



SOCIAL (ETHICAL) MONITORING & EVALUATION REPORT

Quarterly Update for Q3 2023/2024

01/01/2024 – 31/03/2024

In cooperation with the Western Cape Department of Agriculture



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INTRODUCTION

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

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

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

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

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

1. SIZA SOCIAL (ETHICAL) MEMBERSHIP

1.1. SIZA Membership Breakdown

1.1.1. Active Primary Membership (Suppliers)

Currently, there are 2 319 active primary member profiles registered on the MySIZA platform for the SIZA Social module. Of the 2 319 members, 992 are only registered for the Social module, whilst 1 327 members are registered for both the Social and the Environmental module.



Membership for the SIZA Social module has been slowly increasing over the past several years, although the number of new members is slightly lower in this period, each quarter still reflects a positive growth or stable Social membership. A total of 119 new primary members registered for SIZA Social between 1 January 2024 – 31 March 2024. Over the last annual period, a total of 289 new members registered for the SIZA Social module.

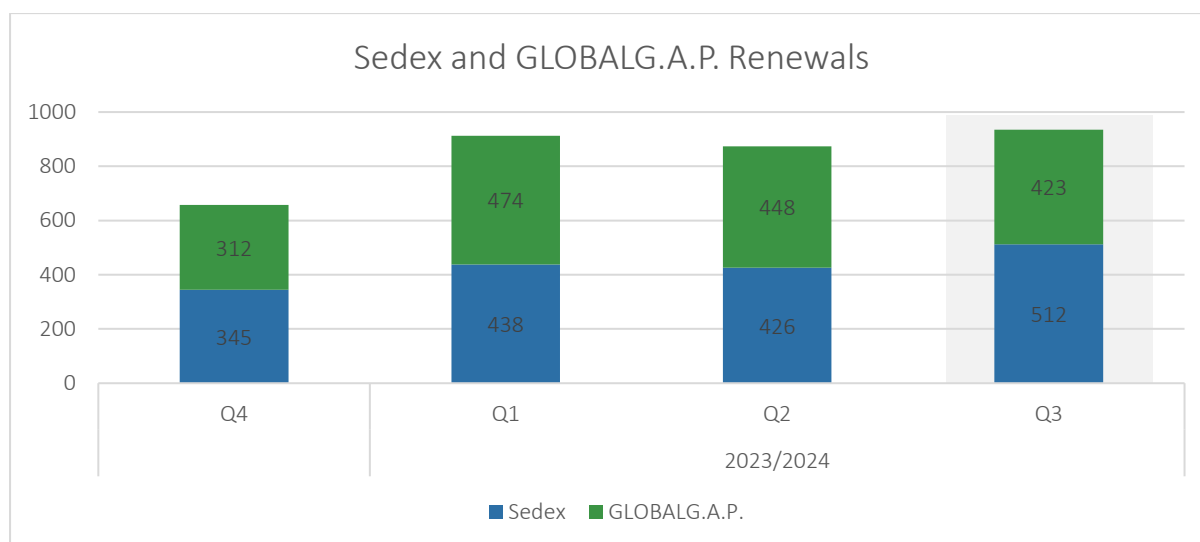


1.1.2. Sedex and GLOBALG.A.P. registrations

The SIZA vision to supply a cost-effective approach, supports the partnerships with other technical platform to ensure that there is visibility and traceability along the supply chain without duplication. Some 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 per compliance category. SIZA offers a cost-effective option to capture and transfer data on behalf of producers to Sedex and GLOBALG.A.P.

The chart below shows the amount of members whose profile SIZA keep up to date on Sedex and for who we provide via an API link visibility on the Global GAP Platform for their Social and Environmental audit data. The fluctuation per quarter, similar as to account renewals can be attributed to the fruit seasons, fluctuation in membership renewals, and the trend over the last couple of years where we have larger multi-sites instead of more single sites.

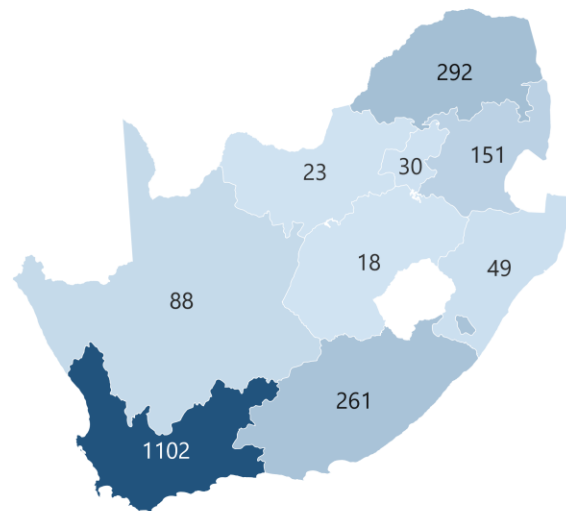
In total, there are 1 783 SIZA members registered for Sedex visibility, and 1 702 SIZA members registered for Social audit visibility on GLOBAL.G.A.P. and 855 for Environmental audit visibility on GLOBAL.G.A.P.



1.1.3. Active primary members per province

Although SIZA represents more than 40 different commodities, fruit still remains the largest member group in the programme. Approximately 35% of commodities forming part of SIZA's Social (Ethical) membership is made up of non-fruit commodities. 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 1 102 Primary Social member profiles, followed by Limpopo (292) and the Eastern Cape (261).

Active Primary Member Distribution per Province

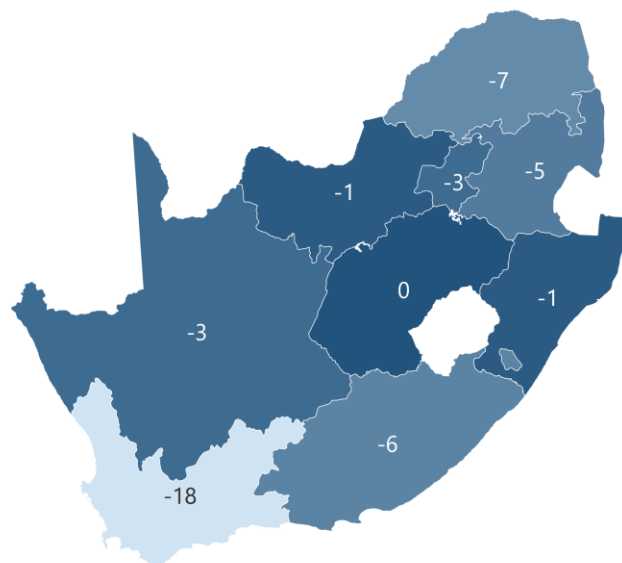


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1.1.4. Changes in active primary member distribution per province

When comparing the primary member distribution per province for Q2 2023/2024 and Q3 2023/2024, it is noted that in almost all Provinces the membership decreased. This is largely due to the challenges that are experienced, which have the effect that the majority of sites form part of a larger multi-site, and therefore, although the hectares of farming production remain the same, the number of profiles might decrease.

Changes in Active Primary Member Distribution per Province



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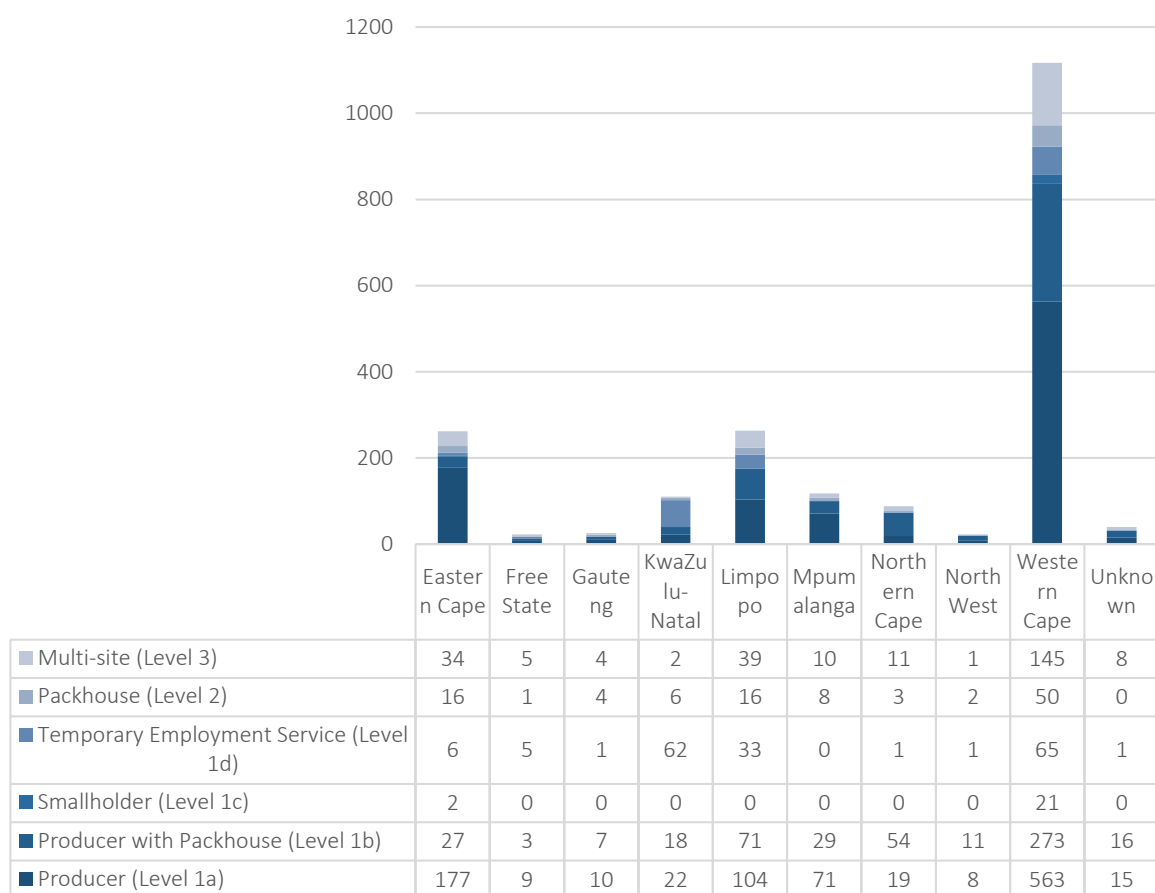
1.1.5. Active primary members by level

SIZA membership is structured into different levels to ensure that different functionalities can be allocated to the different levels of membership and to ensure that sites can be registered on the level that explains their operations the best. SIZA does not only cater for producers, but also for packhouses and processing facilities. Secondary members, such as buyers, (Levels 4 – 6) can be linked to primary members/suppliers (Levels 1 – 3) who supply to them to ensure a transparent value chain. This also ensures confidentiality and the protection of data.

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

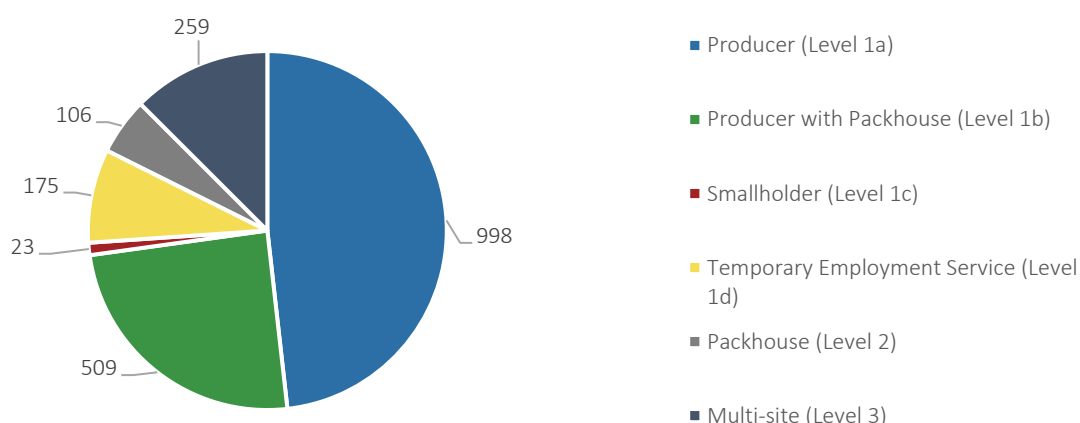
Level 1a:	Producer A single production site.
Level 1b:	Producer/packhouse A single production site including a packing/processing facility on site, packing/processing their own product.
Level 1c:	Smallholders/Emerging Growers Producers who need to become compliant and have never undergone an audit who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

Active Primary Members per Province by Registration Level



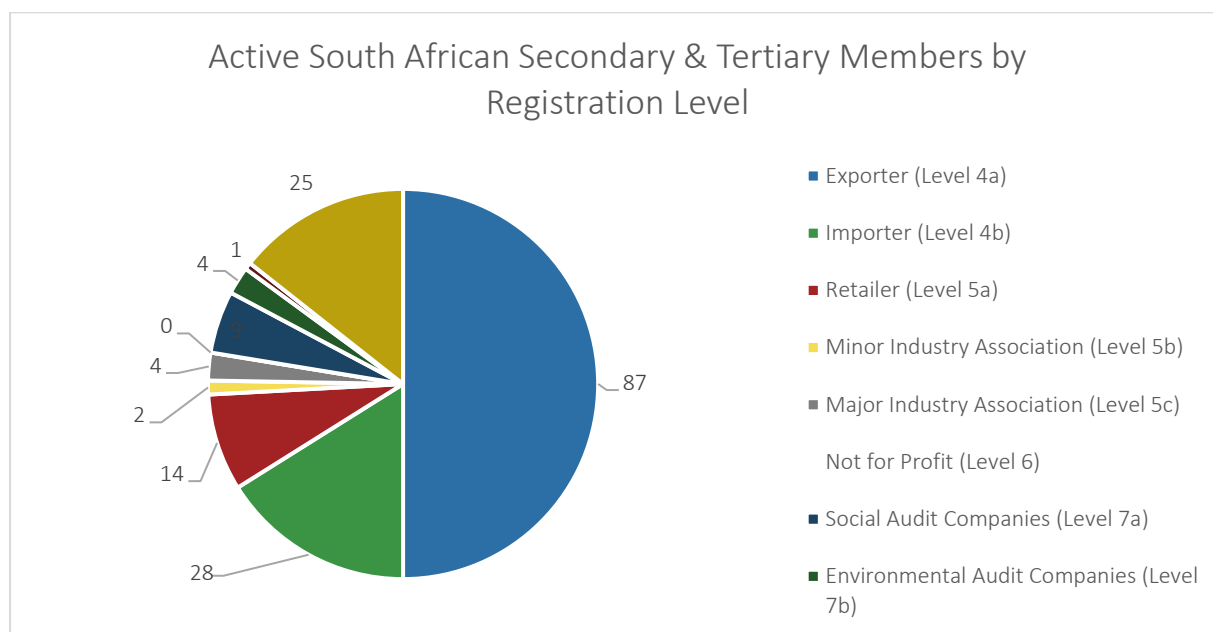
Producer (level 1a) members continue to make up the largest percentage of membership – the producer (level 1a) members in the Western Cape currently represent 56,41% of all level 1a members. Since fruit producers have the biggest representation on the *MySIZA* platform, out of the total registrations for primary members, 1 117 members (53,96%) are based in the Western Cape. Furthermore, at the national scale, level 1a members continue to make up the largest percentage of membership and currently represent 48,21% of all primary members.

Active Primary Members in South Africa by Registration Level



1.1.6. Active secondary and tertiary members by registration level

The *MySIZA* platform acts as a risk management tool for both the producer and the buyer, as secondary members (exporters, importers, and retailers) can manage risk within their supply chain by having visibility on the performance of their linked members. Currently there are a total of 135 secondary members, 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. SIZA also shares data with both the Sedex and GLOBALG.A.P. platforms which leads to various buyer linkages being made via these two global platforms.

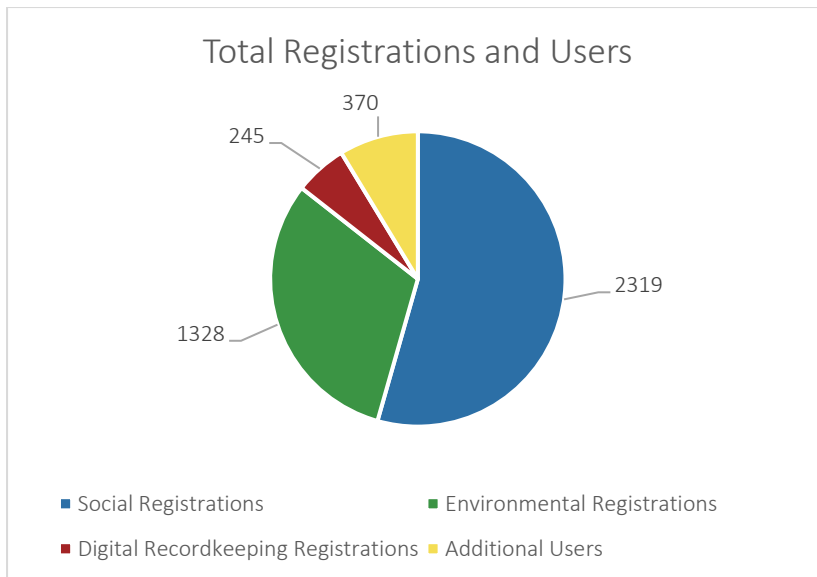


Total MySIZA Registrations and Users

In support of SIZA's diverse membership to accommodate the value change, 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), five environmental verification users, three 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 2 319 Social registrations, 1 328 Environmental registrations, and 245 Digital Recordkeeping registrations. This brings the total registrations in terms of membership to **4 262 users.**



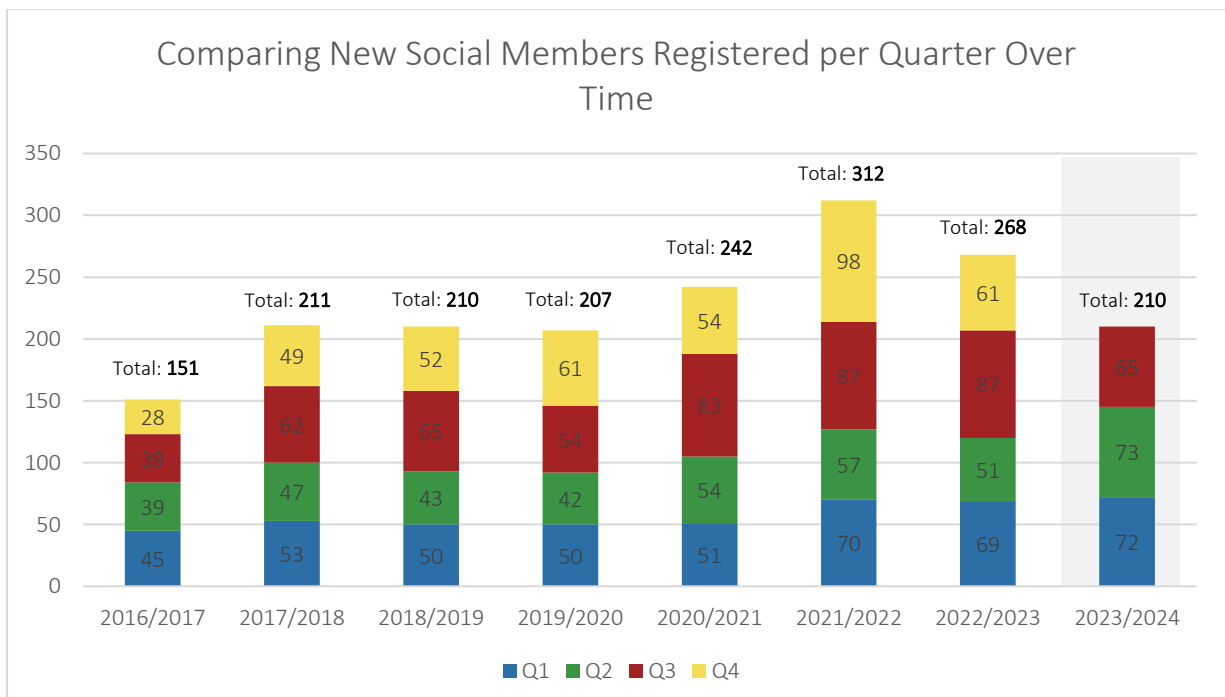
= **4 262** total users and registrations

1.2. New Members and Renewals

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

1.2.1. Comparing new Social (Ethical) members registered per quarter over time

Since 2016, a total of 1 811 new members registered for the SIZA Social module, while 65 new members registered during the current reporting quarter. For the 2023/2024 period thus far, a total of 210 new members have registered. This indicates that there has been steady growth in membership since 2016 that doesn't seem to be slowing down, which will have a positive effect on ethical compliance throughout South Africa.



1.3. Membership per Commodity

As SIZA is a multi-sector agricultural solution, the *MySIZA* platform allows for a very detailed breakdown of commodities. SIZA Social members have contributed to indicate their various commodities on their SAQ. As can be seen in the table below, we have categorised the various commodities and varieties with each commodity's total. The four most prevalent commodities in the Western Cape are Pome- and Stone Fruit (606 and 766 sites with each respective commodity), Citrus (594 member sites with citrus commodities) and Table Grapes (222 member sites with Table Grape commodities).

Commodity	All South Africa		Western Cape	
	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Kumquats	1	0,02%	0	0,00%
Limes	35	0,70%	16	0,54%
Lemons	519	10,40%	183	6,16%
Pomelo	119	2,38%	10	0,34%
Grapefruit	46	0,92%	3	0,10%
Soft citrus	570	11,42%	262	8,82%
Oranges	366	7,33%	107	3,60%
Other Citrus	19	0,38%	13	0,44%
Total Citrus	1675	33,55%	594	19,99%
Apricots	125	2,50%	121	4,07%
Cherries	30	0,60%	14	0,47%
Nectarines	1	0,02%	1	0,03%
Nectarines	153	3,06%	145	4,88%
Peaches	222	4,45%	215	7,23%
Plums	271	5,43%	261	8,78%
Pluots	1	0,02%	1	0,03%
Prunes	9	0,18%	7	0,24%
Other	1	0,02%	1	0,03%
Total Stone Fruit	813	16,29%	766	25,77%
Apples	293	5,87%	252	8,48%
Pears	384	7,69%	352	11,84%
Quince	1	0,02%	1	0,03%
Other	1	0,02%	1	0,03%
Total Pome Fruit	679	13,60%	606	20,39%
Total Table Grapes	334	6,69%	222	7,47%
Distilled Spirits	1	0,02%	1	0,03%
Processed Grapes (White)	227	4,55%	218	7,34%
Wine Grapes	12	0,24%	11	0,37%
Wine grapes (Red)	12	0,24%	10	0,34%
Total Wine Grapes	251	5,03%	239	8,04%

	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Avocados	190	3,81%	16	0,54%
Bananas	16	0,32%	0	0,00%
Litchis	20	0,40%	0	0,00%
Mangoes	34	0,68%	2	0,07%
Pineapples	2	0,04%	0	0,00%
Other Subtropical Fruit	15	0,30%	5	0,17%
Total Subtropical Fruit	277	5,55%	23	0,77%
Blackberries	6	0,12%	2	0,07%
Blueberries (potted)	60	1,20%	36	1,21%
Blueberries (soil)	63	1,26%	35	1,18%
Cranberries	0	0,00%	0	0,00%
Gooseberries	4	0,08%	3	0,10%
Mulberries	0	0,00%	0	0,00%
Raspberries	6	0,12%	3	0,10%
Strawberries	14	0,28%	9	0,30%
Other Berries	13	0,26%	10	0,34%
Total Berries	166	3,33%	98	3,30%

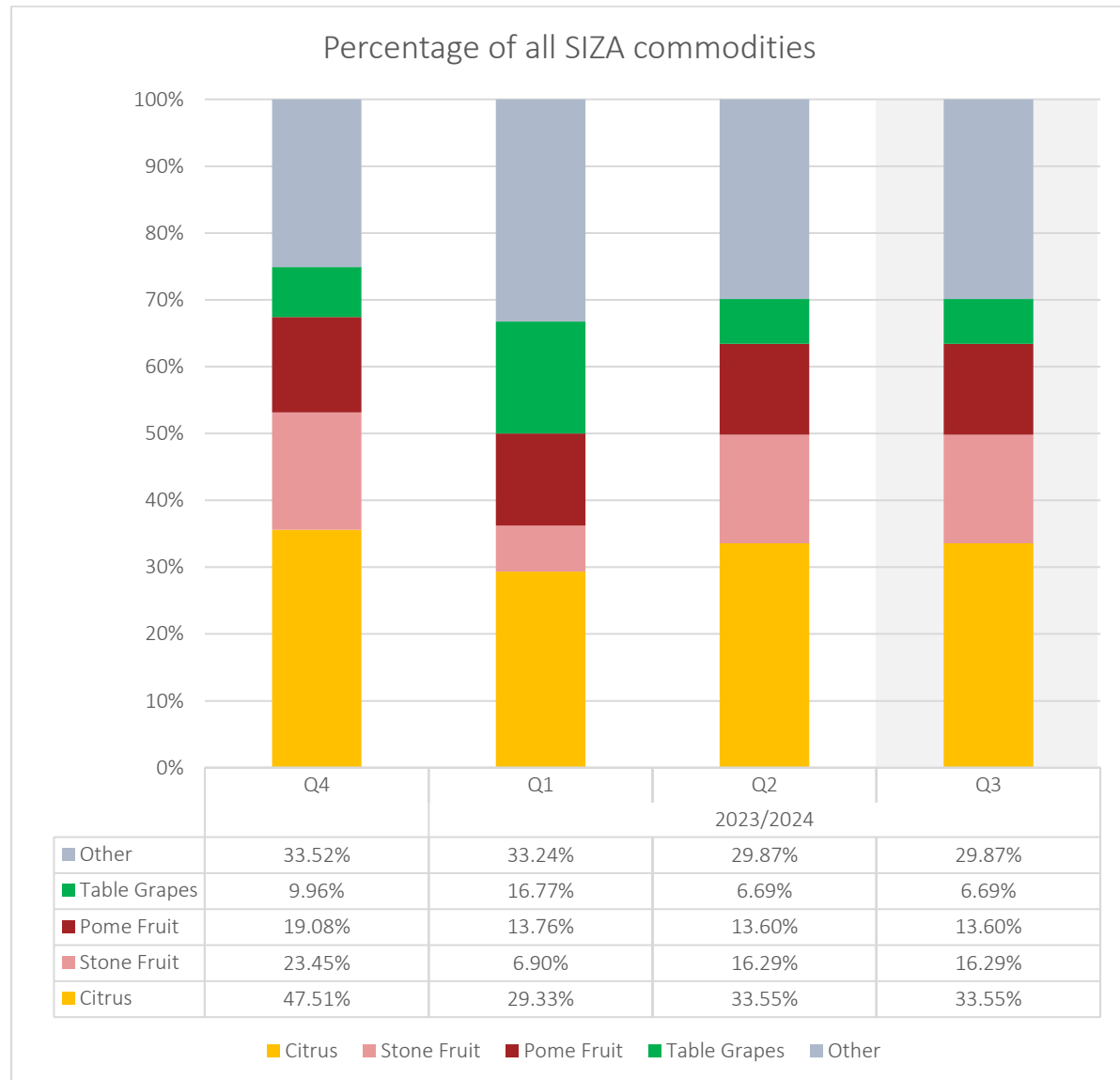
	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Beetroot	7	0,14%	5	0,17%
Broad Beans	2	0,04%	2	0,07%
Broccoli	12	0,24%	8	0,27%
Brussel Sprouts	1	0,02%	1	0,03%
Butternuts	50	1,00%	39	1,31%
Cabbage	15	0,30%	7	0,24%
Carrots	12	0,24%	5	0,17%
Cauliflower	10	0,20%	6	0,20%
Celery	3	0,06%	1	0,03%
Cucumber	5	0,10%	0	0,00%
Garlic	11	0,22%	2	0,07%
Green Beans	11	0,22%	3	0,10%
Kale	4	0,08%	1	0,03%
Lettuce	8	0,16%	2	0,07%
Okra	1	0,02%	0	0,00%
Onion	24	0,48%	19	0,64%
Other Marrows	7	0,14%	3	0,10%
Patty Pans	5	0,10%	1	0,03%
Peas	1	0,02%	0	0,00%
Potato	17	0,34%	10	0,34%
Pumpkin	26	0,52%	14	0,47%
Spinach & Chard	8	0,16%	5	0,17%
Spring Onion	3	0,06%	1	0,03%
Sweet Potato	12	0,24%	9	0,30%
Tomatoes	23	0,46%	12	0,40%
Zucchini/Baby Marrow	15	0,30%	7	0,24%
Other Vegetables	31	0,62%	14	0,47%
Total Fresh Vegetables	324	6,49%	177	5,96%
Almonds	10	0,20%	10	0,34%
Macadamia Nuts	93	1,86%	3	0,10%
Peanuts	0	0,00%	0	0,00%
Pecan Nuts	12	0,24%	2	0,07%
Walnuts	1	0,02%	0	0,00%
Other	2	0,04%	1	0,03%
Total Nuts & Seeds	118	2,36%	16	0,54%
Canned Apricots	3	0,06%	3	0,10%
Canned Peaches	8	0,16%	8	0,27%
Total Canning Fruit	2	0,04%	2	0,07%

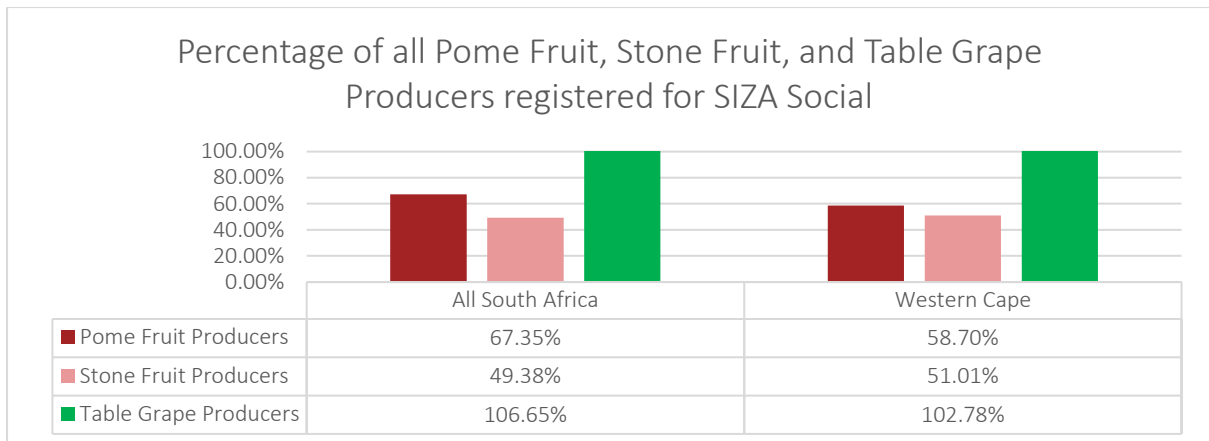
	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Fynbos & Proteas	27	0,54%	24	0,81%
Other Flowers and Ornamentals	11	0,22%	8	0,27%
Total Flowers & Ornamentals	38	0,76%	32	1,08%
Dried Fruit	5	0,10%	3	0,10%
Dried Vegetables	1	0,02%	0	0,00%
Raisins	10	0,20%	2	0,07%
Other Dried Fruit and Vegetables	1	0,02%	0	0,00%
Total Dried Fruit & Dried Vegetables	16	0,32%	5	0,17%
Maize	13	0,26%	1	0,03%
Soybeans	2	0,04%	0	0,00%
Wheat	8	0,16%	4	0,13%
Other Grains	6	0,12%	3	0,10%
Total Grains	22	0,44%	8	0,27%
Eggs	2	0,04%	1	0,03%
Marine Animals	1	0,02%	1	0,03%
Meat	13	0,26%	7	0,24%
Poultry	2	0,04%	2	0,07%
Wool/Mohair	4	0,08%	4	0,13%
Dairy Products	3	0,06%	3	0,10%
Total Livestock & Animals	25	0,50%	18	0,61%
Avocado oil	1	0,02%	0	0,00%
Essential Oils	1	0,02%	1	0,03%
Olive Oil	1	0,02%	1	0,03%
Sugar	4	0,08%	0	0,00%
Sugar Cane	6	0,12%	0	0,00%
Total Sugar & Oils	13	0,26%	2	0,07%
Fresh Herbs	7	0,14%	3	0,10%
Seasonings	3	0,06%	1	0,03%
Total Seasoning & Preservatives	10	0,20%	4	0,13%
Bell Peppers	8	0,16%	1	0,03%
Chillies	7	0,14%	0	0,00%
Pequin Peppers	1	0,02%	0	0,00%
Other peppers	3	0,06%	0	0,00%
Total Capsicum	19	0,38%	1	0,03%

	All South Africa		Western Cape	
Commodity	Number of commodities represented in SIZA membership	% of total commodities indicated	Number of commodities represented in SIZA membership	% of total commodities indicated
Apple Juice	1	0,02%	1	0,03%
Other Juices	3	0,06%	2	0,07%
Total Juice	3	0,06%	3	0,10%
Tea	13	0,26%	13	0,44%
Cotton	1	0,02%	0	0,00%
Dates	5	0,10%	0	0,00%
Dragon Fruit	7	0,14%	3	0,10%
Figs	25	0,50%	22	0,74%
Granadillas	15	0,30%	4	0,13%
Guavas	13	0,26%	8	0,27%
Kiwis	27	0,54%	11	0,37%
Melon	4	0,08%	2	0,07%
Olives	22	0,44%	22	0,74%
Persimmons	17	0,34%	17	0,57%
Pomegranates	41	0,82%	36	1,21%
Watermelon	9	0,18%	5	0,17%
Other Products not listed above	47	0,94%	24	0,81%
Total Other products	196	3,93%	145	4,88%
Total Varieties	4992	100.00%	2972	100.00%

1.3.1. Commodity Statistics

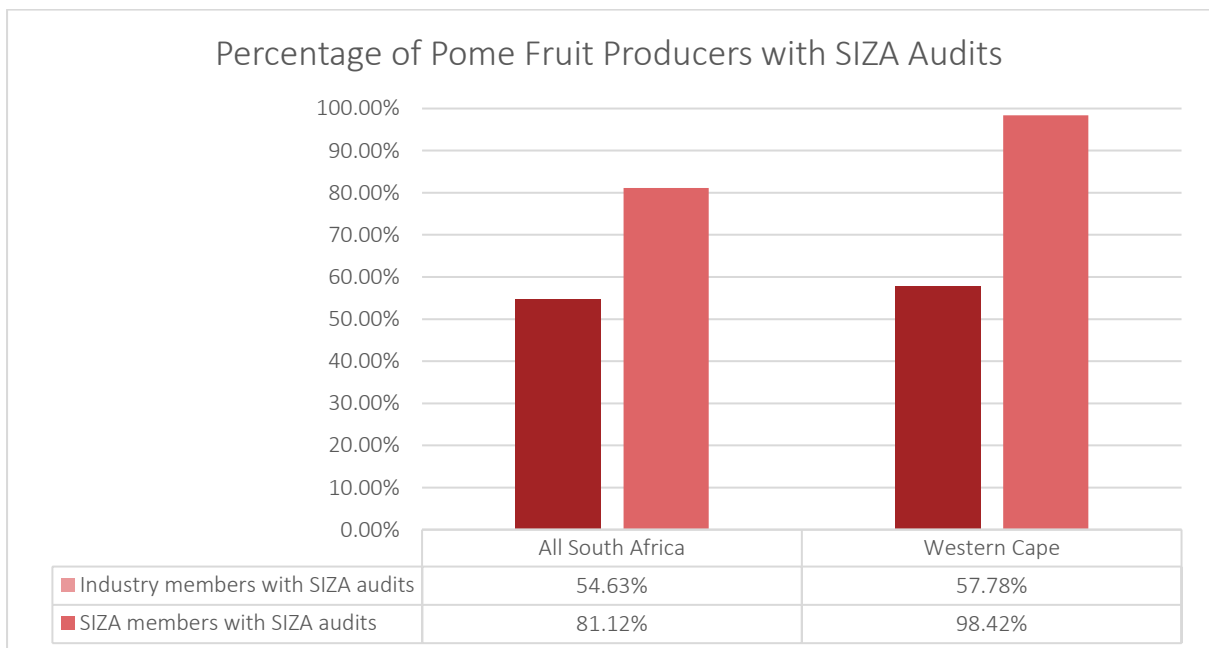
Below is a representation of the four commodities with the biggest representation among SIZA members, namely Citrus, Stone Fruit, Pome Fruit, and Table Grapes. When comparing the latest available information provided by SIZA members on MySIZA with information provided by the relevant Industry Associations,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



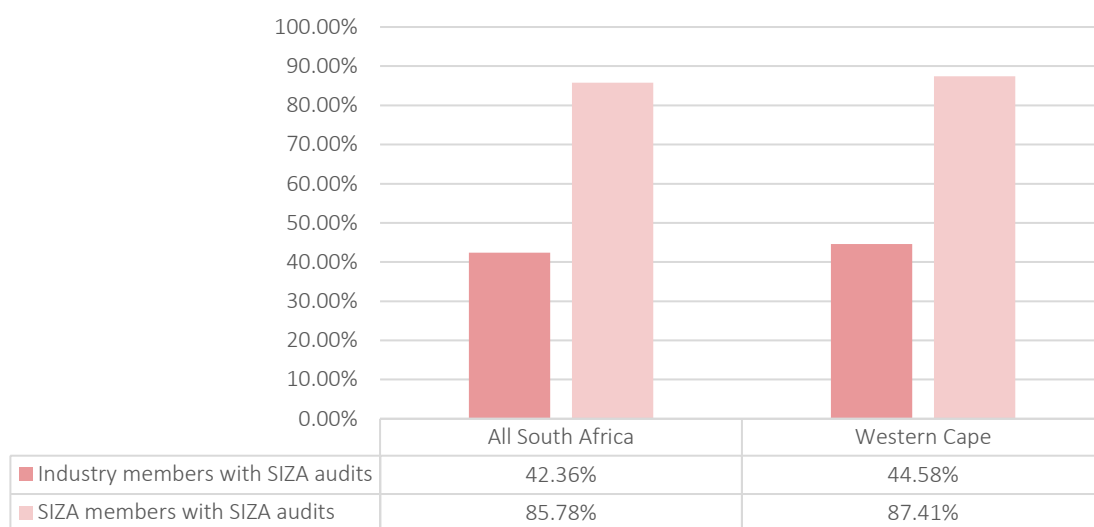


Interesting to note is that there are more Table Grape producers registered with SIZA than with the Industry Association. This might be due to a difference in how membership is determined/calculated within the industry body, for example per production unit, instead of business entity, separate trade entities etc. As SIZA membership is based on the entire entity that registers with the programme, a business as a whole will be counted once. In the Western Cape specifically, 58,70% of Pome Fruit producers, 51,01% of Stone Fruit producers, and 102,78% of Table Grape producers are registered for the SIZA Social module. It is notable that there is a slight decrease compared to the previous quarter in terms of number of industry members represented by SIZA, which is likely due to a growing industry overall. Its also notable that the more businesses are forming multisites as larger commercial businesses are incorporating smaller farms to ease the economic burdens and challenges which could also affect the slightly lower representation.

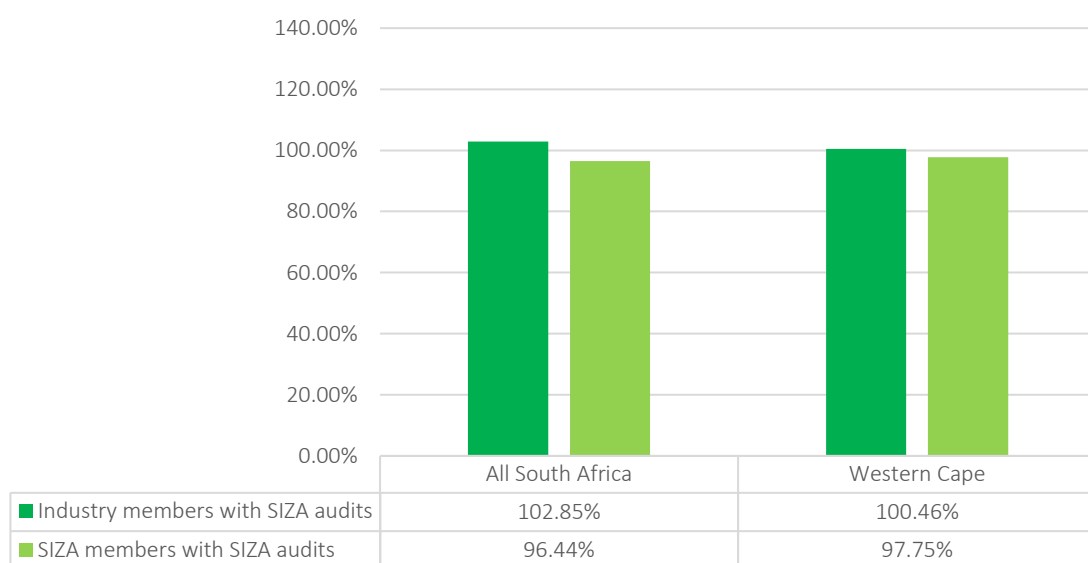
In terms of third-party audit compliance, in the Western Cape almost 100% of SIZA members for each commodity (Pome Fruit, Stone Fruit, and Table Grapes) have valid SIZA Social (Ethical) audits.



Percentage of Stone Fruit Producers with SIZA Audits

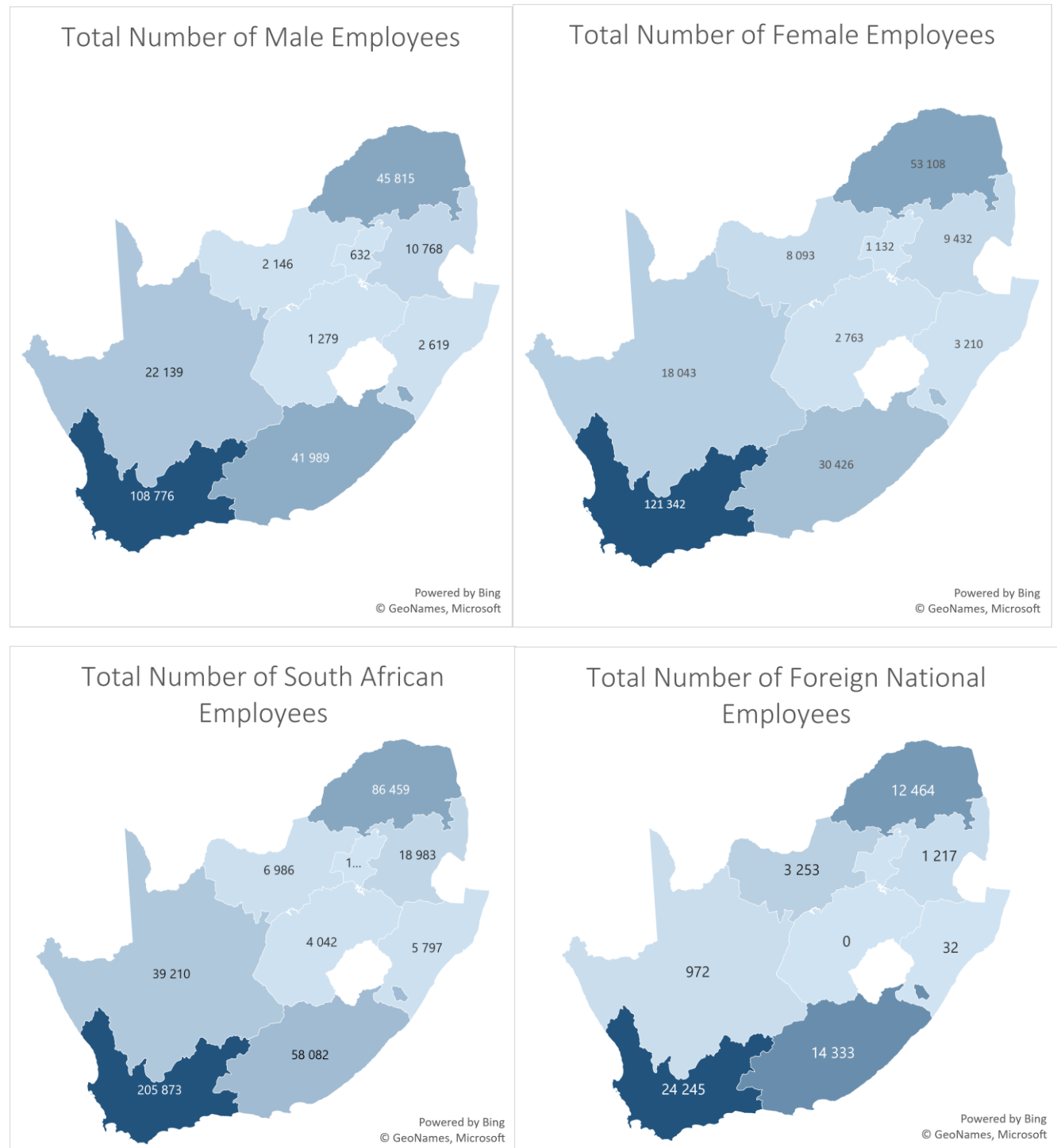


Percentage of Table Grape Producers with SIZA Audits



1.4. Worker Summary

The following summary represents information relating to agri-workers working on farms that are registered under the SIZA programme. Data is obtained from the SAQs that were completed by the producer and approved over the last 12 months. The Western Cape accounts for the highest number of employees (46,38%) due to the large number of members that are based in the Western Cape.



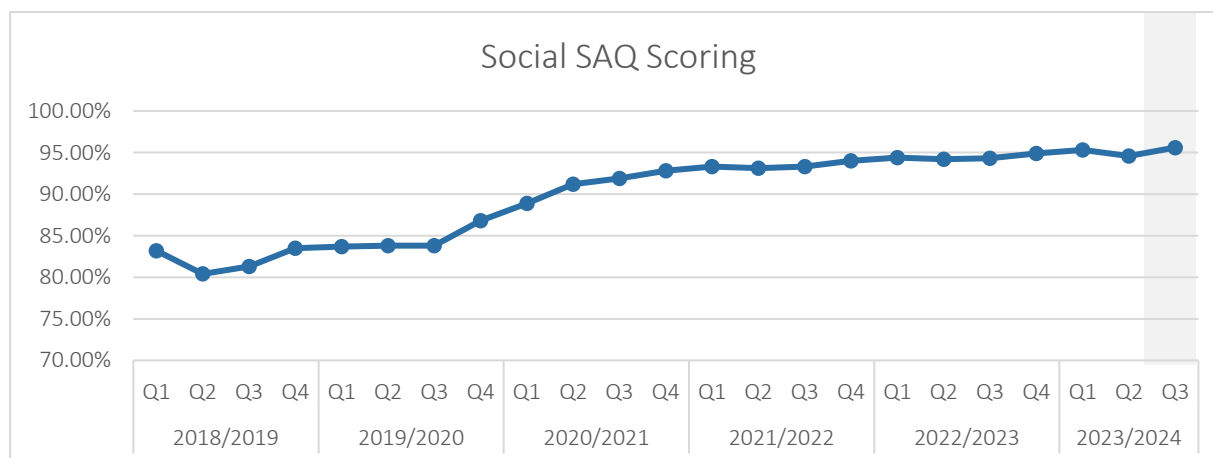
The table below page indicates the worker distribution per province and worker type:

Province	Permanent Male	Permanent Female	Temporary Male	Temporary Female	TES Male	TES Female	Foreign National Male	Foreign National Female	Total Workers per Province
Unknown	1 396	761	3 911	5 030	29	49	532	689	12 397
Eastern Cape	10 194	3 804	23 221	19 778	455	630	8 119	6 214	72 415
Free State	758	1 205	521	1 558	0	0	0	0	4 042
Gauteng	314	398	215	633	12	16	91	85	1 764
KwaZulu-Natal	1 140	1 086	857	1 561	601	552	21	11	5 829
Limpopo	17 154	11 933	18 704	34 356	2 265	2 047	7 692	4 772	98 923
Mpumalanga	5 048	2 826	4 188	6 131	596	194	936	281	20 200
Northern Cape	4 489	1 472	17 272	15 977	0	0	378	594	40 182
North West	904	715	693	4 493	6	175	543	2 710	10 239
Western Cape	38 956	24 253	53 772	78 365	5 502	5 025	10 546	13 699	230 118
Total Workers per Type	80 353	48 453	123 354	167 882	9 466	8 688	28 858	29 055	496 109

2. SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

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

SAQs indicate growth and improvement year on year, as the primary members are required to complete their SAQs annually. MySIZA allows for feedback to the member by means of a risk indicator, which scores each answer according to the risk it holds. SIZA SAQ percentages are risk-based, and not completion-based, meaning that the percentage score assigned to each SAQ is based on the risk level associated with the answers provided by the member, and not an indication of how many questions were completed. The average score for all Social (Ethical) SAQs approved in Q3 is 95,60%. The highest score for an approved SAQ in this period is 100%. SIZA administrative staff try to 1) only approve SAQs for existing members with a SAQ risk score above 85% (5% higher than 2020) and 2) complete a maximum of two SAQ reviews before approval. SIZA administrative staff assist new members with low scores to improve their scores every year before approval.



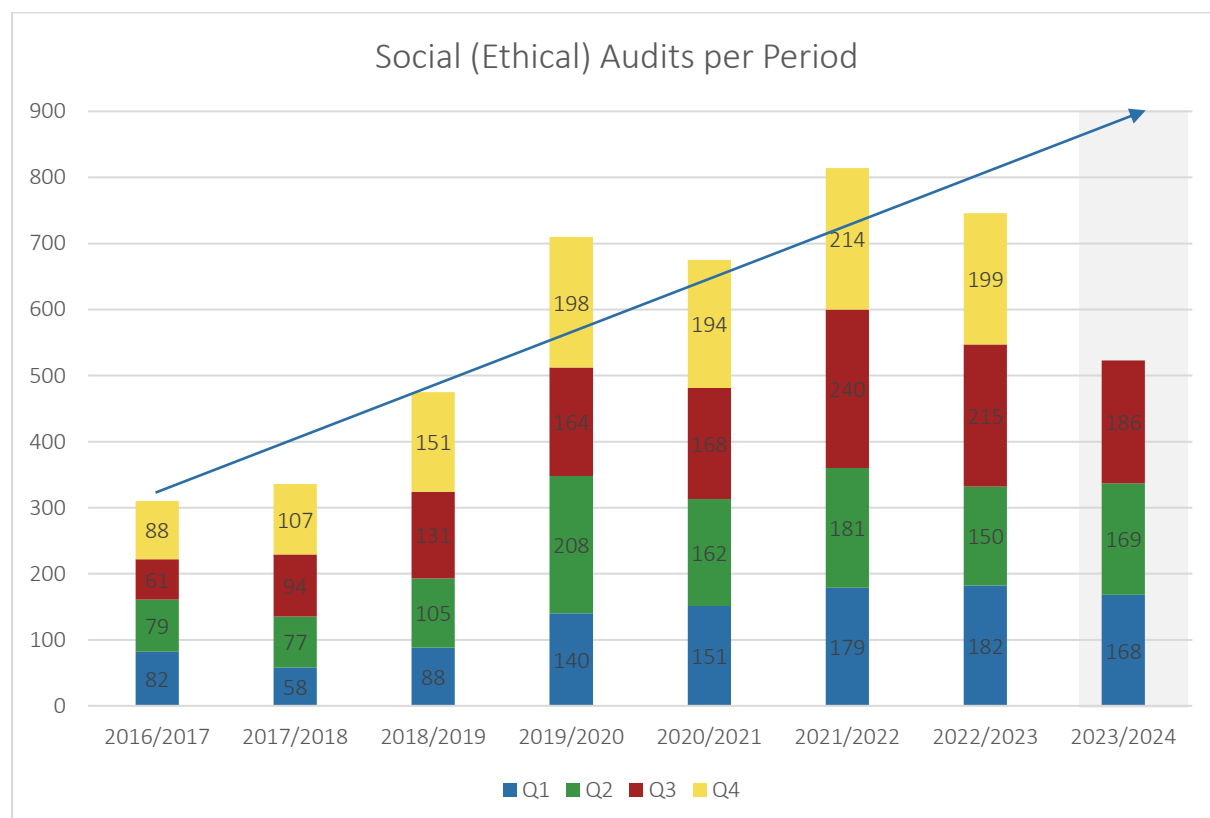
3. SOCIAL (ETHICAL) THIRD-PARTY AUDIT INFORMATION

3.1. Social (Ethical) Audits per Period

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

As with the growth in membership we saw a steady growth over the last seven (7) years in the amount of Social (Ethical) audits per year. Since 2016, a total of 4 589 Social (Ethical) audits have been conducted. It is important to take note of the SIZA Audit Frequency Matrix, which results in some producers achieving longer or shorter audit validity periods, which means they might audit every third- or second year, and others might audit annually, depending on market specification and the acceptance of the SIZA methodology. This ties in with the seasonality of agricultural production seasons and may impact the total audits per quarter, depending on the number of members for a particular commodity group who only audit in peak season. It is also noteworthy to see the impact during the COVID-19 pandemic between 2020 and 2022, which also played a role.

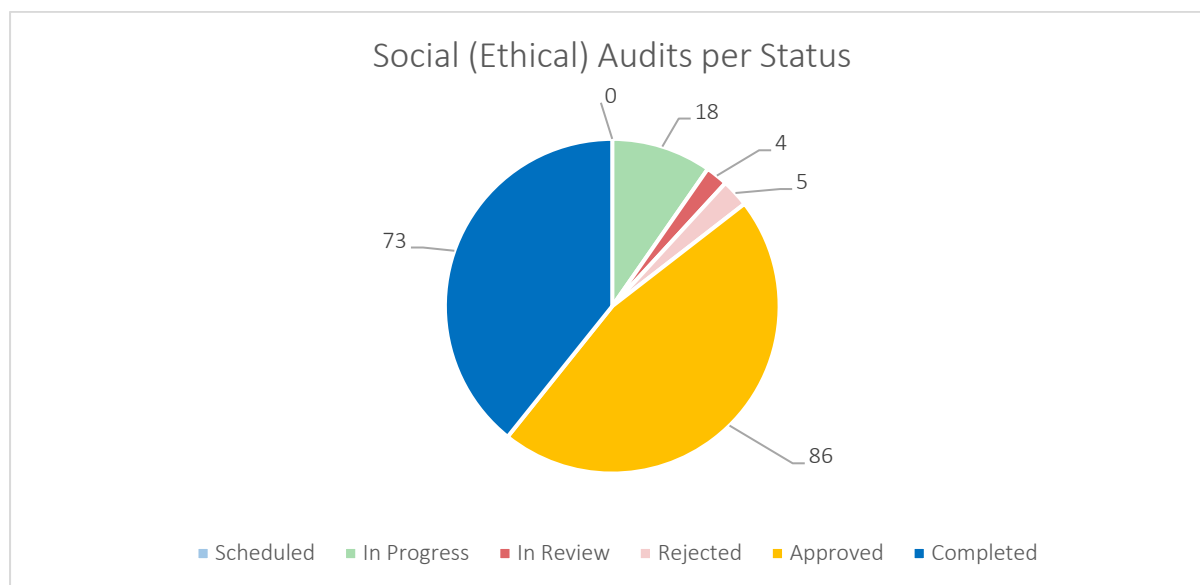
Over the last annual period, a total of 722 social audits were done, whilst in the past three months (Q3), between 1 January 2024 and 31 March 2024, a total of 186 social audits were conducted. This steady growth that is shown can be related to the expansion of becoming a multisector agri-wide programme. The graph below indicates the number of audits per quarter for every year since 2016 and showcases the steady gradual increase of audits over time.



3.2. Audits per Status

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

Of the 186 audits that were conducted during Q3, 73 have already been completed in full, and 86 are in approved status and awaiting corrective actions which must be uploaded by the producer. The remaining 27 audits are in progress or still being reviewed by the audit firms. It is important to note that there are timelines allocated to all the steps in the audit process for both the auditor and the auditee.

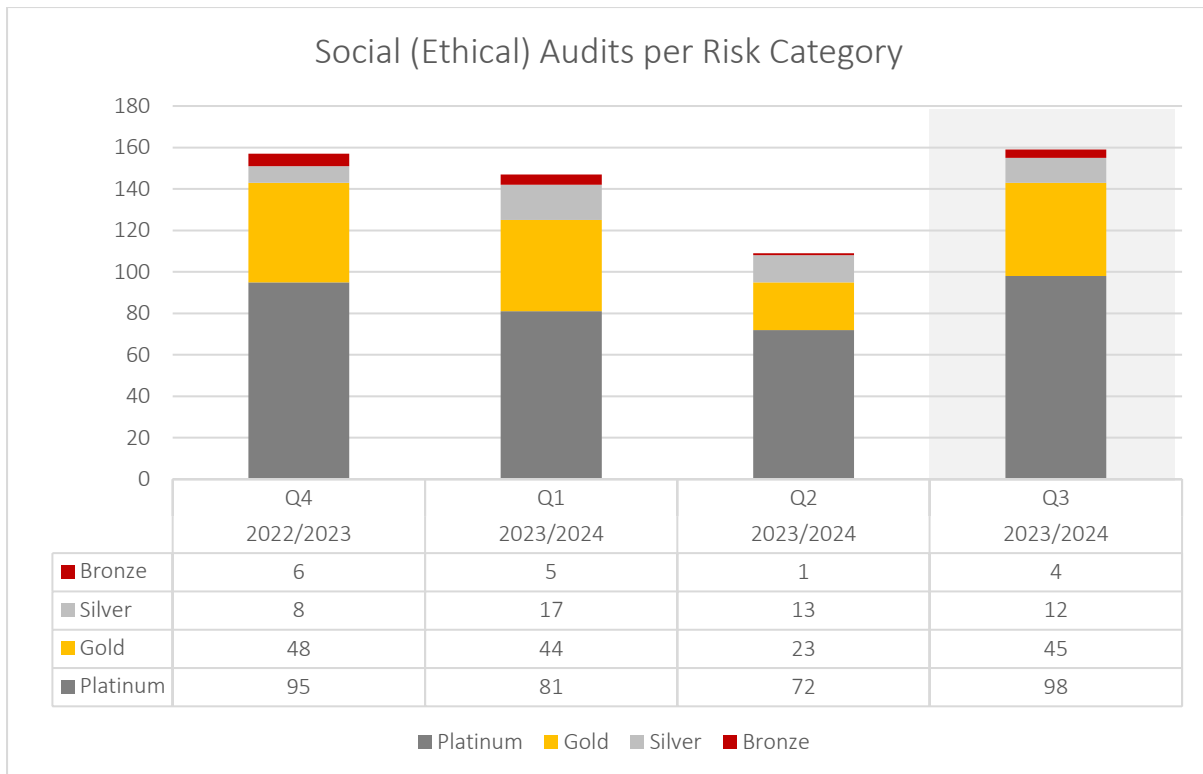


3.3. Social (Ethical) Audits per Risk Category

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

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

Of the audits done during this reporting period, 98 (61,63%) achieved Platinum status, and 45 (28,30%) achieved Gold status. Producers are showcasing their commitment to continuous improvement, and this is evaluated and proven by the third-party audit outcomes. Of the audits done during this period, 134 (72%) were in the Western Cape, of which 73 (64%) achieved Platinum status, and 30 (26,31%) achieved Gold status. Producers are showcasing their commitment to continuous improvement, and this is evaluated and proven by the third-party audit outcomes.



While the number of findings increases with each period, due to an increase in audits and more comprehensive auditor calibration efforts, the majority of producers still achieve a Platinum risk rating which provides for a three-year audit validity period. When comparing the Platinum risk ratings over the last three (3) years, one can note a 25% growth in the number of Platinum risk ratings achieved. Between January and December 2020, a total of 353 producers achieved a Platinum risk rating, whilst in the same period in 2023, 441 producers achieved a Platinum risk rating. Similarly, if one does a comparison over the last three years on the total number of producers achieving Platinum, it is clear that the number of producers is increasing. In 2020 56% of audits achieved a Platinum risk rating, whilst slightly lower in 2021 with 51%, and then increased again in 2022 with 57% of producers achieving Platinum and in 2023 a total of 60% of audits achieved a Platinum risk rating outcome. This is indicative of a consistent drive and effort from South African producers in the export industry toward continuous improvement and best practice.

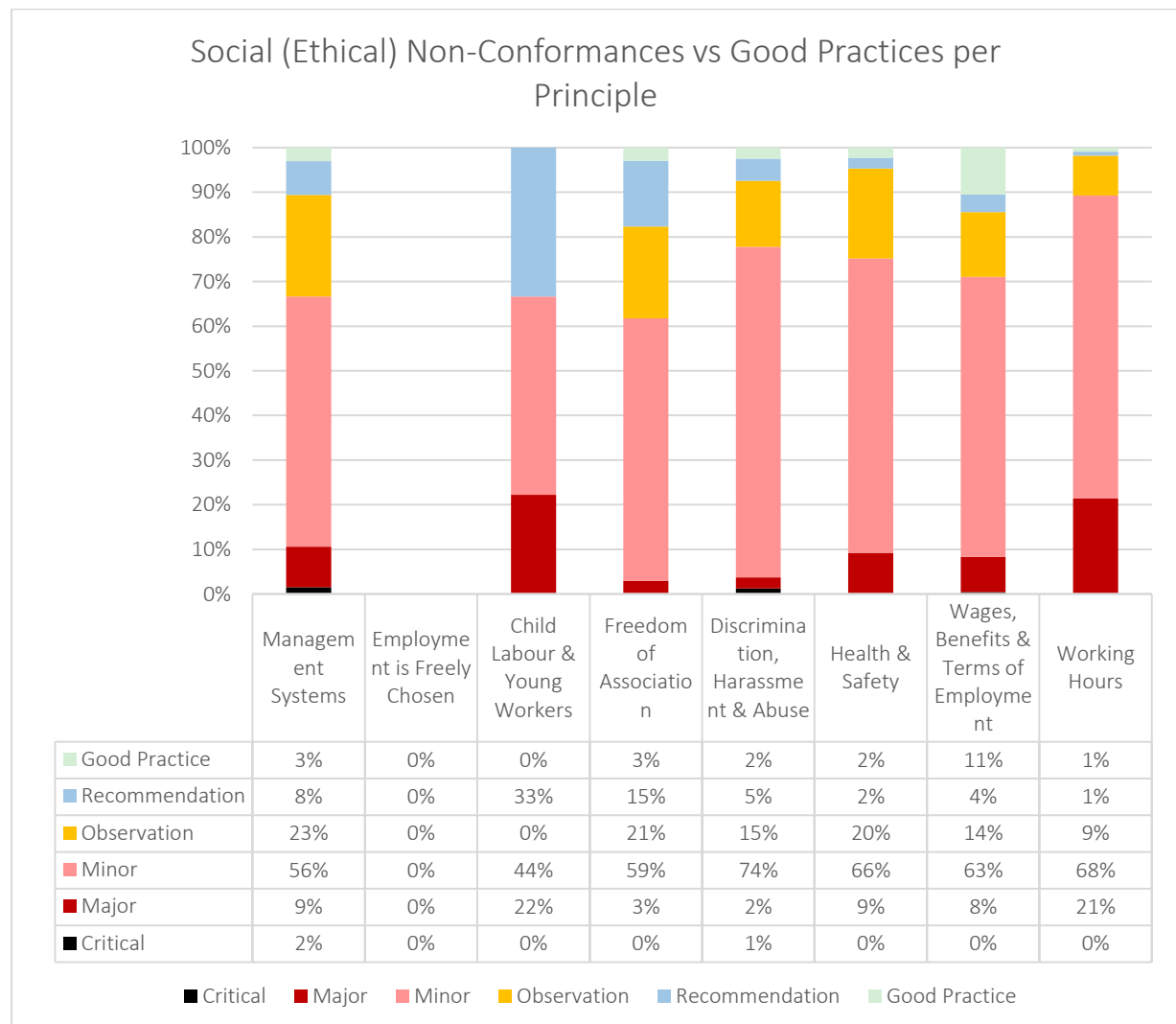
It is pertinent to note that the Bronze risk grading category results in producers being audited every season. This is important as the fewer findings achieved during third-party audits, the longer the validity period will be, but with more findings or more severe findings, a producer will have a shorter validity period. As can be seen in the graph above, the number of producers who achieve a Bronze risk rating remains lower than the producers achieving Platinum and Gold risk ratings, showcasing the increased improved practices over time.

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 eight principles of the Social Standard:

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



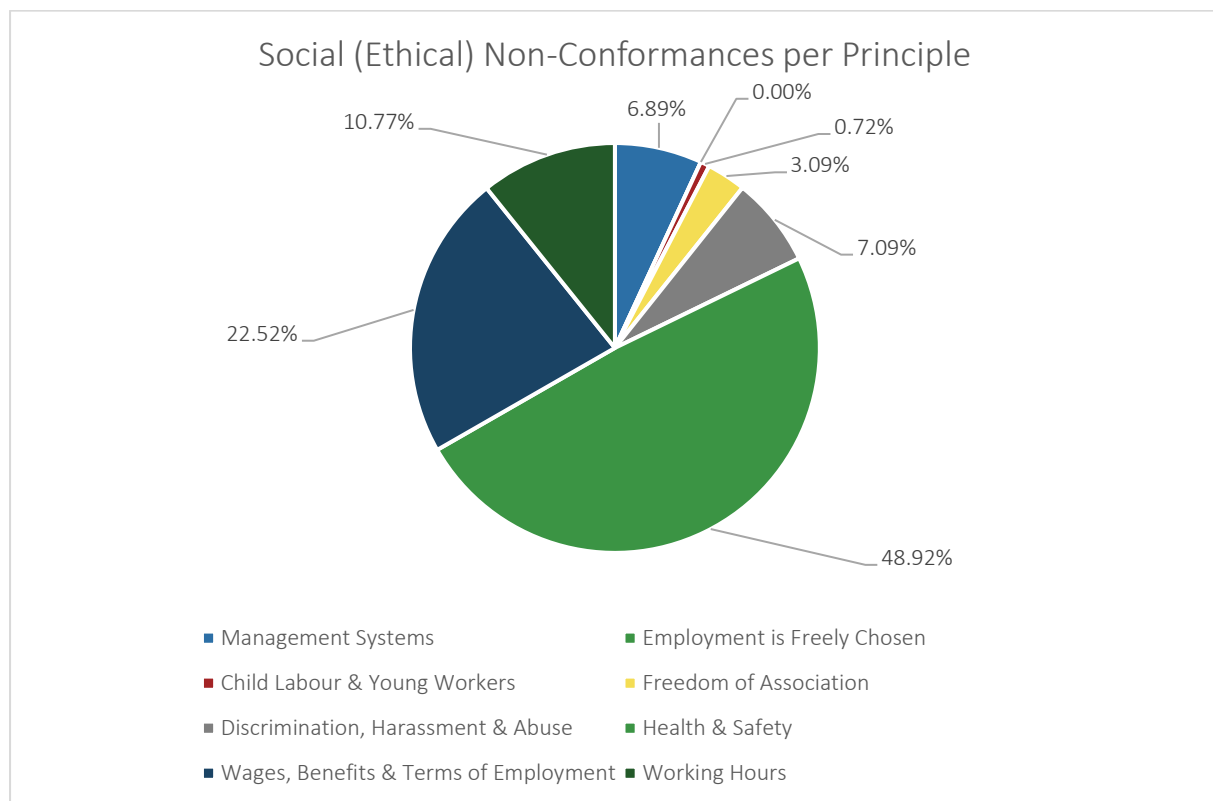
3.4.1. Non-conformances vs good practices per principle

During this period, it is interesting to note that there has been several Good Practices raised during this period (total of 53 new Good Practices noted during audits). The number of Good Practices raised can be explained due to more efficient calibration efforts from auditors on reporting good practices during audits and identifying these practices more effectively. Another reason for this increase can be due to members wanting to showcase a more balanced view of their business practices by implementing a best practice approach rather than just focusing on minimum compliance.

3.4.2. Non-conformances per Principle

In Q3, most non-conformances (82,21%) fell in the following three principle codes, namely:

- Health & Safety (745 findings);
- Wages, Benefits, and Terms of Employment (343 findings); and
- Working Hours (164 findings)



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

Health and Safety:

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

- Inadequate management structure in place to ensure the effective overall management of health and safety matters within the business. This refers to a centralised understanding by senior management of the requirements and implementation of health and safety practices within the business.

- Inadequate management and maintenance of machinery related to the business production processes.
- Housing for employees does not meet basic health, safety and hygiene requirements as set out in this Standard and local law. This refers to broken/inadequate fixtures, leaking roofs, potential damage to windows/walls/pipes or electrical wiring etc.

Wages, Benefits & Terms of Employment:

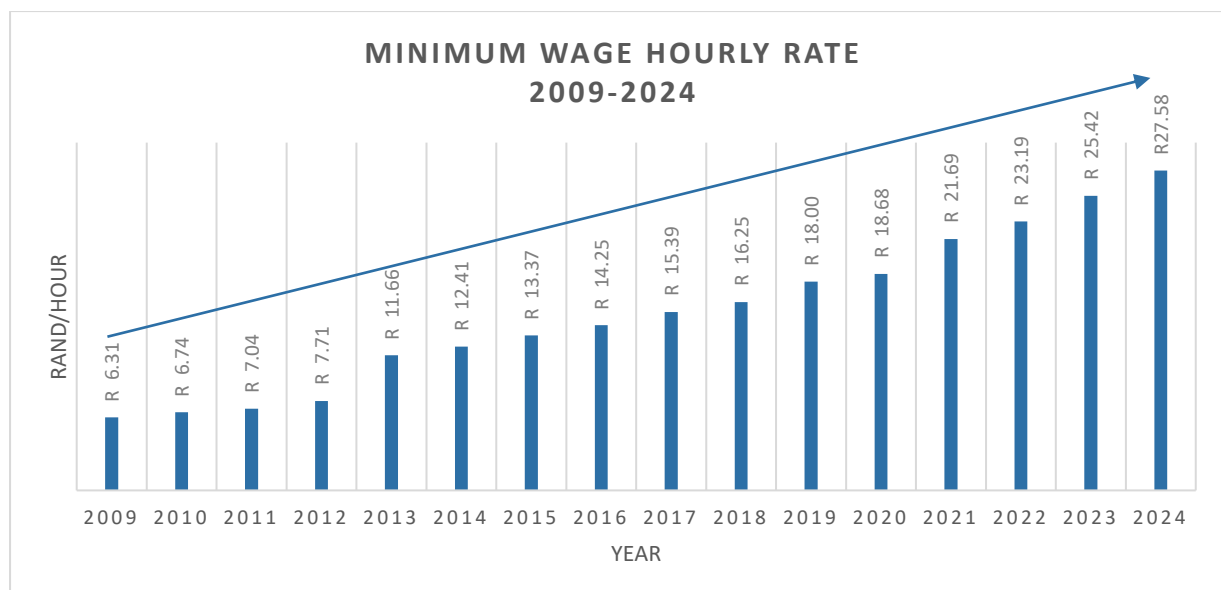
The second largest area of non-conformances lies with wages and contracts of employment. In general, the largest areas of non-conformances within this section fall under the following themes:

- Inadequate contracts of employment provided to employees and payslips which do not contain all the legislatively required information.
- Ineffective systems in place for the accurate calculation and payment of worker wages. This refers to the wage management system, which is inadequate, resulting in the wage calculation being incorrectly processed.
- Deductions does not meet minimum legal requirements.

It is worthwhile to note that SIZA launched a written guideline, along with in-person and online training, on all legislative requirements pertaining to labour requirements related to wage calculations, benefits, terms and conditions, working hours, and more. This training, since its launch in June 2023, has made a visible impact, as the number of non-compliances in these Principle Codes has decreased by 9% when comparing the data from Q3 2022 to this Q3 in 2023 statistic.

Background to wages in agriculture in South Africa:

Over the past 14 years, South Africa has witnessed a notable transformation in the agricultural sector, characterised by significant wage increases. These increases have ensured more benefits for agricultural employees with better and more sustainable living conditions in mind. Although a minimum wage principle was tailored since 2009, various Sectoral Determinations promulgated wages for different sectors. Since the adoption of the new National Minimum Wage Act in 2018, a National Minimum Wage was created that served as the floor level below which no employee should be paid. The national minimum wage applies to all workers i.e., any person who works for another person and who receives or is entitled to receive any payment for that work. Although many businesses pay more than the minimum wage in agriculture, this period has seen remarkable progress in the wages earned by agricultural workers, which reflected both the industry's growth and efforts to ensure fair wages. These year-on-year increases in wages has not only improved the living standards of those involved in the sector but has also contributed to greater economic stability and social development in South Africa.



Working Hours:

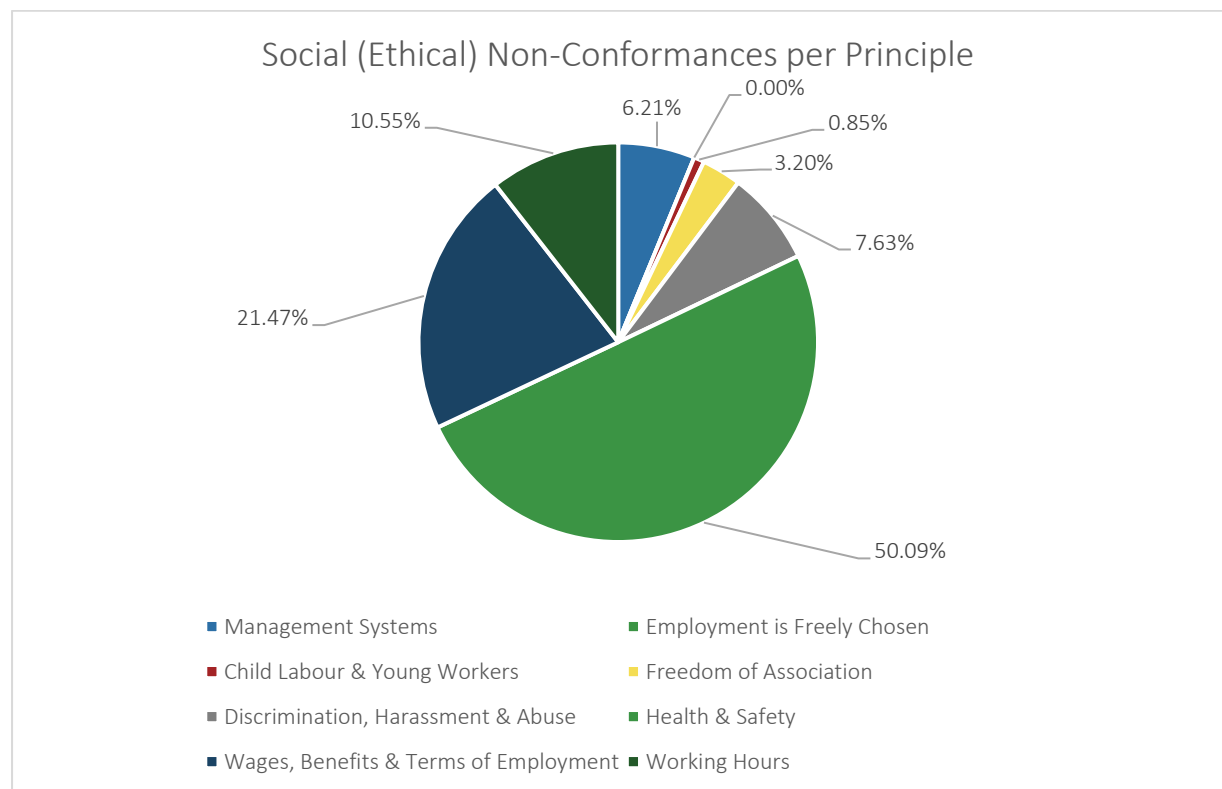
The third largest area of non-conformances lies with working hours. In general, the largest areas of non-conformances within this section fall under the following themes:

- Overtime does not conform to all the minimum requirements.
- Night-work is not managed and implemented in accordance with the minimum legislative requirements.
- Rest periods and meal intervals are not managed effectively and granted to workers in accordance with legislation as some businesses have inadequate systems in place to monitor rest breaks.

It is further important to note that Q3 2023/2024 is the third consecutive quarter with no findings in the principle code of Employment is Freely Chosen.

For the **Western Cape**, most non-conformances (82,11%) fell in the following three principles, namely:

- Health & Safety (532 findings);
- Wages, Benefits, and Terms of Employment (228 findings); and
- Working Hours (112 findings)



3.4.3. Risk distribution

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

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

A minor non-compliance is:

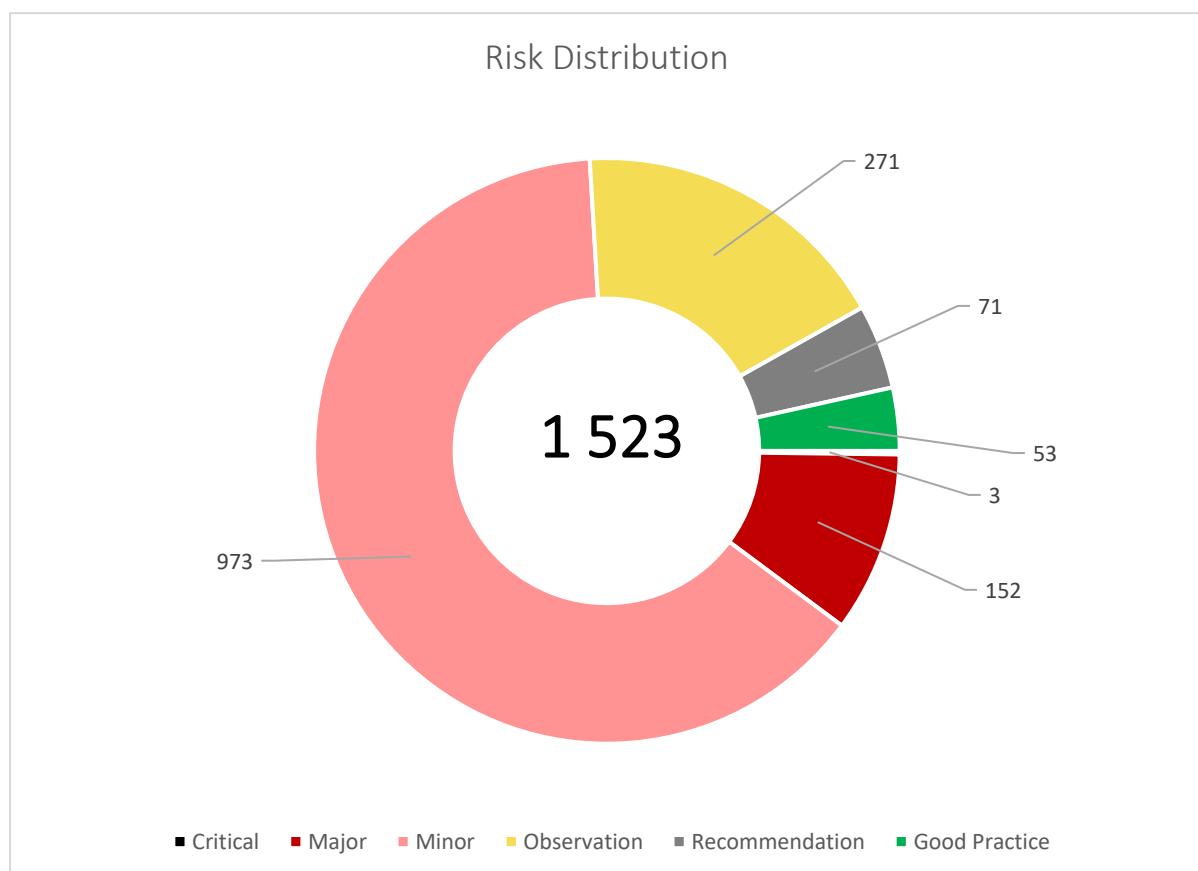
- An occasional or isolated problem.
- An issue which presents a low risk to workers/ those on-site.
- A policy issue or misunderstanding where there is no evidence of a material breach.

A major non-compliance is:

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

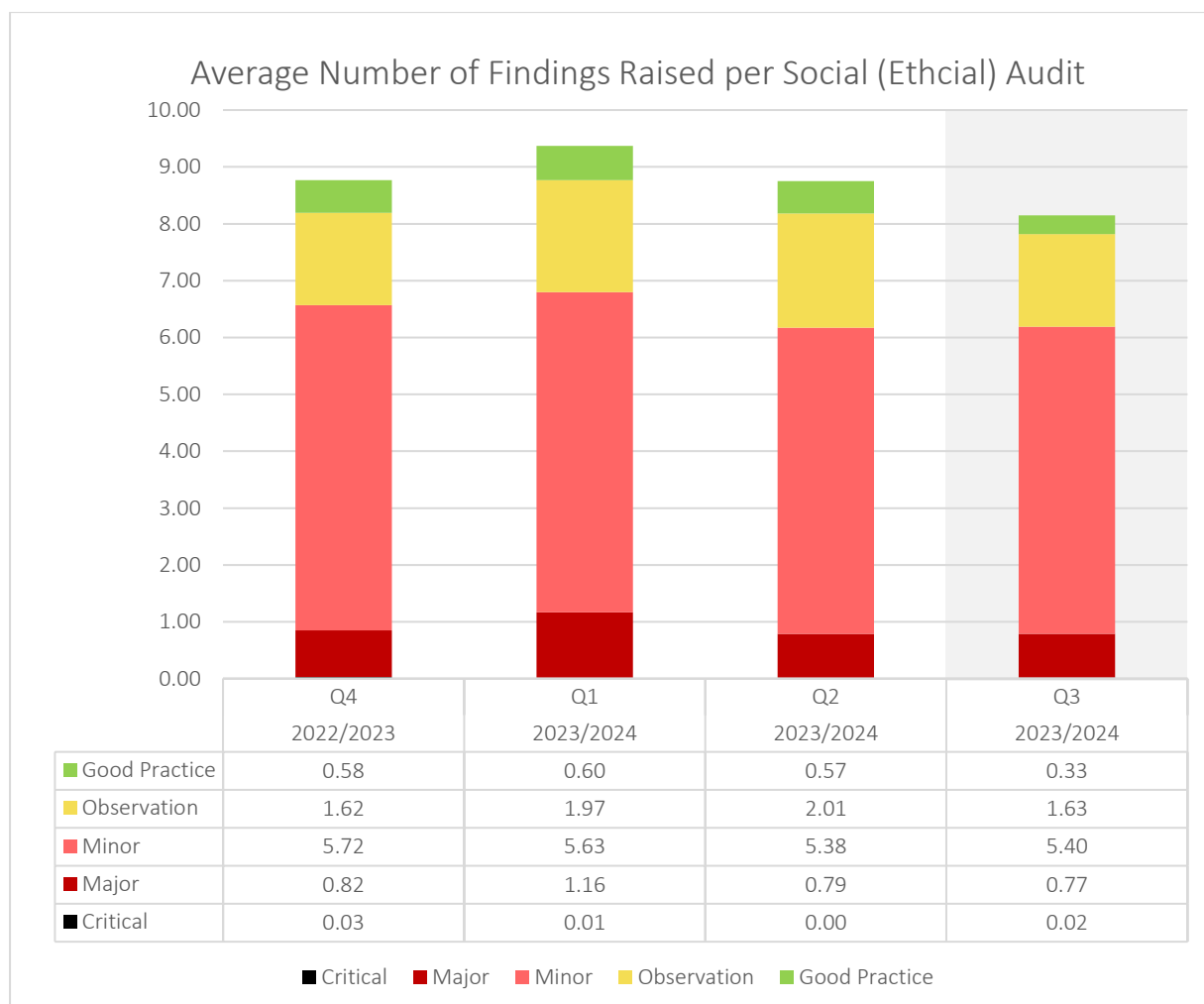
A critical non-compliance is:

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



3.4.4. Average number of findings per audit

The graph below indicates the average number of findings that are raised per audit. During the Quarter 3 2023/2024 reporting period, an average of 8,15 findings were raised per audit. For the Western Cape, the average number of findings were slightly higher at 8,19 findings per audit on average most likely due to this reporting period falling in the highest peak production period for Western Cape agriculture. It is still an excellent indication of the agricultural industry's improved implementation towards socially responsible practices within their businesses as the average is less than 10 findings per audit.

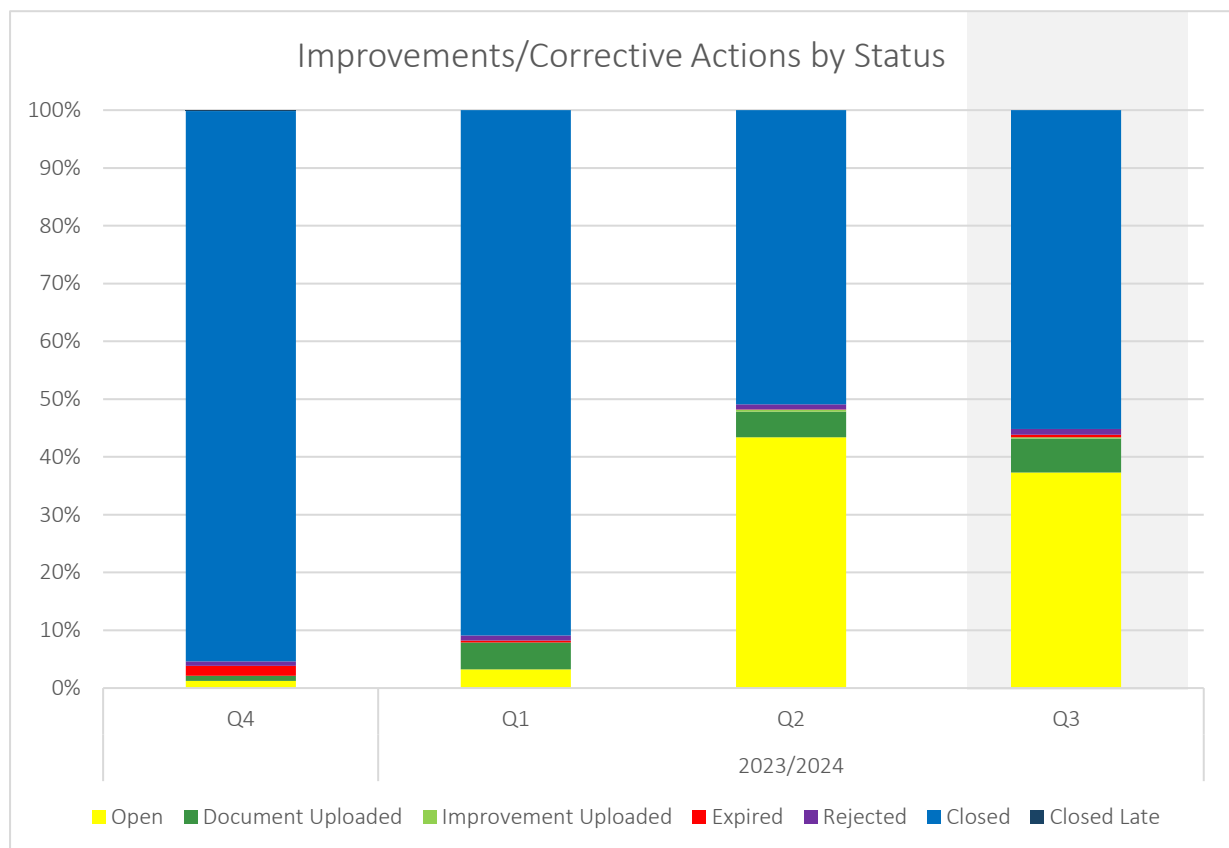


Although the majority of SIZA members received a Platinum risk rating; on average, due to the increased overall number of non-conformances raised on all audits, this results in the average SIZA risk-rating of Gold. This is due to the fact that a member's risk rating will immediately move to Gold if a 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 improvement on findings during audits. The SIZA programme supports this by only issuing Audit Completion Letters once all the corrective actions have been implemented and closed by the third-party auditor. The aim is not only to have an audit done, but to ensure improvement takes place through adequate corrective action. The below graph shows that most findings are closed-out timeously during the given timeframes by producers. The submission and closing of findings before the given deadlines are very important as this showcases the commitment from producers to rectify areas of non-compliances, and the audit validity of a producer will be affected if corrective actions are not completed within these deadlines. SIZA actively motivates and supports producers with the completion of the corrective actions which drives improvement within their own business, as well as throughout the agricultural industry. With each corrective action, the business is growing and improving their practices which in turn benefits the workforce and economy.

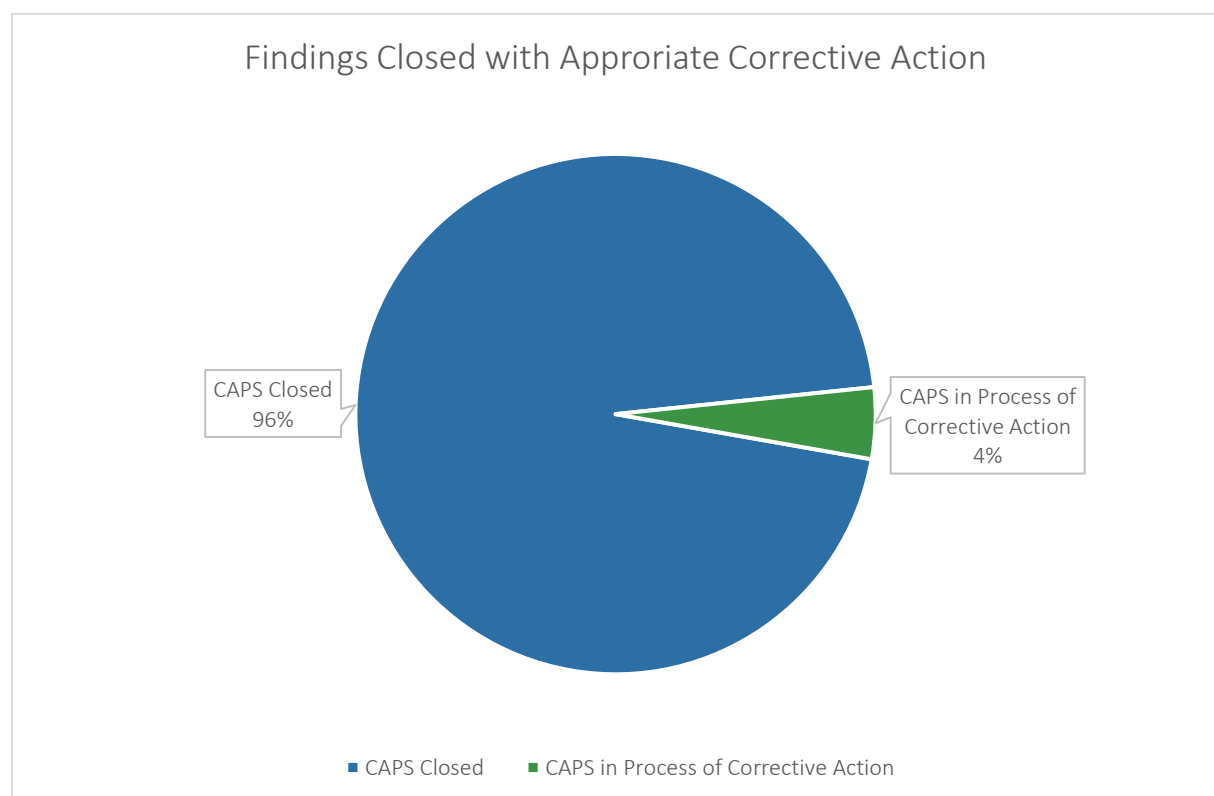
The graph below indicates how non-conformances are closed out over time. Expired non-conformances will result in a follow-up audit during the 12 months following the audit date, while open non-conformances indicate that the producer still needs to upload corrective action to show improvement.



The completion of corrective actions following an audit holds immense importance as it serves as evidence that the site is actively implementing improvements. The purpose of an audit goes beyond merely identifying findings; it aims to highlight areas where measurable improvements can be made. Therefore, it is crucial for businesses to promptly address and implement necessary changes and corrective actions after an audit. The principle of improvement, particularly the expectation of submitting corrective actions post-audit, aligns with the pursuit of transformation and enhancing the overall image of South Africa. Both the industry and South Africa in general are committed to achieving the United Nations' Sustainable Development Goals. To fulfill these commitments, it is vital for tangible adaptations and improvements to be implemented as proof of compliance. The impetus for improvement is also driven by global buyers, as managing their supply chain risks aligns with their own commitments to the UN goals.

The SIZA program has been designed in a way that reduces the validity period of an audit if corrective actions are not uploaded within the agreed-upon deadline set between the auditor and the producer on the audit day. Consequently, regardless of the initial risk rating (Platinum, Gold, or Silver), the certificate will only remain valid for one year or one season. Conducting an audit is only the initial step; the subsequent corrective actions are the more crucial part. This demonstrates growth and development, reflecting the continuous improvement of the site and enabling better socially responsible and sustainable practices after and between audit periods.

If one looks at the improvement that has taken place over time, it is worthwhile to look at the findings raised since 1 January 2016 until 31 March 2024. A total of 37 957 findings were raised during third-party audits, and **36 272** of these findings have already successfully been closed out and received improvements in practices. This means that 96% of all findings have been adequately resolved since 2016.



4. COMMUNITY ENGAGEMENT BEYOND THE SOCIAL AND ENVIRONMENTAL AUDIT

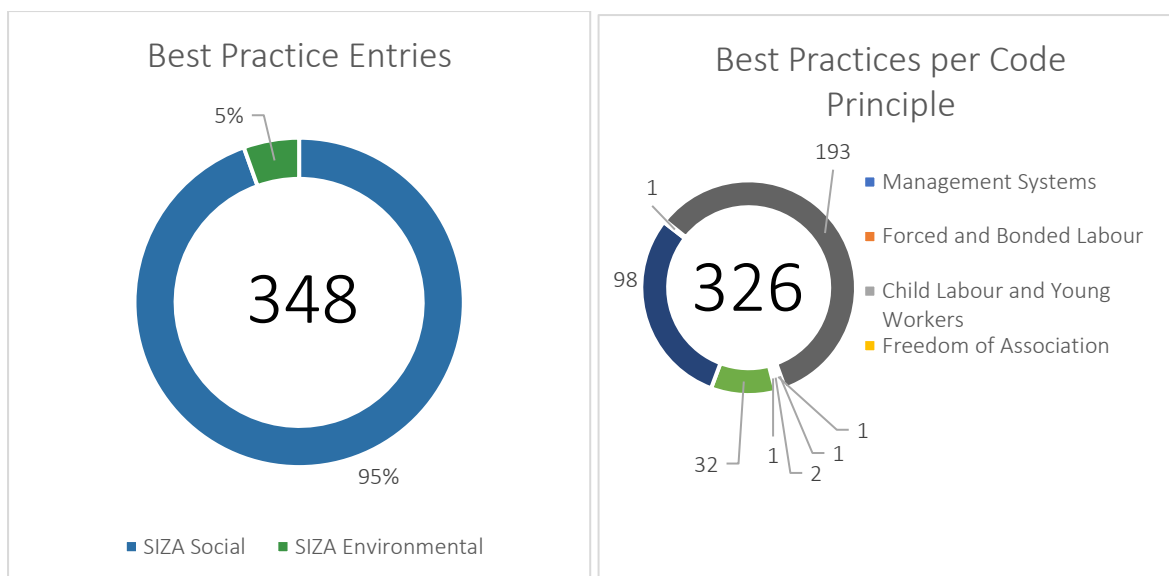
Auditing has been a catalyst for driving sustainable change in the global supply chain for several years. The number of workplace violations were reduced through a principle of driving continuous improvement. Conducting audits on farms, pack houses, processing facilities, and workplaces in general has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

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

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

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

The above is merely a highlight of some of the admirable practices offered by producers across South Africa. The importance of ensuring there is engagement with local communities is an embedded culture within South African agriculture that has survived over many decades and seems to increase with time. It is also worth noting that there are excellent programmes managed under the leadership of the different industry associations across provinces and other external NGOs. To date, 326 Social (Ethical) and 22 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.



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

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

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

5. GLOBAL MARKET ENGAGEMENT AND SIZA ACCEPTANCE ACROSS MARKETS

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

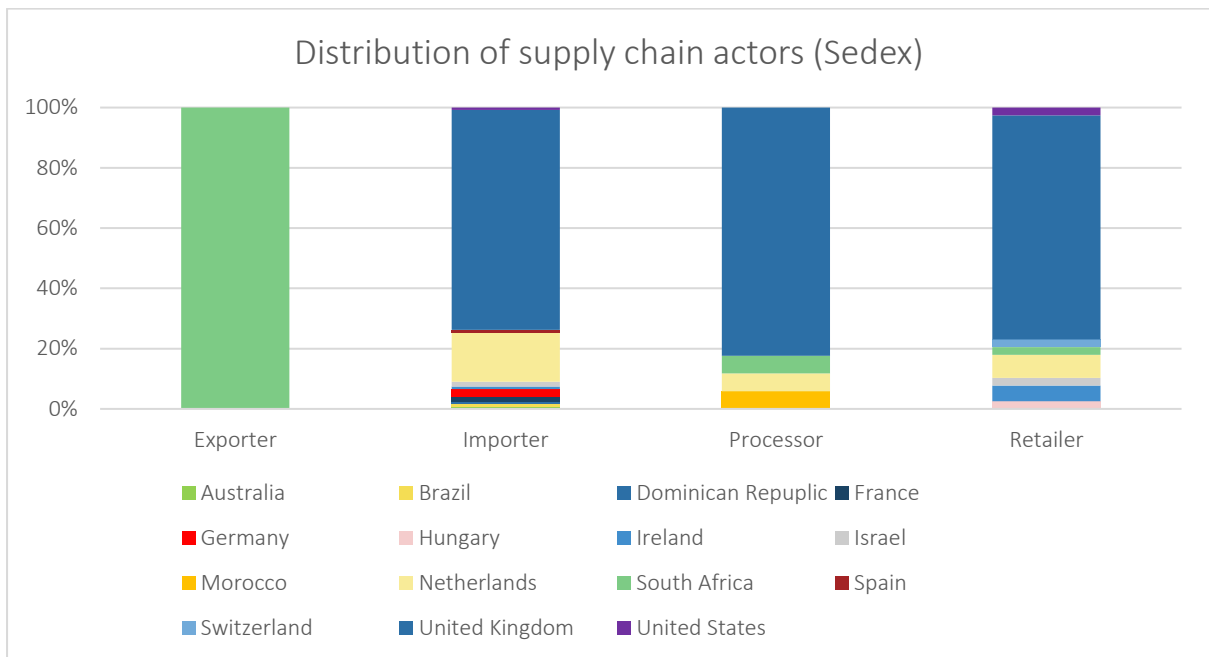
Market acceptance is therefore one of the key measurable objectives to monitor growth but also to maintain the current acceptance throughout the world. Currently SIZA provides supplier information when suppliers give SIZA permission to do so. Visibility on audit data and standards information are provided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

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

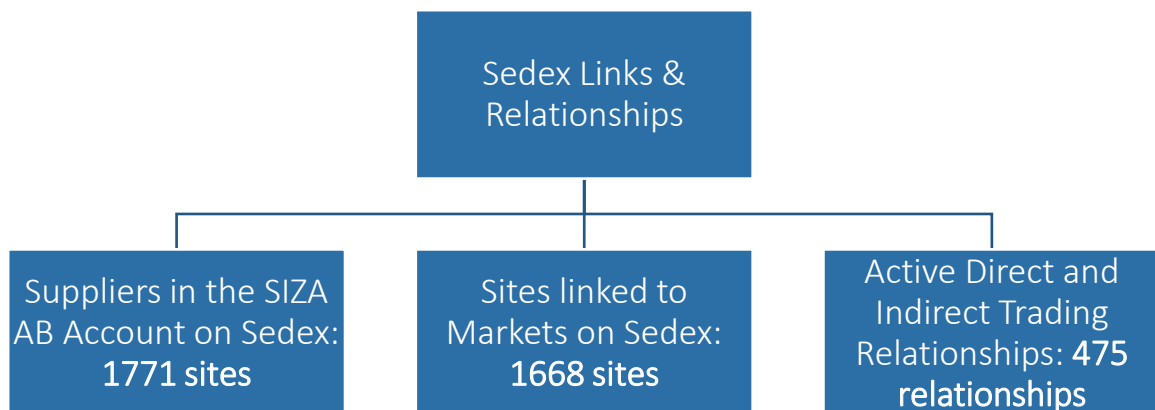
SIZA's acceptance has also grown in terms of businesses and industries that accept SIZA audits and recognise primary members' ethical and environmental performance against the SIZA standard. Current acceptance is through Exporters, Importers, Retailers, Manufacturing/Processing Facilities, Storage/Distribution Facilities, Wholesalers and Restaurants. The acceptance of these markets and buyers are largely dependent on the various benchmarks undergone by SIZA where the Standard and the audit process is compared against the international standards, conventions, and legislation. This requires that the SIZA Standard is updated, and as per SIZA's audit process and methodology, the SIZA Social and Environmental Standard are reviewed every 3-year cycle. The new SIZA Standards were published in October 2023. This process provided an opportunity for SIZA and the South African industry to ensure that the standards are aligned with legislation and market requirements. This process included a technical review panel, which consisted of exporters, importers, retailers, industry experts, producers, and legal experts, ensuring a thorough process.

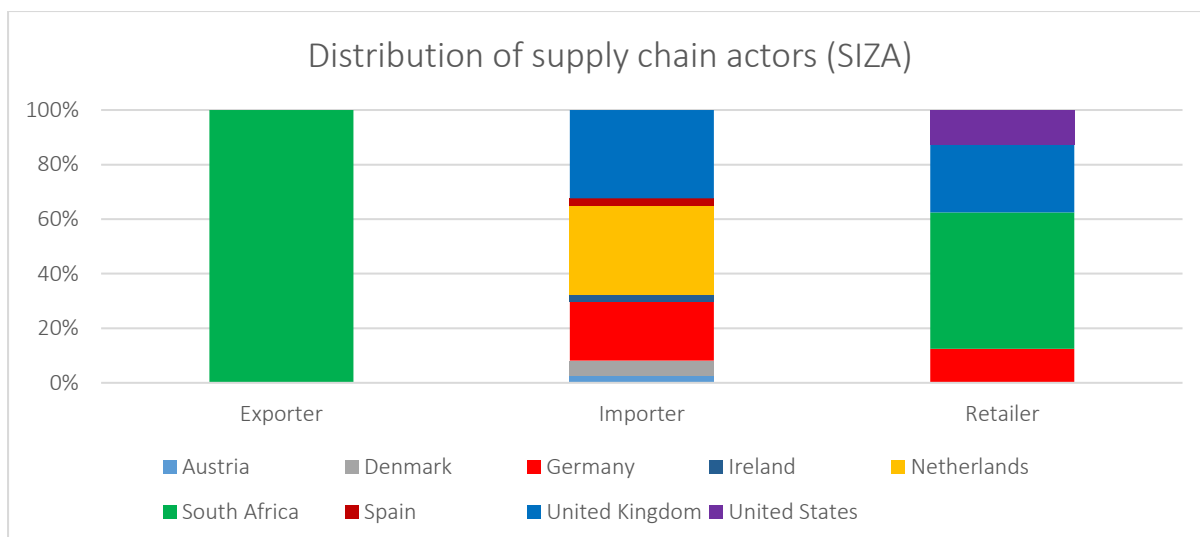
SIZA will continue to monitor the market growth and continuously engage with new markets for further acceptance. Across the four different platforms, SIZA is accepted by 345 businesses that operate around the globe. Below is a table showing the number of businesses per country that we are aware of which accept and support SIZA.

Country of SIZA Recognition	Number of Buyers Accepting SIZA Programme
Australia	1
Brazil	1
China	1
Denmark	3
Dominican Republic	1
France	2
Germany	18
Ireland	6
Israel	3
Italy	3
Morocco	1
Netherlands	36
South Africa	118
Spain	2
Switzerland	1
United Kingdom	143
United States	5
Total Markets:	<u>345</u>



Out of SIZA's total membership, 1 771 (78,18%) are represented as suppliers in the SIZA AB account on Sedex. Each supplier can be linked to markets on the Sedex platform, and SIZA manages this visibility on behalf of its members who require Sedex visibility. Currently 1 668 sites are linked to 475 active direct and indirect trading relationships.





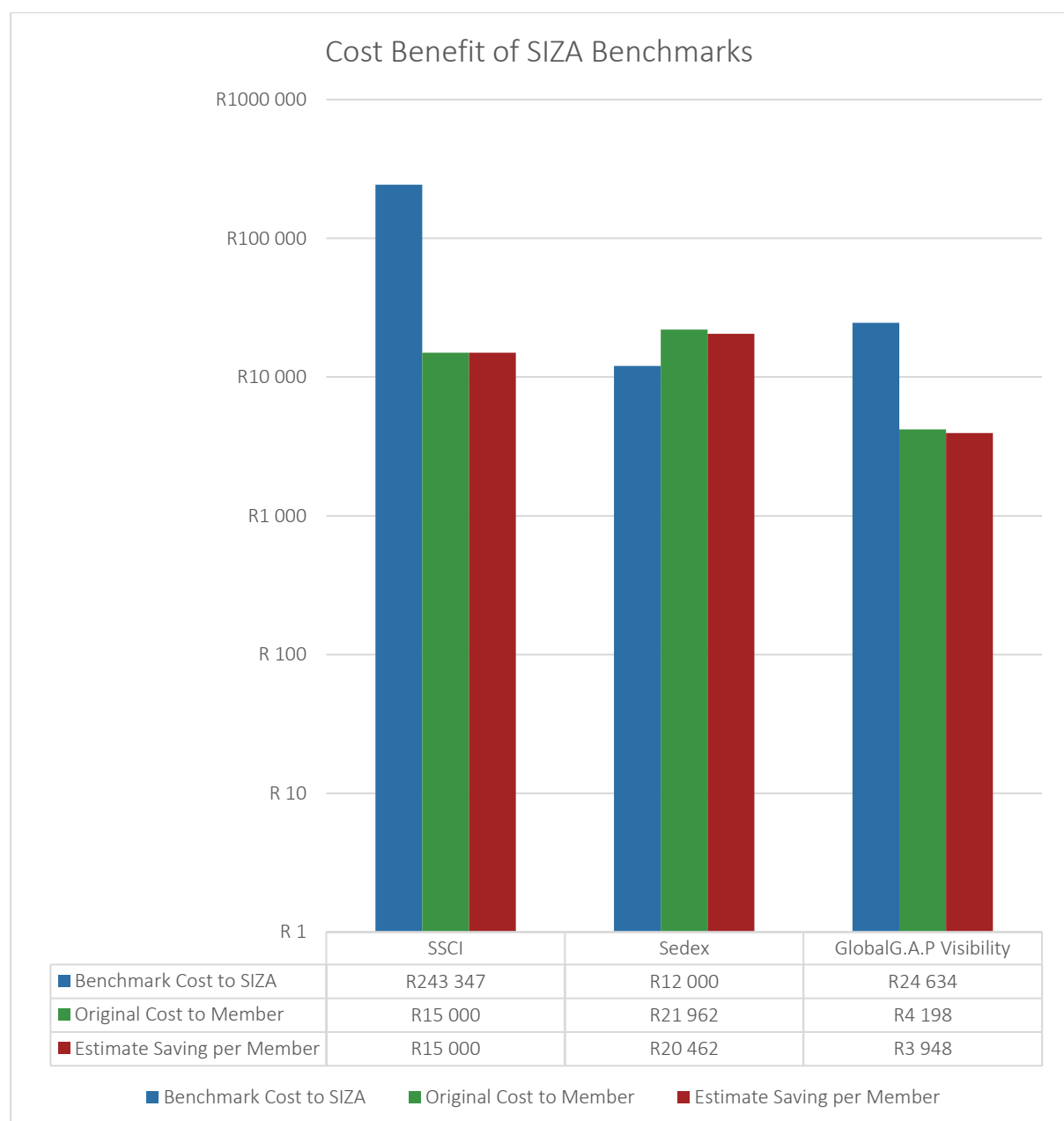
As SIZA continues to gain market acceptance across the globe, it remains important for members and audit companies to pay attention to specific requirements from certain retailers and buyers. As compliance requirements grow across the globe, it remains crucial that SIZA continues its efforts alongside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

5.1. Cost-Benefit of SZA Benchmarks

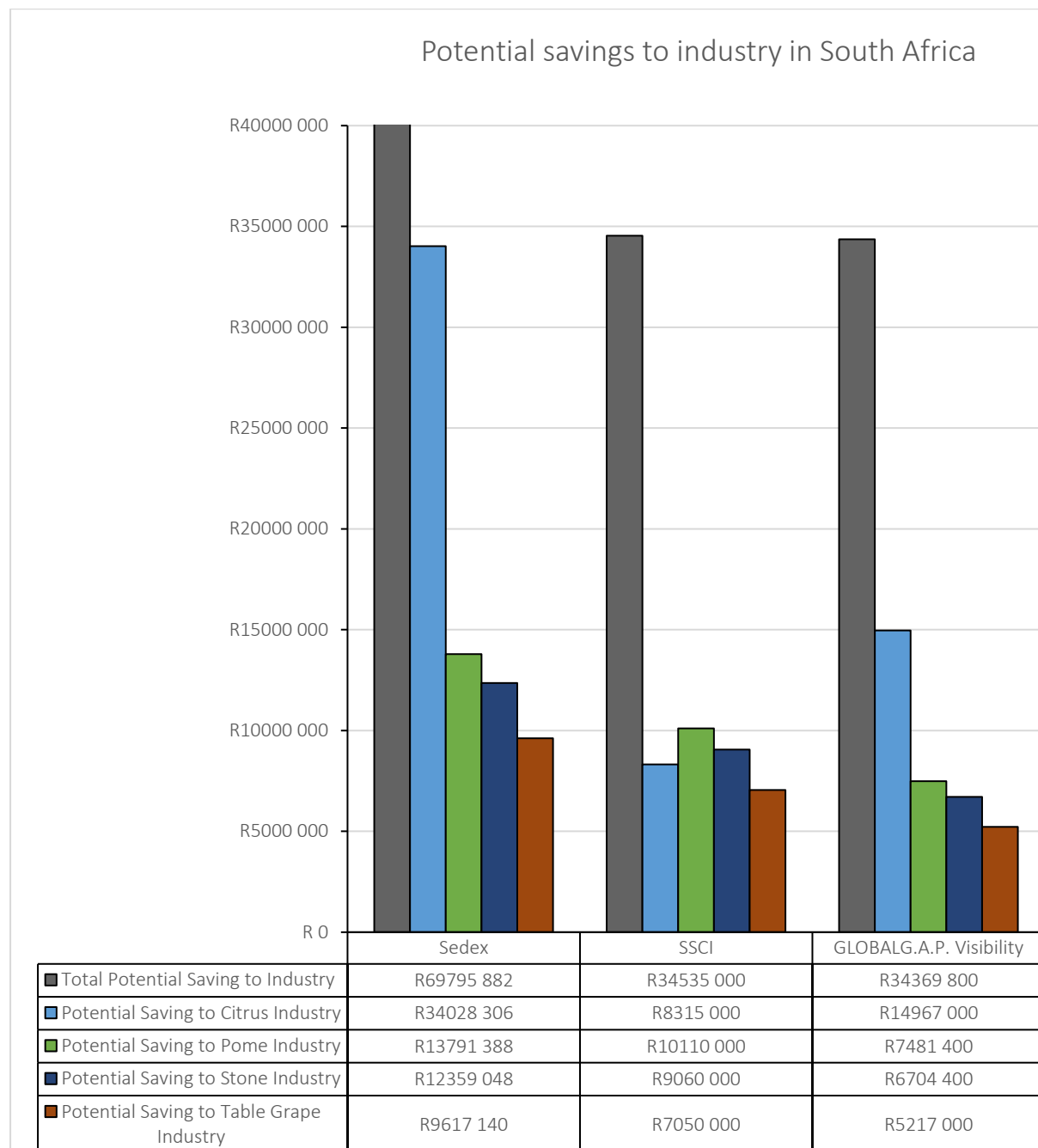
As part of SIZA's drive to support producers by providing a cost-effective approach toward third-party audits, taking into account the various markets that are supplied globally, SIZA has investigated some of the major benchmarks and agreements completed to understand the cost-benefit and savings to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

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

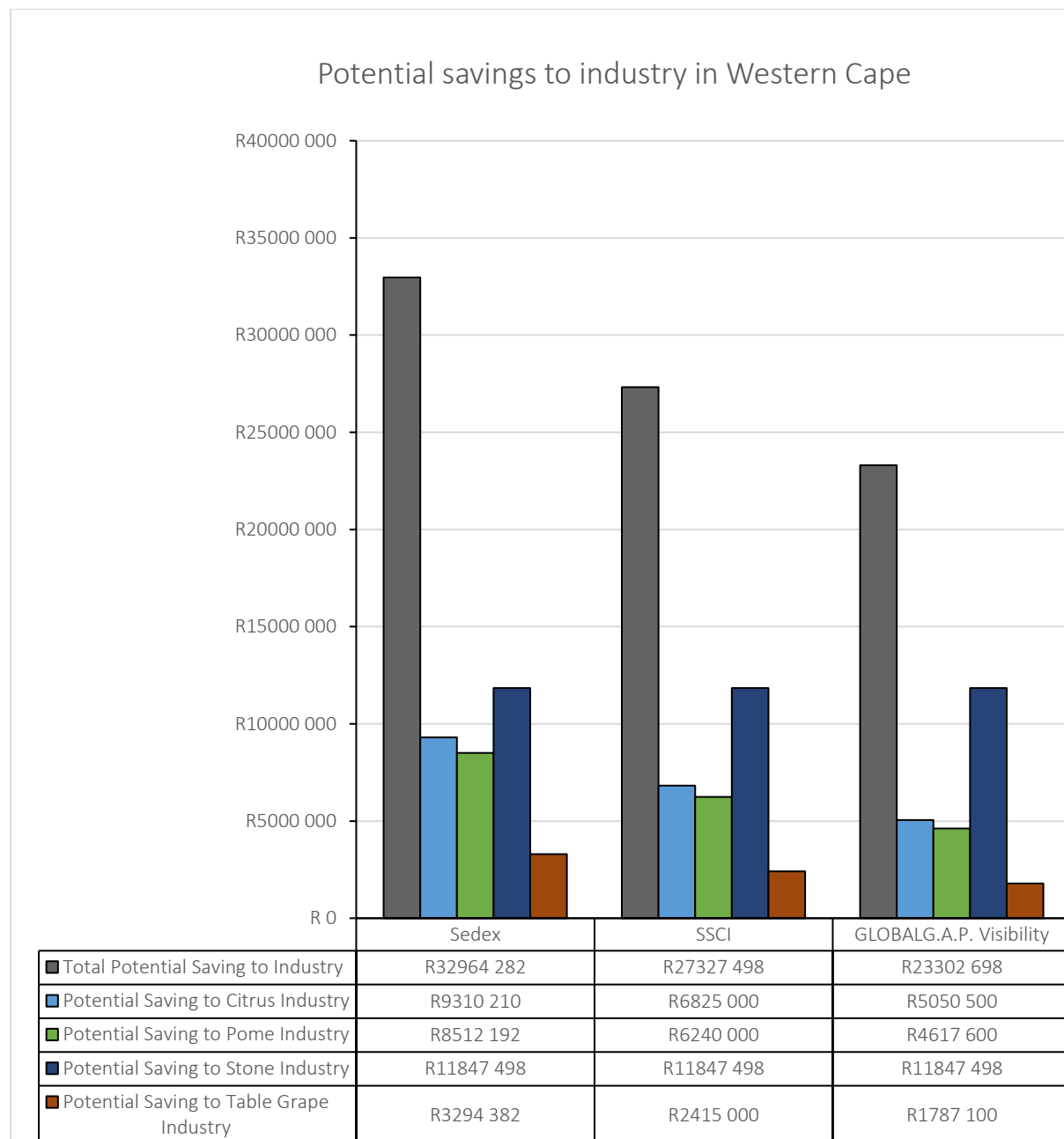
The goal of maintaining partnerships with other global programmes and conducting benchmarks against other standards is to ensure that South African agricultural producers can access all the major global markets by only maintaining their SIZA compliance for both the Social and Environmental Standards.



The following graph provides an overview of 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 of 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.



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

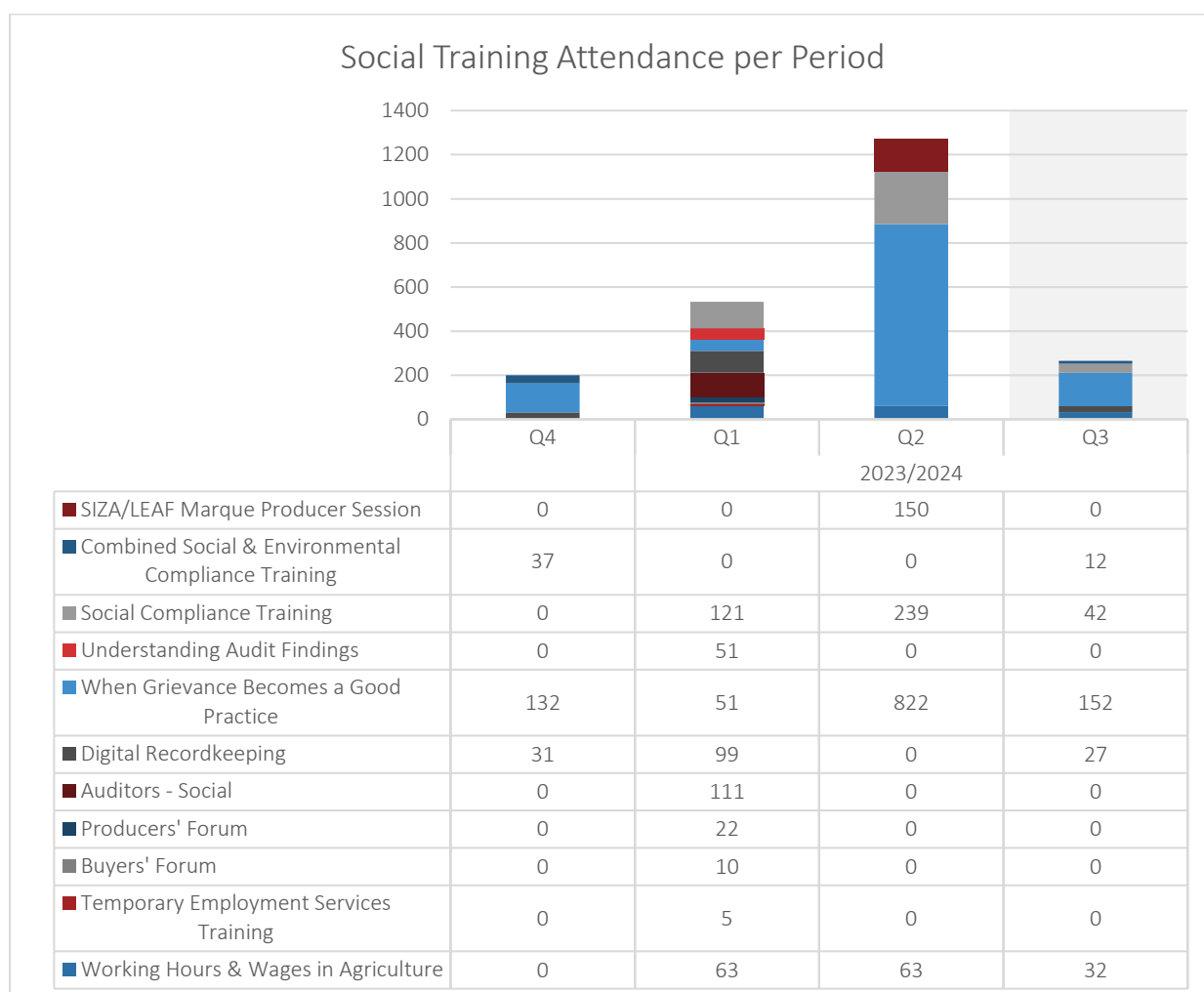
Through various training events, SIZA aims to assist members with understanding the various requirements of the SIZA Social and Environmental Standards, in addition to helping members in their preparations for their third-party audits. The training, in combination with in-person SIZA In-Between Monitoring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

Member training

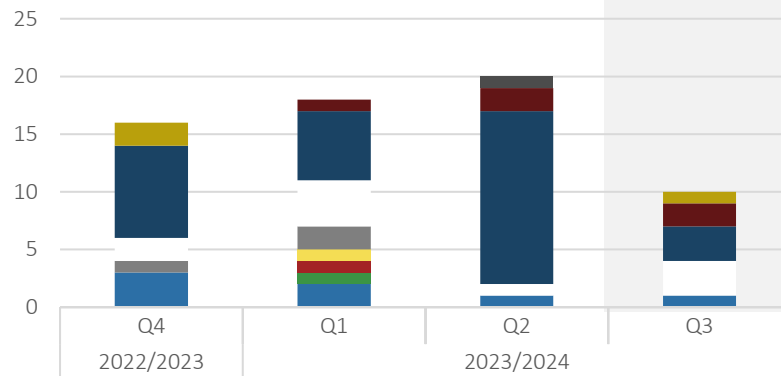
- Social Compliance
- When Grievance becomes a Good Practice
- Understanding Audit Findings
- Environmental Compliance
- Environmental Legislation
- Digital Recordkeeping
- MySIZA Platform navigation
- SIZA/LEAF Marque Producer Session

Auditors

- Social Standard
- Environmental Standard



Social Training Events per Period



	Q4 2022/2023	Q1	Q2	Q3
■ SIZA/LEAF Marque Producer Session	0	0	1	0
■ Combined Social & Environmental Compliance Training	2	0	0	1
■ Social Compliance Training	0	1	2	2
■ Understanding Audit Findings	0	0	0	0
■ When Grievance Becomes a Good Practice	8	6	15	3
■ Digital Recordkeeping	2	4	1	3
■ Auditors - Social	1	2	0	0
■ Producers' Forum	0	1	0	0
■ Buyers' Forum	0	1	0	0
■ Temporary Employment Services Training	0	1	0	0
■ Working Hours & Wages in Agriculture	3	2	1	1