARES confirmation letter is only an indication of a producer’s current status. It is only valid for a maximum period of one year, and not necessarily accepted by global markets in lieu of a third-party audit. The majority of global markets require a third-party audit conducted by independent, approved, and recognised audit firms. The SIZA CARES programme needs to be seen as a capacity building initiative in preparation for a third-party audit.

6.4. Capacity Building/Training Webinars

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

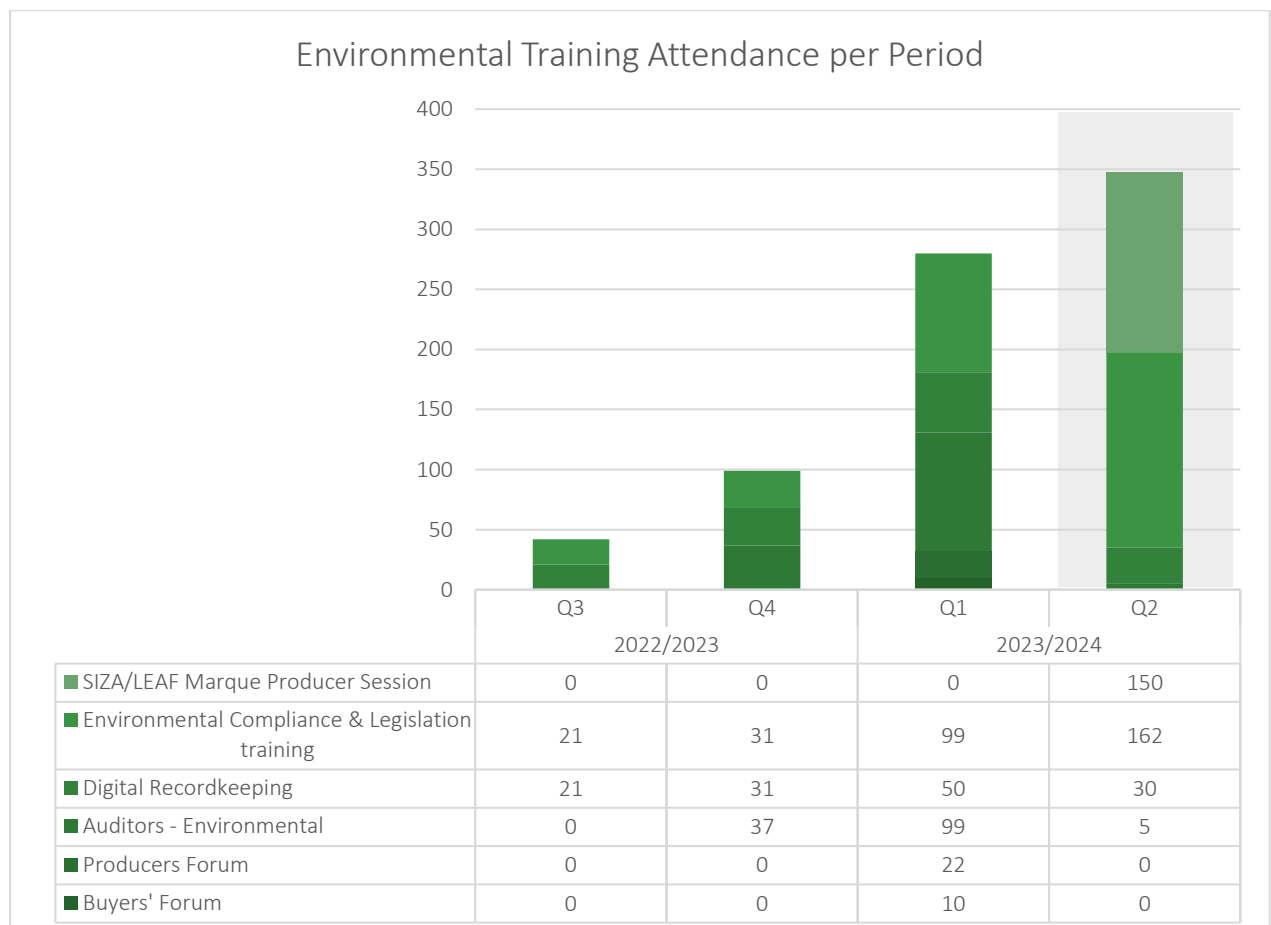
- Environmental Compliance
- Environmental Legislation
- Environmental Digital Recordkeeping Information Session
- Combined Social-Environmental Training
- Digital Recordkeeping Technical Training
- SIZA/LEAF Marque Producer Session

Auditors

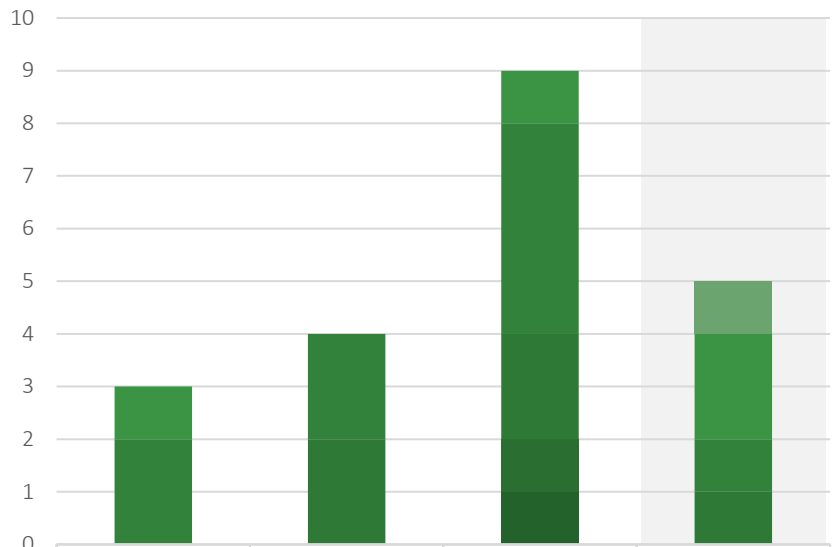
- Environmental Standard

Other

- Buyer’s Forum



Environmental Training Events per Period



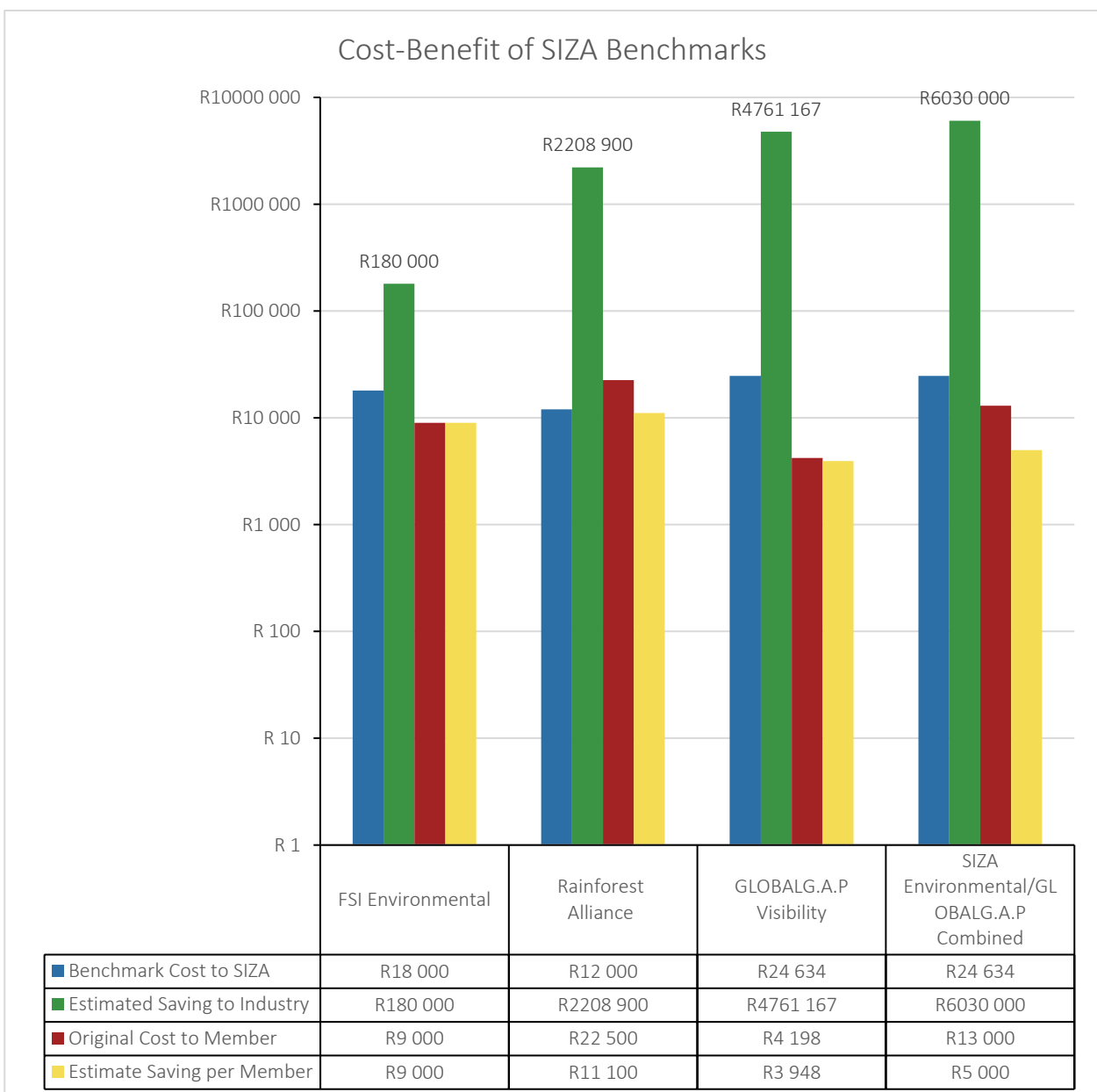
	Q3	Q4	Q1	Q2
2022/2023		2023/2024		
■ SIZA/LEAF Marque Producer Session	0	0	0	1
■ Environmental Compliance & Legislation training	1	0	1	2
■ Digital Recordkeeping	2	2	4	1
■ Auditors - Environmental	0	2	2	1
■ Producers Forum	0	0	1	0
■ Buyers' Forum	0	0	1	0

7. GLOBAL MARKET ENGAGEMENT AND SIZA ACCEPTANCE

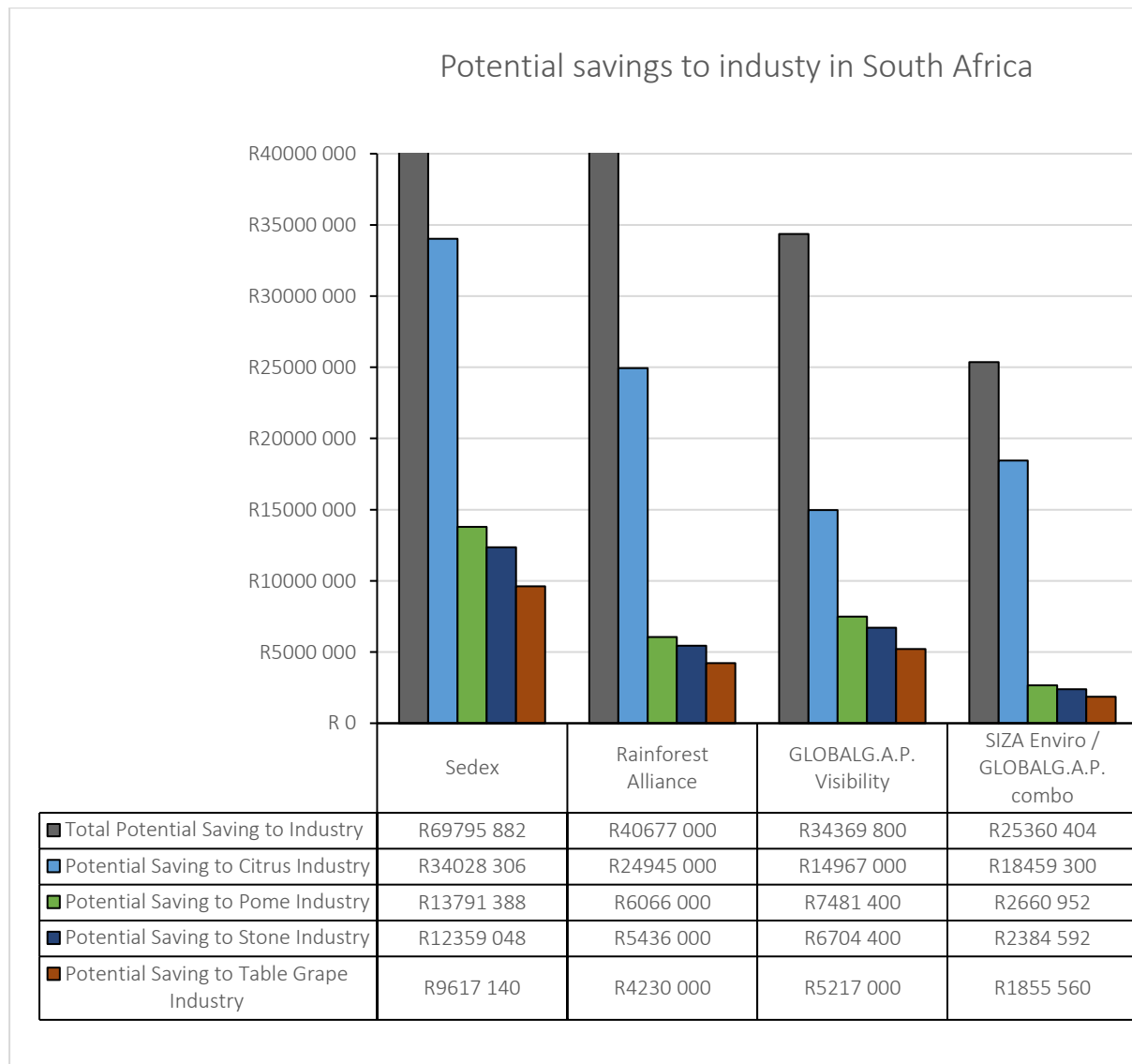
7.1. Cost-Benefit of SIZA Benchmarks

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 following graph provides an overview on the potential savings for the citrus, pome, stone and table grape industries as well as the potential total savings for all these industries combined in South Africa for all SIZA members in these industries. These potential savings are due to the benchmarks conducted and partnership SIZA provides.



The following graph provides an overview on the potential savings for the citrus, pome, stone, and table grape industries as well as the potential total savings for all these industries combined in the Western Cape for all SIZA members in these industries. These potential savings are due to the benchmarks conducted and partnerships SIZA provides.

