



SOCIAL (ETHICAL) MONITORING & EVALUATION REPORT

Quarterly Update for Q1 2021/2022

01/07/2021 – 30/09/2021



**Western Cape
Government**

Agriculture

BETTER TOGETHER.

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INTRODUCTION

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

SIZA was originally established in 2008 by the fruit industry to monitor and sustain ethical and environmental trade within the South African agricultural sector. In April 2016 it became a free-standing independent and self-sustainable organisation governed by an independent Board of Directors who represent the diverse membership and value chain that financially sustain the programme. As a membership-based programme catering for more than 40 different commodities across all nine provinces in South Africa, it is important for SIZA to ensure there is sufficient representation when it comes to the strategic direction and decision making.

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

1. SIZA SOCIAL (ETHICAL) AND ENVIRONMENTAL MEMBERSHIP

1.1. SIZA Membership Breakdown

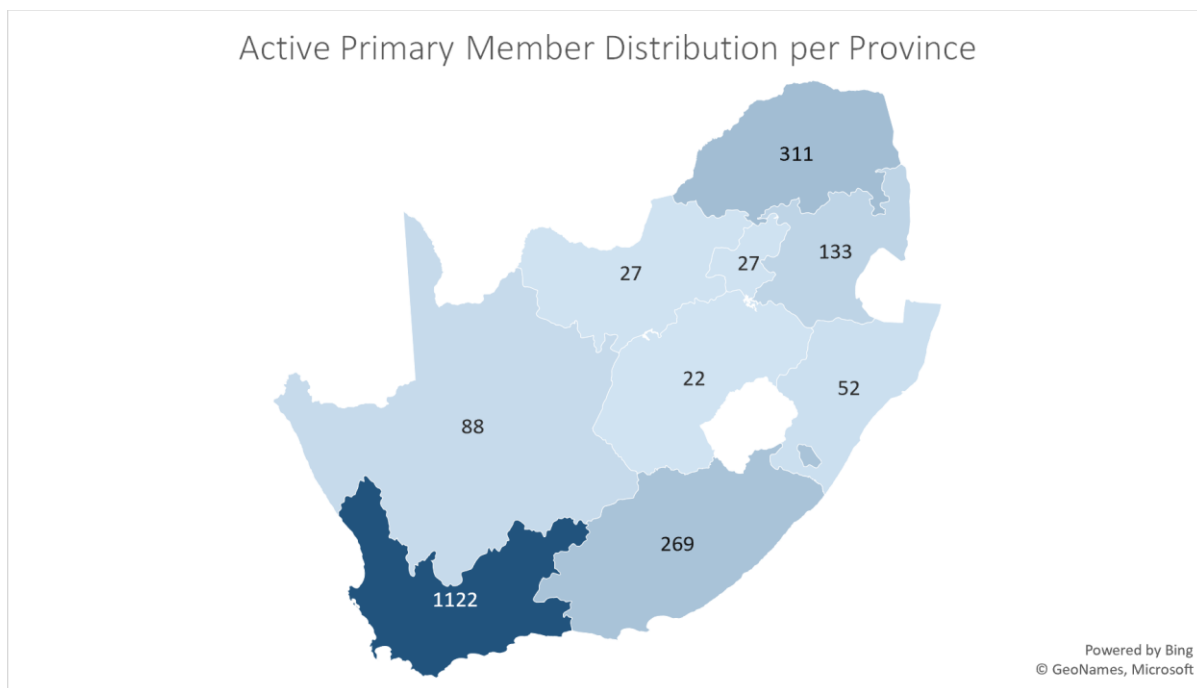
1.1.1. Active Primary Membership (Suppliers)

Currently there are 2 140 active profiles registered on the *MySIZA* platform. As one profile can comprise multiple membership registrations (i.e. Social (Ethical) and Environmental) it is important to take the amount of registrations into consideration. Currently there are 2 102 primary members registered for the SIZA Social module, whereas 1 280 primary members are also registered for SIZA Environmental – adding up to a total of **3 382 primary registrations**.



A total of 64 new primary members registered for SIZA Social and 23 new primary members registered for Environmental in this period, leading to a nett increase of 72 members, as 15 members cancelled their profiles during this period due to farms that were sold or the duplication of accounts.

1.1.2. Active primary members per province



With the Western Cape being known for providing production stability to fruit production and being one of South Africa's most important provinces for the export of fruit products, the Western Cape records the highest SIZA membership across the nine provinces. Currently the Western Cape is home to 1 122 member profiles, followed by the Limpopo (311) and the Eastern Cape (269).

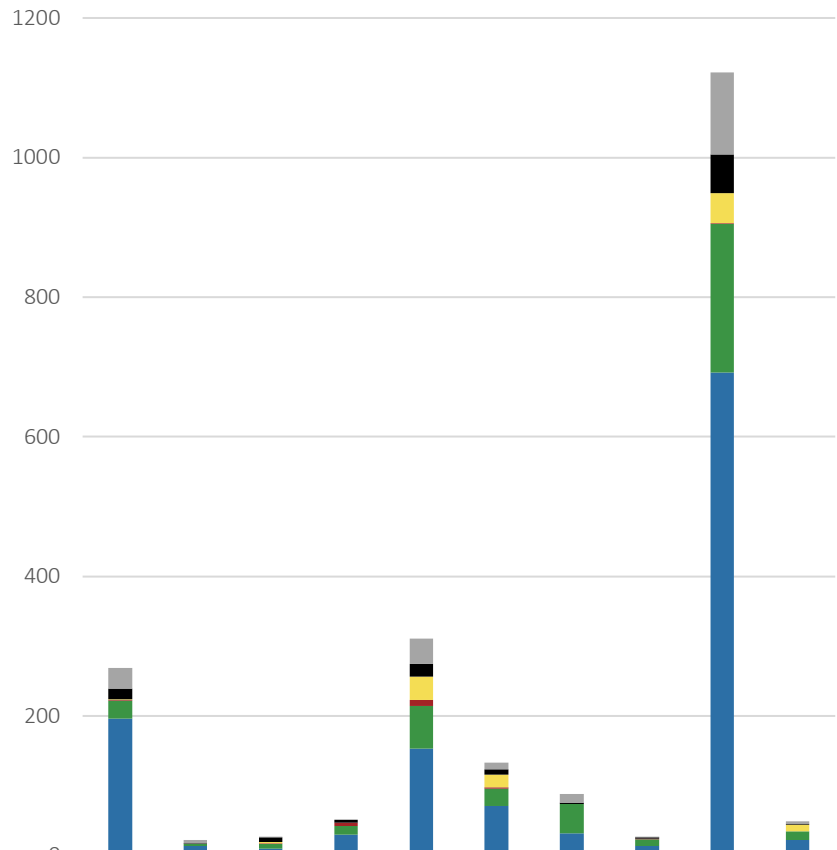
1.1.3. Active primary members by type

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

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

Level 1a:	Producer
Level 1b:	Producer/packhouse Someone who owns a business that packs or processes his/her own facility and have primary farming activities.
Level 1c:	Smallholders/Emerging Growers A farm that needs to become compliant and has never done an audit and is part of the supporting compliance programme.
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 pack house/processing facility that operates independently and packs/process on behalf of primary producers.
Level 3b:	Multisite The multisite principle is applied where the organisation and multiple sites are registered as one legal entity and has one management system that is centrally controlled at a head office base. Your SIZA registration is related to your audit, and it is important to make sure that you are registered under the correct level. The legal entity would need to declare the production units to be included in the audit scope based upon risk factors, including distance from the head office, detail and clarity of information submitted on the SAQ per production unit size of the different production sites, type of commodities produced by the production sites, confirmation of implementation of the centralized quality management system across all production sites by the legal entity.
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 which 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 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 Type

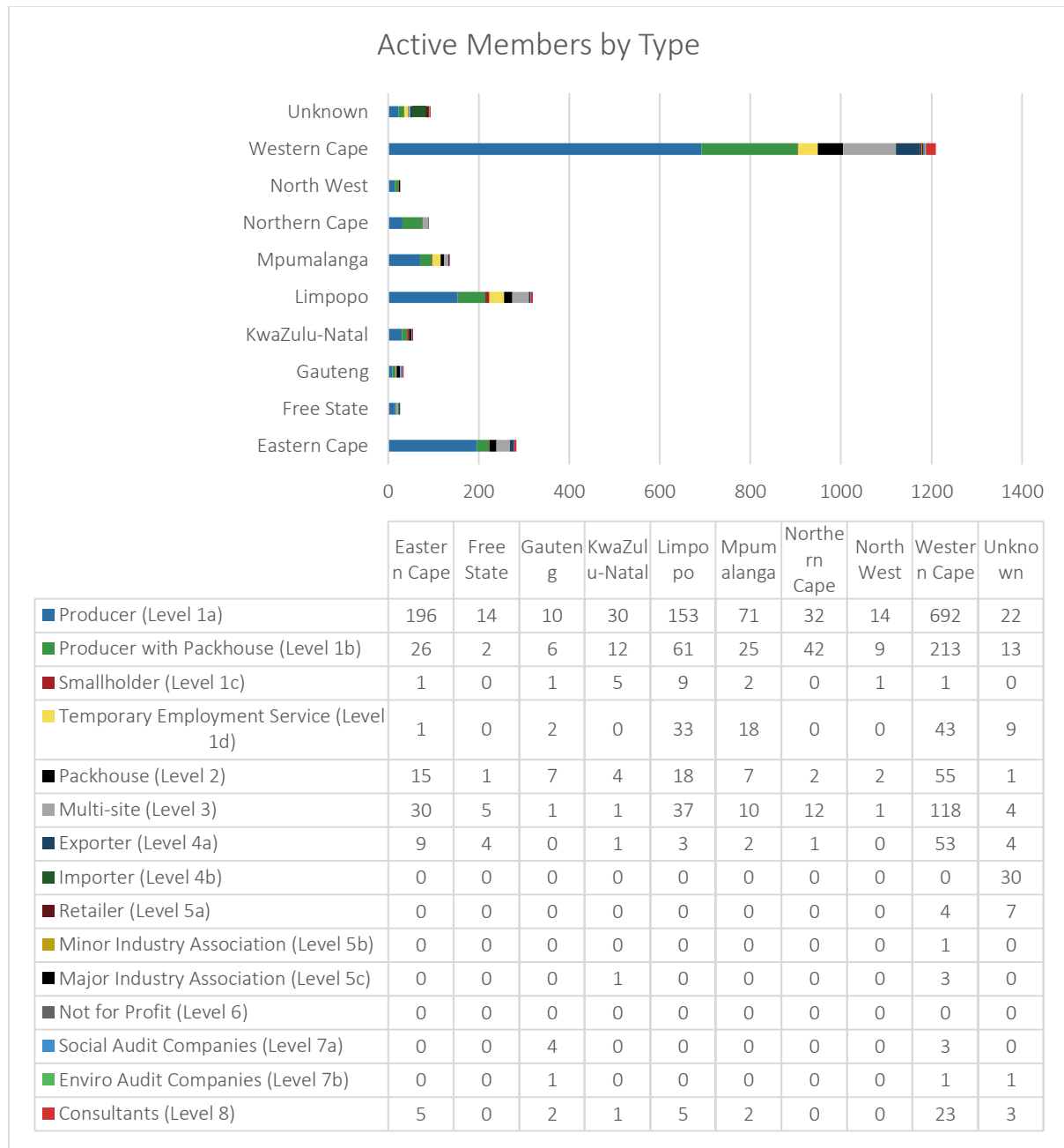


	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	Unknown
Multi-site (Level 3)	30	5	1	1	37	10	12	1	118	4
Packhouse (Level 2)	15	1	7	4	18	7	2	2	55	1
Temporary Employment Service (Level 1d)	1	0	2	0	33	18	0	0	43	9
Smallholder (Level 1c)	1	0	1	5	9	2	0	1	1	0
Producer with Packhouse (Level 1b)	26	2	6	12	61	25	42	9	213	13
Producer (Level 1a)	196	14	10	30	153	71	32	14	692	22

Level 1a members continue to make up the largest percentage of membership, and currently represents 58,67% of all primary members. Since fruit producers have the biggest representation on the MySIZA platform, out of the total registrations for level 1a members, 692 members (56,08%) are based in the Western Cape.

1.1.4. Active members by registration level

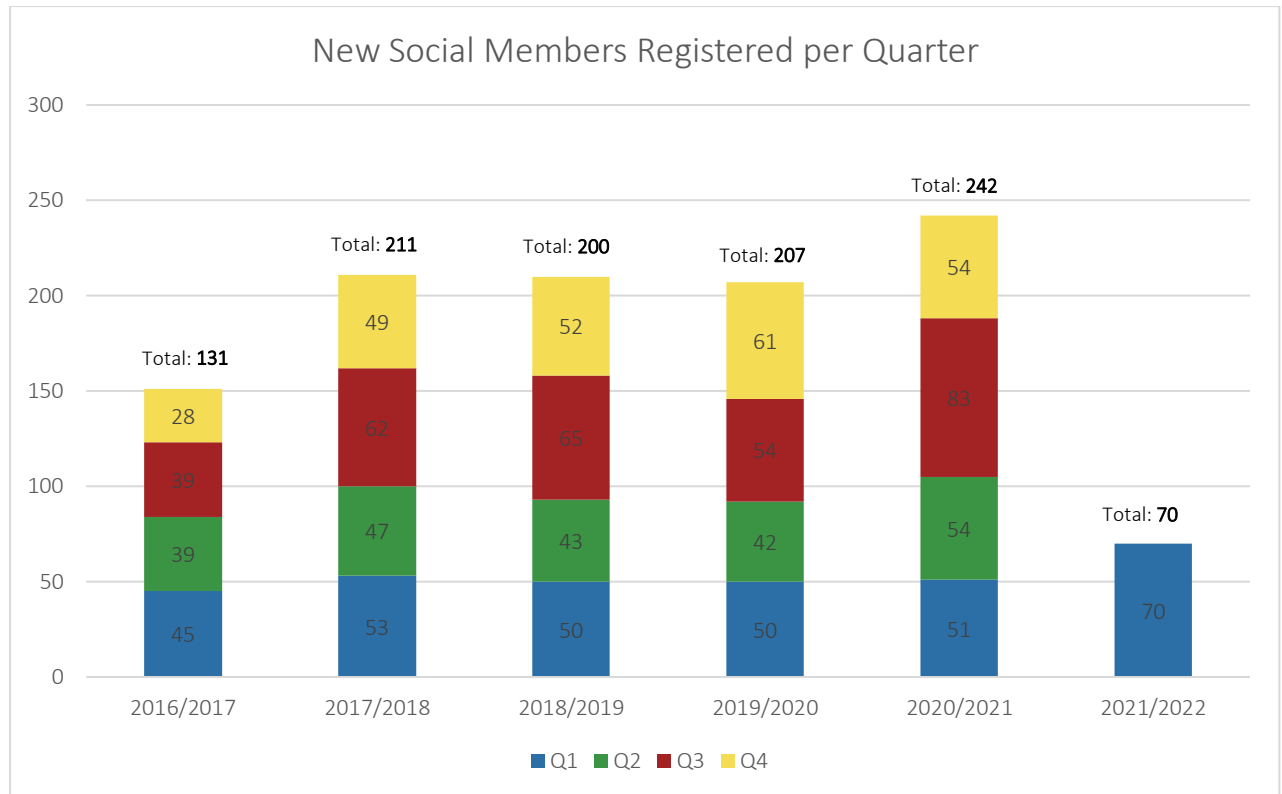
The *MySIZA* platform acts as a risk management tool for both the producer and the buyer, as secondary members (exporters, importers, and retailers) can manage risk within their supply chain by having visibility on the performance of their linked members for both social and/or environmental. Currently there are a total of 123 secondary members, (buyers/retailers, importers, and exporters) and 51 tertiary members (auditors, consultants, and remedy providers) registered on *MySIZA*.



1.2. New Members and Renewals

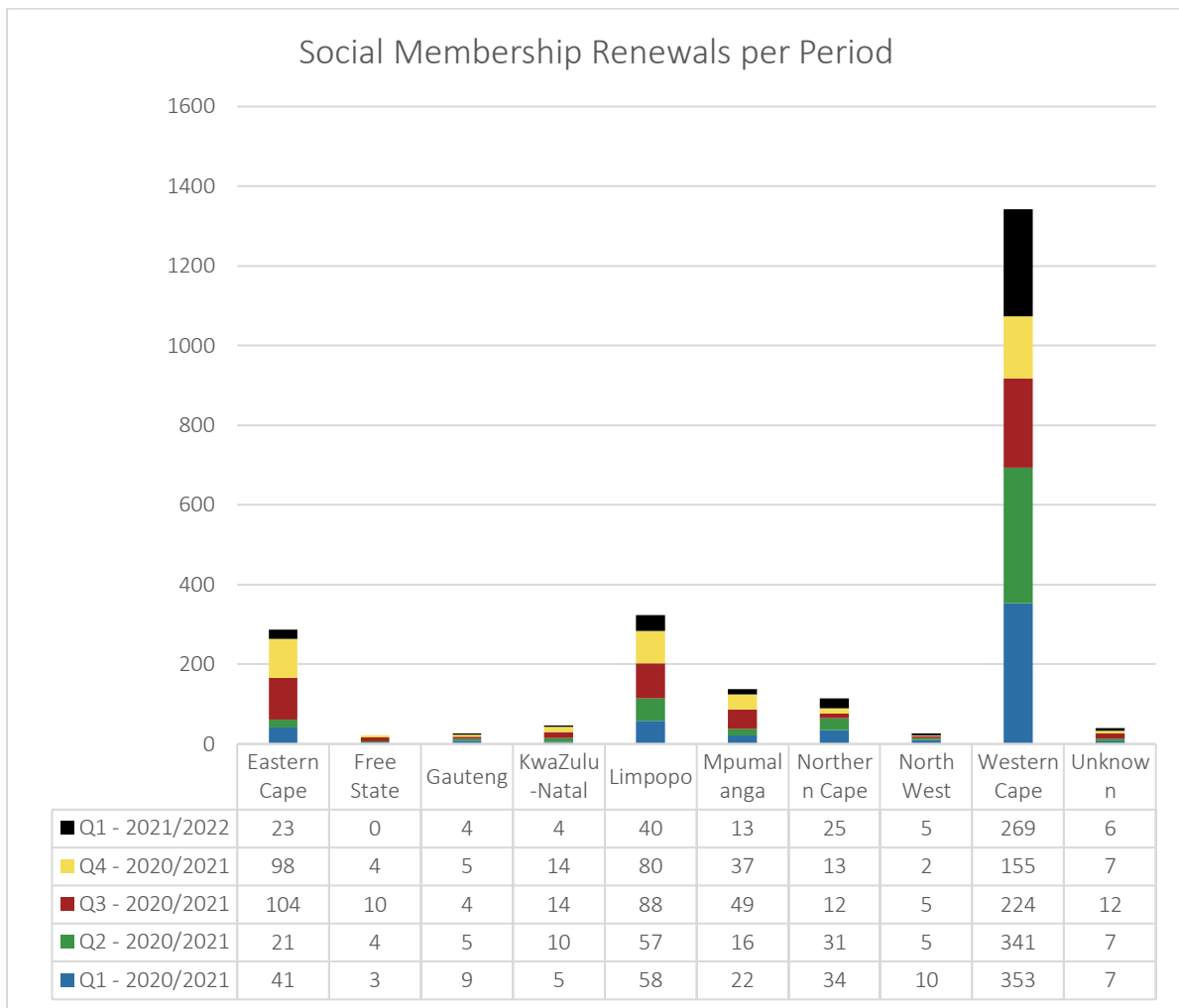
With SIZA being a multi-sector agricultural solution, the ongoing aim is to have all production units within South Africa to be registered for SIZA Social and/or SIZA Environmental as a drive towards being a global leader in ethical trade and environmental sustainability. This section indicates a stable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

1.2.1. New member registrations



Since 2016, a total of 1 061 new members registered for the SIZA Social module, while 70 new members registered during the current reporting quarter.

1.2.2. Membership renewals



A total of 389 subscriptions that expire in Q1 of 2021/2022 were renewed in this period. 69,15% (269) of these were in the Western Cape.

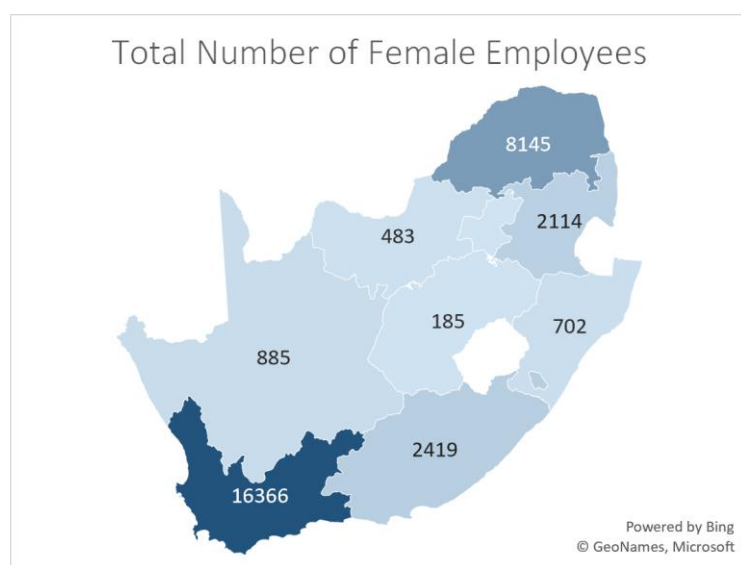
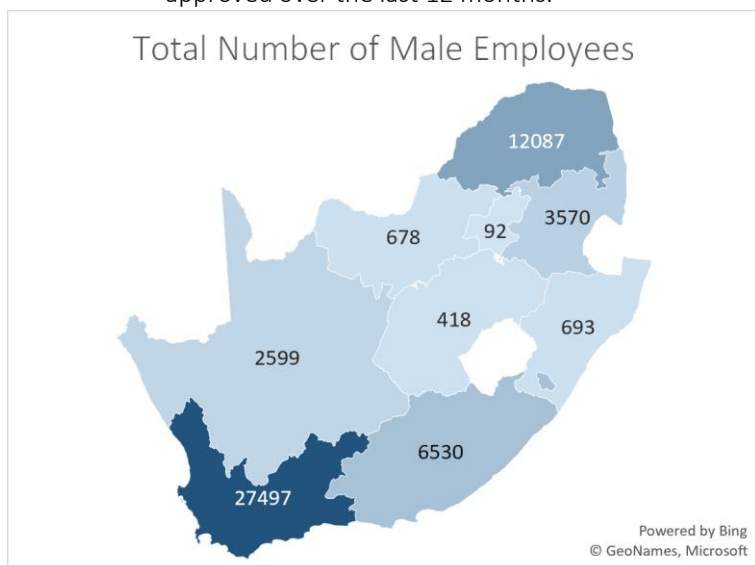
1.3. Membership per Commodity

As SIZA is a multi-sector agricultural solution, the *MySIZA* platform allows for a very detailed breakdown of commodities. SIZA members have contributed to completing the data, and now that *MySIZA* has been live for a full year, all profiles have indicated their commodities as follows:

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
Citrus	789	25,03%	334	10,60%
Pome Fruit	419	13,29%	371	11,77%
Stone Fruit	415	13,17%	387	12,28%
Subtropical	231	7,33%	13	0,41%
Bananas	19	0,60%	0	0,00%
Pineapples	1	0,03%	0	0,00%
Berries	115	3,65%	63	2,00%
Pomegranates	40	1,27%	36	1,14%
Dragon Fruit	3	0,10%	1	0,03%
Persimmons	18	0,57%	17	0,54%
Kiwis	15	0,48%	5	0,16%
Guavas	17	0,54%	10	0,32%
Granadilla	14	0,44%	4	0,13%
Figs	32	1,02%	27	0,86%
Olives	18	0,57%	18	0,57%
Table Grapes	338	10,72%	228	7,23%
Wine Grapes	195	6,19%	186	5,90%
Hops	0	0,00%	0	0,00%
Dried Fruit	23	0,73%	9	0,29%
Canning Fruit	24	0,76%	23	0,73%
Nuts & Seeds	109	3,46%	7	0,22%
Fresh Vegetables	150	4,76%	87	2,76%
Flowers & Ornamentals	22	0,70%	14	0,44%
Tea & Beverages	21	0,67%	20	0,63%
Wool / Mohair	4	0,13%	4	0,13%
Meat	23	0,73%	12	0,38%
Poultry	1	0,03%	1	0,03%
Eggs	2	0,06%	1	0,03%
Dairy Products	3	0,10%	3	0,10%
Grain, Bread & Bakery Products	13	0,41%	7	0,22%
Sugar	7	0,22%	0	0,00%
Marine	1	0,03%	1	0,03%
Seasoning & Preservatives	3	0,10%	2	0,06%
Other	67	2,13%	30	0,95%

1.4. Worker Summary

The following summary represents information relating to agri-workers working on farms that are registered under the SIZA programme. Data is obtained from the SAQs that were completed by the producer and approved over the last 12 months.



When completing the SAQ, primary members are asked to complete their worker types in the following categories:

- Permanent Male and Female (South African or Foreign Nationals)
- Temporary Male and Female (South African or Foreign Nationals)
- Labour Service Provider Male and Female

The table below indicates the worker distribution per province and worker type.

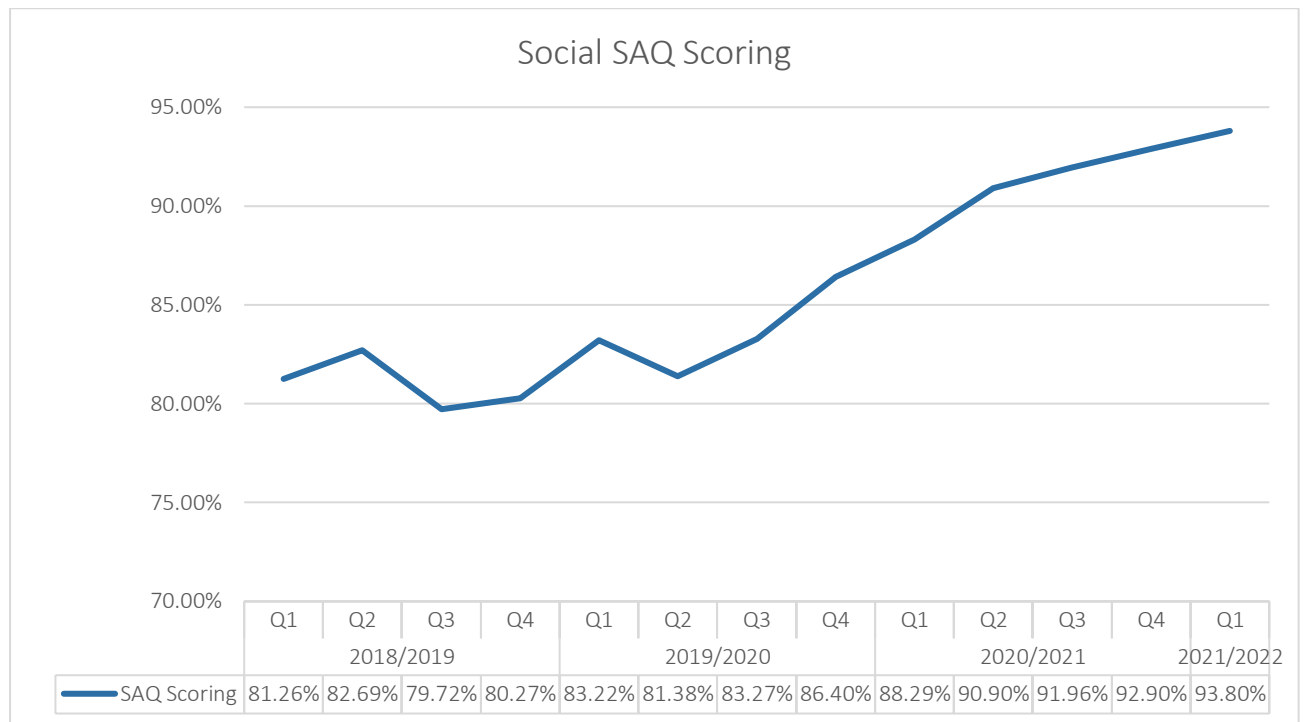
Province	Permanent Male	Permanent Female	Temporary Male	Temporary Female	Labour Service Provider Male	Labour Service Provider Female	Foreign National Male	Foreign National Female	Total Workers per Province
Unknown	196	148	356	669	0	0	14	17	1400
Eastern Cape	6530	2419	15968	12299	340	164	1785	719	40224
Free State	418	185	301	1109	0	0	0	0	2013
Gauteng	92	117	94	163	5	4	0	22	497
KwaZulu-Natal	693	702	523	657	418	491	54	17	3555
Limpopo	12087	8145	10968	18418	424	303	30	1035	51410
Mpumalanga	3570	2114	1919	4111	33	28	3903	2	15680
Northern Cape	2599	885	9905	8726	0	0	31	38	22184
North West	678	483	425	2357	0	0	81	845	4869
Western Cape	27497	16366	36389	49734	1211	2330	89	2467	136083
Total Workers per Type	54360	31564	76848	98243	2431	3320	2972	5162	277915

The Western Cape accounts for the highest number of employees (48,97%) due to the large number of members that are based in the Western Cape.

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 the auditors use the SAQ information as a benchmark during third-party audits. SIZA also uses the SAQ as a between audit online monitoring tool to ensure that audit results are maintained between audits.

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.

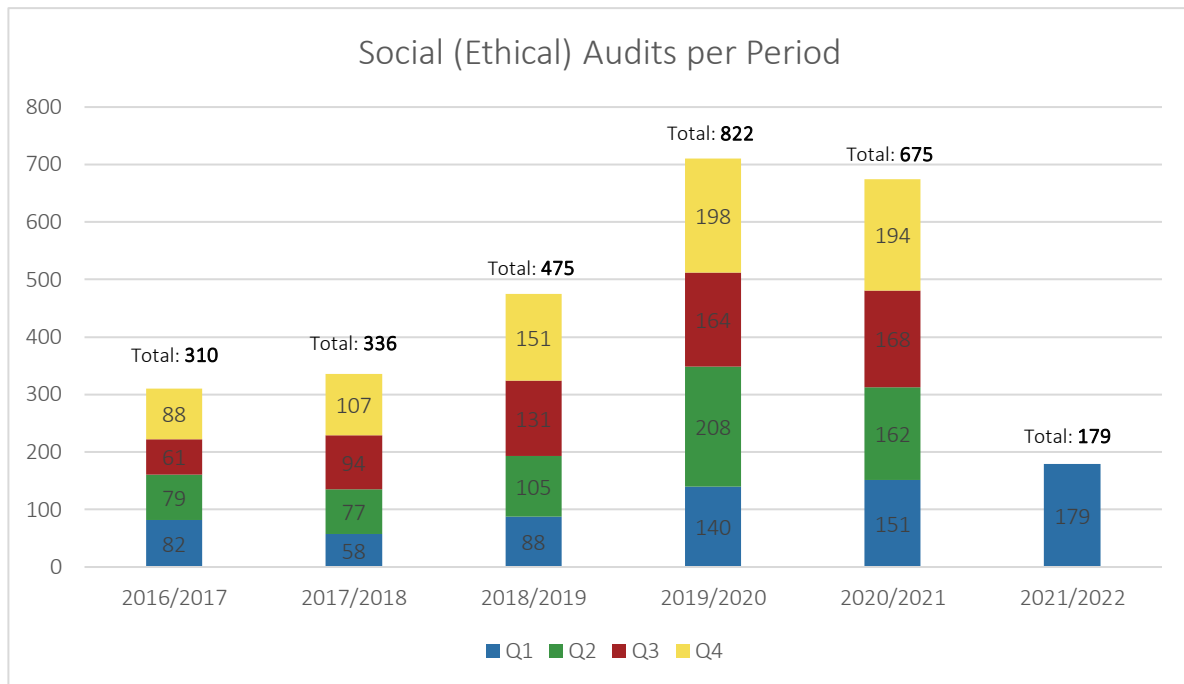


The average score for all Social (Ethical) SAQs approved in Q1 is 93,8%, which is the highest average score to date. The highest score for an approved SAQ in this period is 98,91%. SIZA admin try to only approve SAQs for existing members with a risk score above 85% now which is 5% higher than last year. The SIZA admin assist new members with low scores to improve their scores every year before approval.

3. SOCIAL (ETHICAL) AUDIT INFORMATION

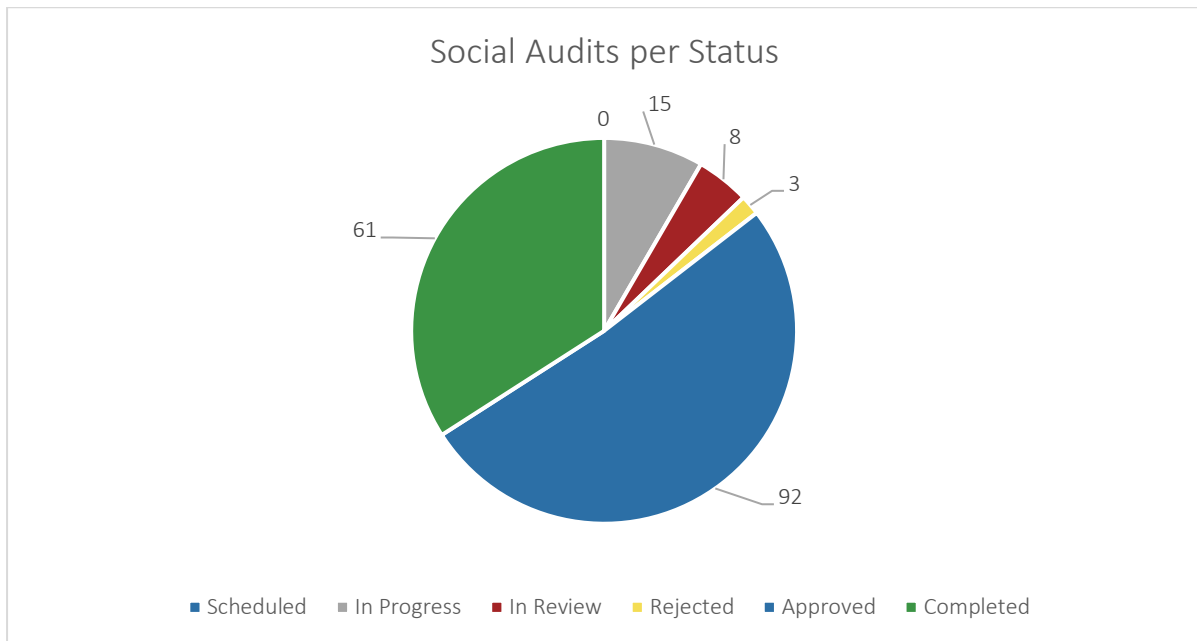
3.1. Social (Ethical) Audits per Period

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



As with the growth in membership we saw a steady growth over the last 5 years in the amount of ethical (social) audits. Since 2016 a total amount of 2 797 ethical (Social) audits were done. Over the past 3 months (Q1), between 1 July 2021 and the 30th of September 2021 a total of 179 audits were done. This steady growth that is shown can be related to the expansion of becoming a multisector agri-wide programme as well as the change in the SIZA Audit period from 5 years where the Platinum category has become the most stringent qualifying criteria with a 3-year period.

3.2. Audits per Status



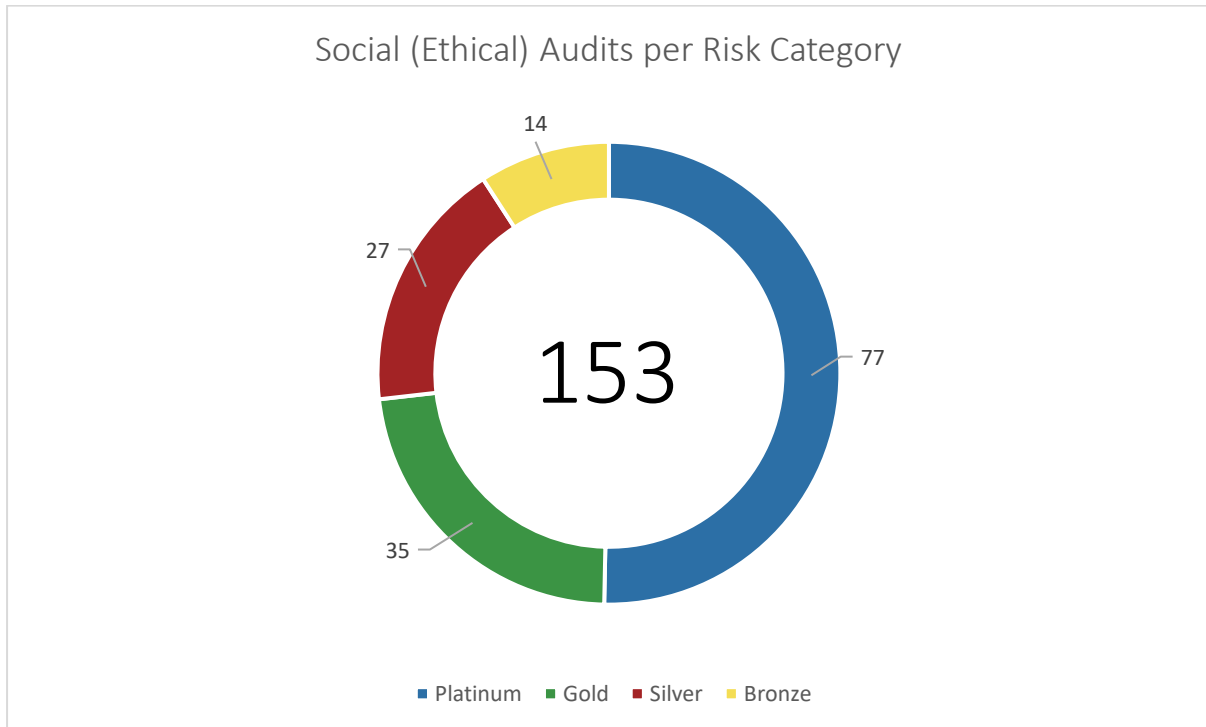
The emphasis in the SIZA programme is on continuous improvement to create better circumstances for all living and working on farms. Therefore, it is important to note that no Audit Completion Letter can be issued if all corrective actions are not completed and signed off by the auditor. If audits are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

Of the 179 audits that were conducted during Q1, 61 have already been completed, 92 are in approved status and awaiting corrective actions which must be uploaded by the producer. The remaining 26 are either in progress or still being reviewed by the audit firms. It is important to note that timelines are allocated to all the steps in the audit process for both the auditor and the auditee.

3.3. Social (Ethical) Audits per Risk Category

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

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



Of the audits done during this period, 77 (57,03%) achieved Platinum status, and 35 (22,88%) achieved Gold status.

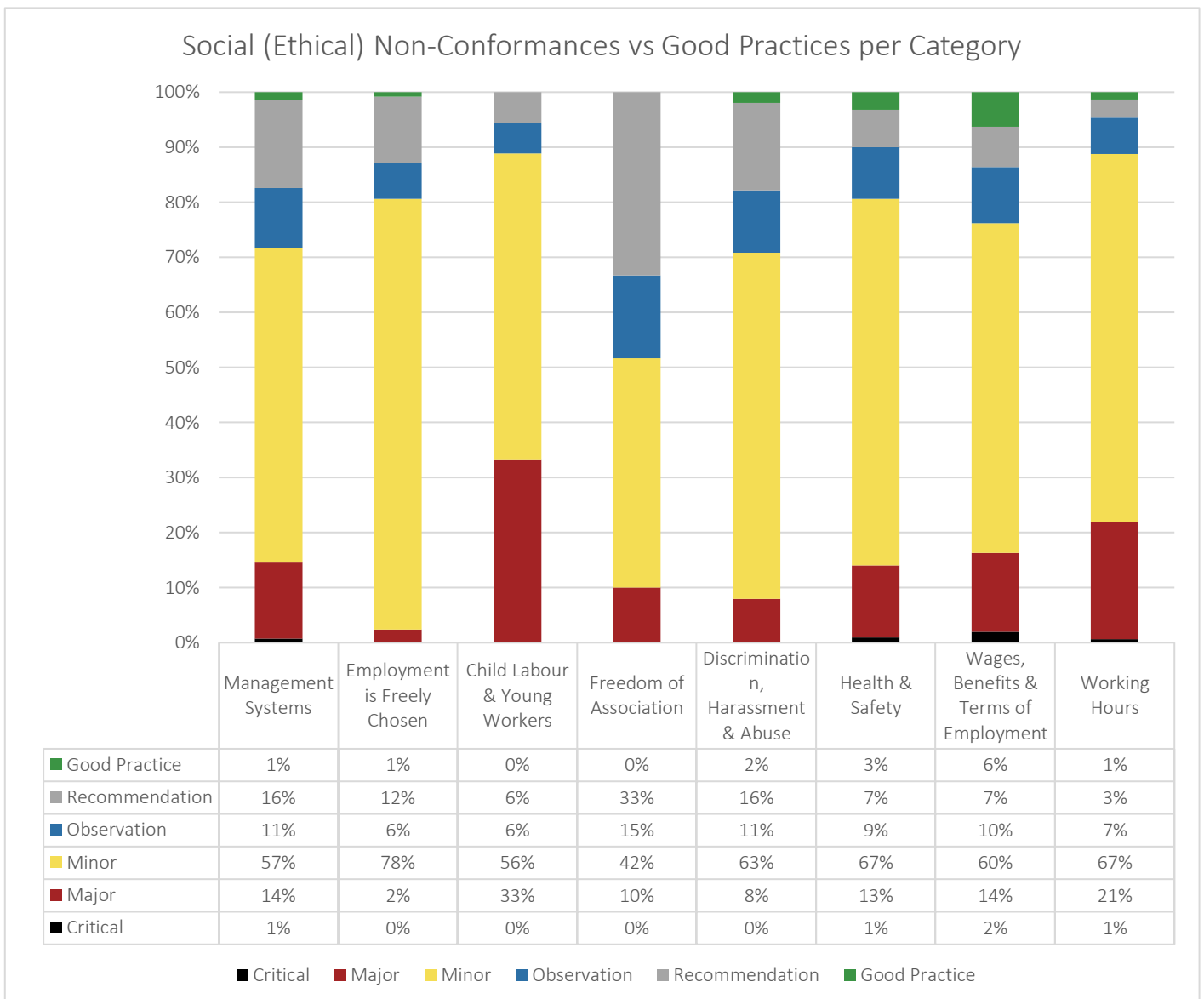
3.4. Non-Conformances

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.

The SIZA programme monitors compliances in the following areas:

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

3.4.1. Non-conformances vs good practices per category

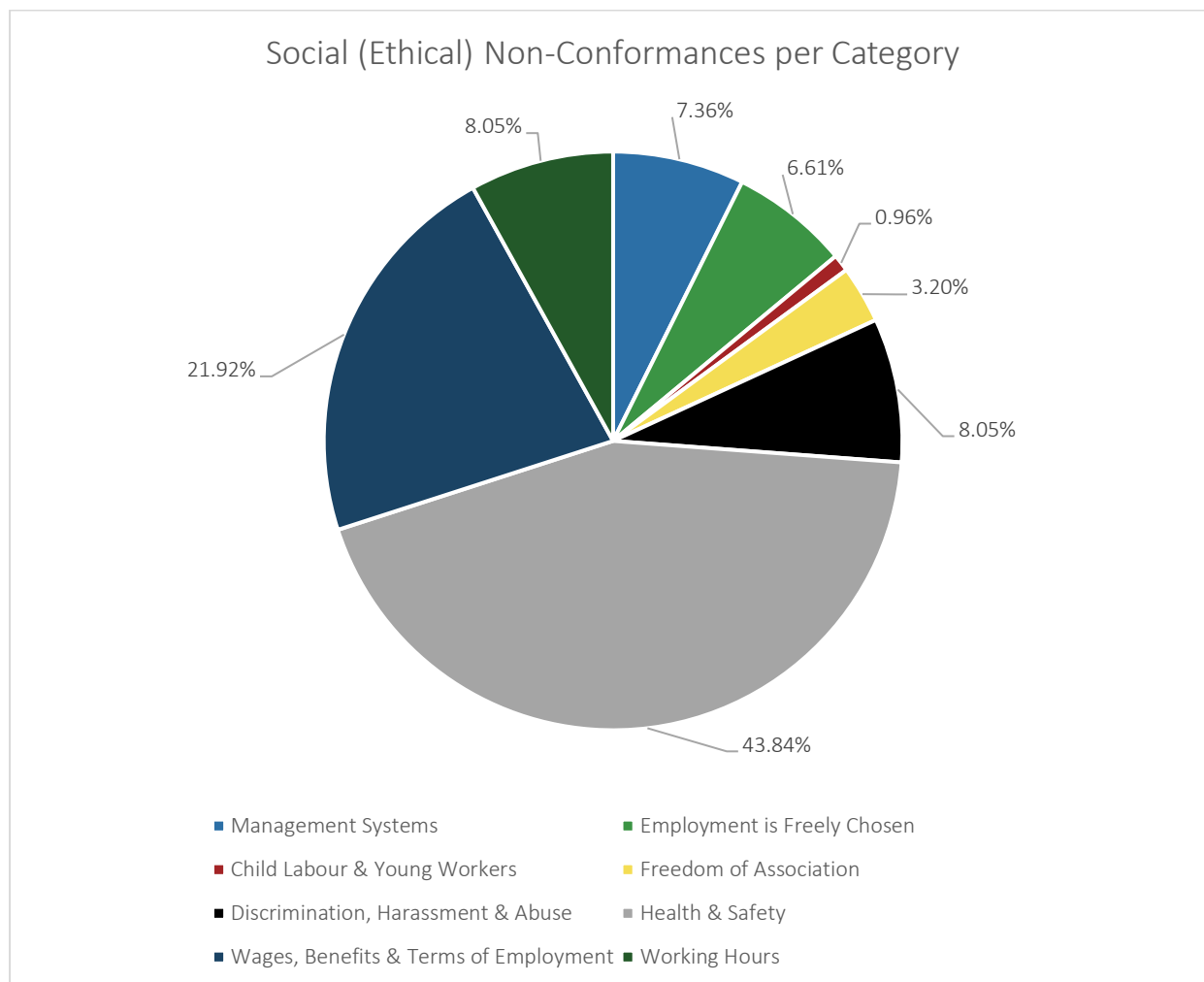


During this period, 18 Critical findings were raised in the categories Management Systems; Wages, Benefits, and Terms of Employment; and Working Hours.

3.4.2. Non-conformances per category

In Q1, most non-conformances (73,16%) fell in three categories, namely:

- Health & Safety (822);
- Wages, Benefits, and Terms of Employment (411);
- Discrimination, Harassment, and Abuse (151); and
- Working Hours (151).



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

Health and Safety:

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

- Inadequate overall management structure in place to ensure effective health and safety management throughout the entire business.
- The business does not have an adequate documented health and safety risk assessment in place.
- Employee housing does not meet basic health, safety, and hygiene requirements as set out by the SIZA standard and South African legislation.

Wages, Benefits & Terms of Employment:

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

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

Discrimination, Harassment, and Abuse:

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

- Ineffective grievance mechanisms implemented in the business or not available to all employees, including seasonal, permanent, contracted labour etc.
- Ineffective mechanisms in place pertaining to the promotion and implementation of employment equity in the workplace.
- Ineffective recruitment procedures applicable in the workplace which do not include all types of workers such as seasonal and contracted employees. These procedures do not effectively ensure a fair recruitment process, do not allow for non-discriminatory processes, prevent discriminatory practices, or prevent hidden third-party exploitation.

Working Hours:

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

- Overtime does not conform to all legal requirements and is implemented incorrectly within the business' working hours structure.
- Rest periods as determined by law are not adhered to within the business.
- There is no or an inadequately documented policy or a clause in the contract of employment pertaining to work stoppages/rain days or other days when work is not performed.

3.4.3. Risk distribution

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

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

A minor non-compliance is:

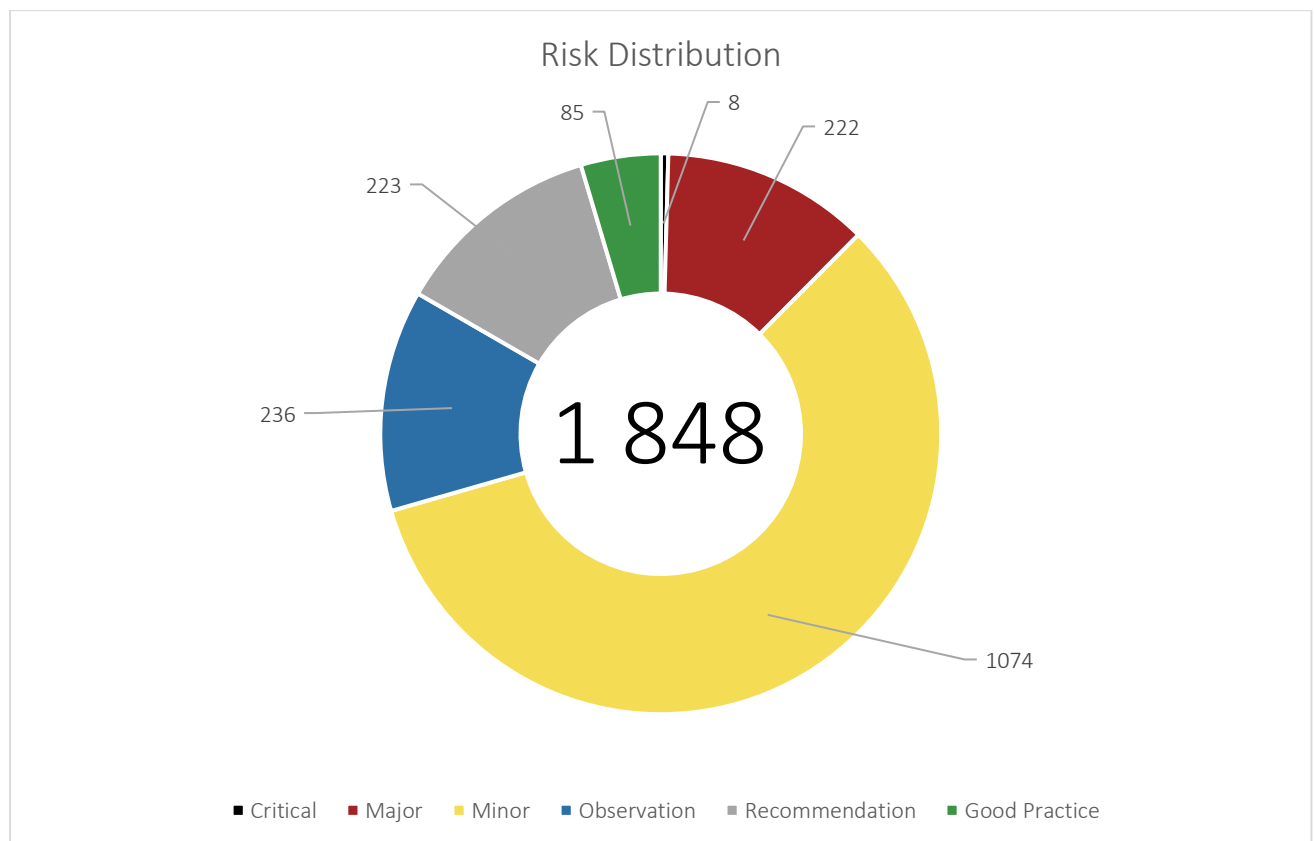
- An occasional or isolated problem.
- An issue which presents a low risk to workers/ those on-site.
- A policy issue or misunderstanding where there is no evidence of a material breach.

A major non-compliance is:

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

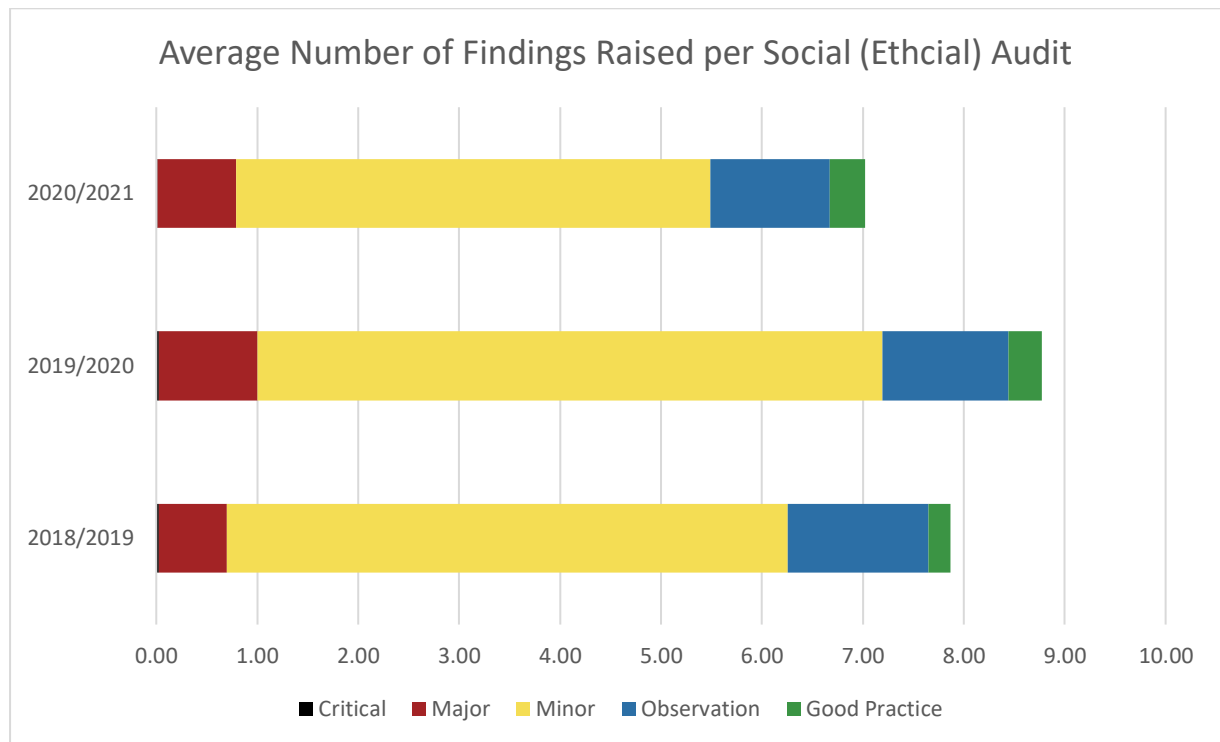
A critical non-compliance is:

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



3.4.4. Average number of findings per audit

The graph below indicates the average number of findings that are raised per audit. During the Quarter 1 2021/2022 reporting period, an average of 8,33 findings were raised per audit.



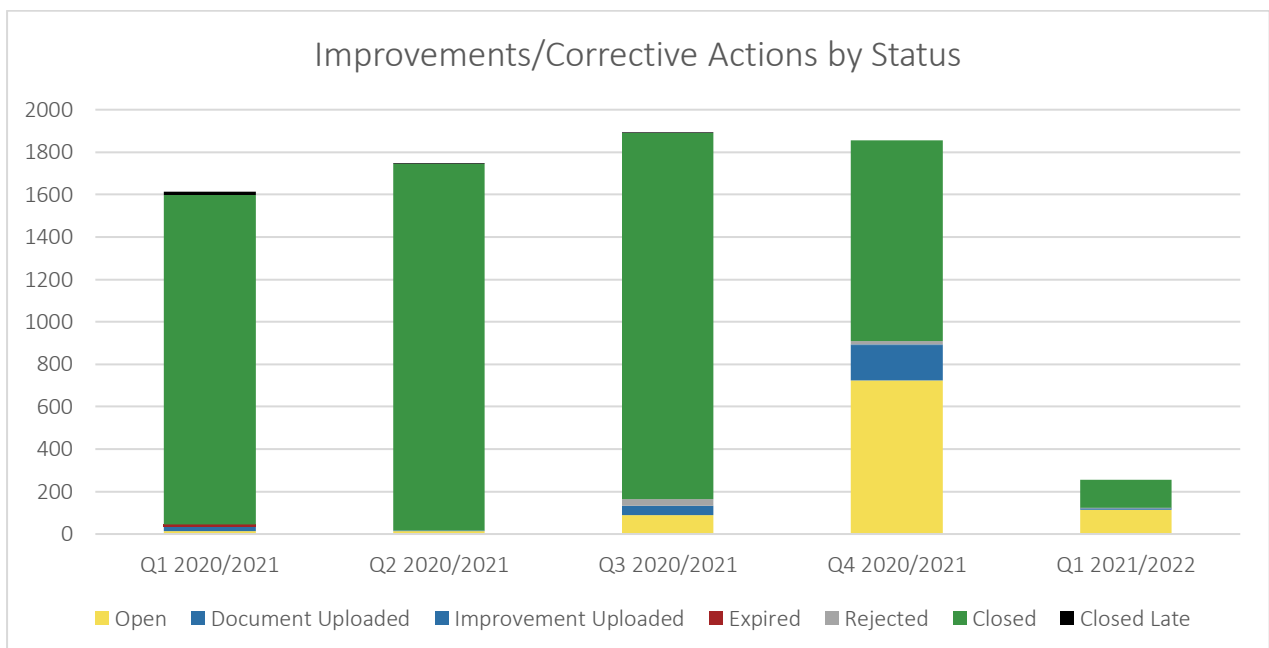
Although the majority of SIZA members received a Platinum risk rating; on average, due to the increased overall number of non-conformances raised on all audits, this results in the average SIZA risk-rating of Gold. This is due to the fact that a member's risk rating will immediately move to Gold if a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

3.5. Improvements and Corrective Actions

As SIZA is a continuous improvement programme, there is a strong focus on driving improvements on findings during audits. The below graph shows that most findings are closed out timeously during the given timeframes.

Period	Open	Document Uploaded	Improvement Uploaded	Expired	Rejected	Closed	Closed Late
Q1 2020/2021	0,81%	1,36%	0,00%	0,68%	0,00%	96,22%	0,93%
Q2 2020/2021	0,86%	0,17%	0,00%	0,00%	0,00%	98,91%	0,06%
Q3 2020/2021	4,65%	2,33%	0,00%	0,00%	1,74%	91,23%	0,05%
Q4 2020/2021	39,04%	8,94%	0,11%	0,00%	0,92%	51%	0,00%
Q1 2021/2022	44,75%	1,95%	0,39%	0,00%	1,17%	51,75%	0,00%

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



4. BEST PRACTICES IN SIZA SOCIAL (ETHICAL) AND ENVIRONMENTAL

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. The Best Practice online programme, which was implemented by SIZA in 2018, gives producers the opportunity to showcase areas where they feel they have reached more than compliance, create value, and sustain practices beyond the audit process.

Members can upload details of their 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.

To date, 300 Social (Ethical) and 18 Environmental Best Practices have been approved on *MySIZA*.



5. MARKET ACCEPTANCE

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

Market acceptance is therefore one of the key measurable objectives to monitor growth but also to maintain the current acceptance throughout the world.

Currently SIZA provides supplier information when suppliers give SIZA permission to do so. Visibility on audit data and standards information are provided via four platforms at this stage.

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

SIZA's acceptance has also grown in terms of businesses and industries that accept SIZA audits and recognise primary members' ethical and environmental performance against the SIZA standard.

Current acceptance is through:

- Exporters
- Importers
- Retailers
- Manufacturing/Processing Facilities
- Storage/Distribution Facilities
- Wholesalers
- Restaurants

SIZA will continue to monitor the market growth and continuously engage with new markets for further acceptance. Across the four different platforms SIZA is accepted by 298 businesses that operate around the globe. Below is a table showing the number of businesses per country that accept SIZA.

Country	Count
Australia	1
Brazil	1
China	1
Denmark	3
Dominican Republic	2
France	2
Germany	18
Ireland	6
Israel	3
Morocco	1
Netherlands	32
South Africa	94
Spain	2
Switzerland	1
United Kingdom	129
United States	2