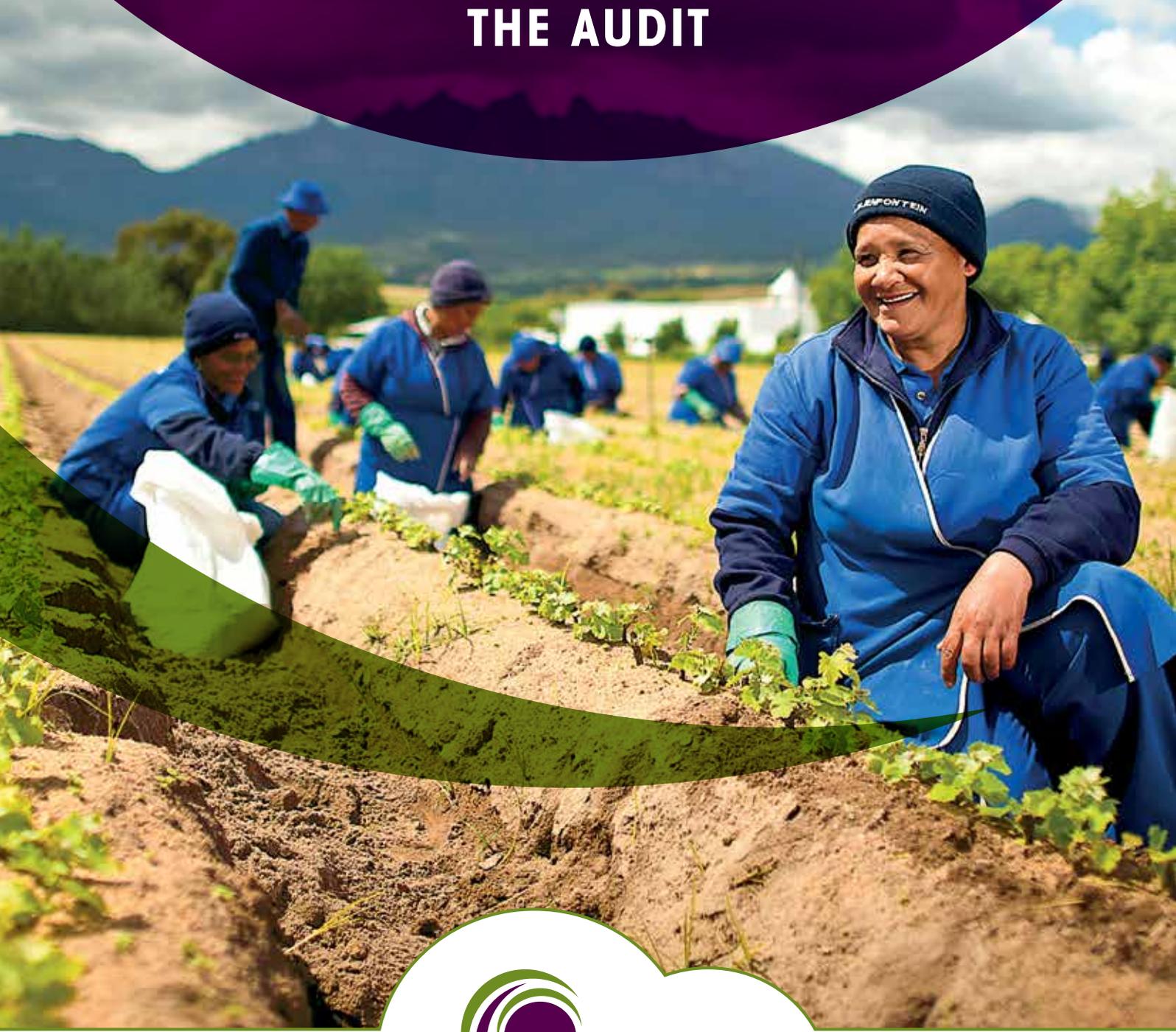


WIETA STRATEGY 2018

**ADVANCING BEYOND
THE AUDIT**





OVERVIEW

The South African wine and related industries have adopted ethical parameters by which it has come to measure its impact in tackling many of the widespread development challenges affecting those employed in wine production and other agricultural products.

WIETA, a not for profit, voluntary association of many different stakeholders in the South African wine industry, was formally established in 2002 as the Wine and Agricultural Ethical Trade Association. WIETA strives to ensure fair treatment, respectful relationships and dignified lives toward achieving a transformed agricultural sector. WIETA currently has over 1 500 members within the industry, a growth from 400 in 2012.

The WIETA Board is represented by the South African Liquor Brand Owners Association (SALBA), Vinpro (the Wine Producers Association), the Wines of South Africa (WOSA) as well as labour unions, NPSWU, BAWUSA and FAWU and civil society based organisations; the Centre for Rural Legal Studies (CRLS) and BAWSI.

WIETA members strive to promote the highest of international and local labour, health and safety standards ensuring that even the most vulnerable workers benefit. In the past, adherence to the ethical code of conduct is monitored on a cyclical three year basis.

However, challenges on higher risk farms to meet and sustain the implementation of even the minimum legal compliance particularly in areas of seasonal worker contracts and leave provisions, housing, minimum wages, and occupational health and safety compliance still persist. This is particularly common amongst the smaller producer farms and in the bulk supply chain segment of the industry where farms are experiencing increasing price cuts for tonnage wine grape delivered to bulk cellars and wine wholesalers. A significant increase in percentage farms are reportedly pulling out vines due to the unsustainability of the lower quality wine grapes produced.



NEW POLICY DEVELOPMENTS IN MITIGATING ETHICAL RISK

Whilst WIETA continued to provide the “ethical tools” in the form of labour and occupational health and safety training it had become apparent over the last eighteen months that risk to the agricultural sector as a whole is squarely placed in the continued unfair treatment of workers both at work and in farming communities where they reside on farm.

In 2017 WIETA adopted and implemented a risk based approach to auditing which provides robust assurances of the management of risk in respect of the ethical performance at cellar and farm level within a wine supply chain. The programme subscribes to the following which can be used to mitigate and manage risk:

- Visibility of a supplier on the WIETA on line system
- Transparency allowing the supplier to share information on compliance status at the request of buyers
- Commitment to improvement – the supplier must demonstrate a commitment to improve on their conditions of work and the sustained fair treatment of workers. This includes the attendance to Producer Code Compliance and Worker Rights Training programmes.
- Measurement of legal compliance levels and respect for the WIETA Code and continually provide information that supports this.

The programme subscribes to being improvement-led rather than audit-led and uses the WIETA Ethical Performance Risk Matrix to support this position. It creates five categories of risk - A, B, C, D and E, where Category A the most stringent qualifying criteria. A WIETA member will be rated according to these risk categories and audited between 1 to 3 years depending on the severity of risk. Those producers falling within the high risk categories of D and E will not be certified but have to be re-audited until improvement in performance is measured.

WIETA’s role is clear. We, as a multi-stakeholder organisation, are Custodians of the Ethical Code of Good Practice and impartial investigator to the application of this standard. It is only through the sustained commitment from auditees to compliance to this standard that WIETA can provided ethical assurances through the approval of the WIETA Fair Labour Certification Seal. However, without a rigorous risk mitigation framework, sustained ethical & labour practices on farms and in cellars beyond the audit cannot always be guaranteed.

Further risk mitigation was approved in reviewing the requirements of the Seal. The revised Seal can only be put on wines produced by low risk category suppliers, A, B and C, to a wine in 2018 where 80% of the sites are certified and 20% audited and in 2019, to a wine where 100% of the sites are certified.

STRATEGIC SHIFT BEYOND AUDIT

With the recognition gained in 2016 and 2017, that legal compliance training and ethical auditing is not sufficient to ensure that farms and cellars who demonstrate high risk areas fully transform their behaviours and relationships to ensure fair and respectful treatment of their workers and contribute to ensuring a more dignified living environment for their farming communities, a turnaround strategy will be implemented to outsource our audit function. We will still keep a strong oversight role and to look to developing a game changing approach to guiding, co-ordinating, implementing, monitoring and impacting some of the most critical ethical risks damaging the wine industry's reputation within the international markets, namely:

- Abusive relationships and discriminatory treatment
 - between owners/ managers /supervisors and workers
- Farm addictions and Community welfare and Wellbeing
 - Including alcoholism and drug dependencies which impact work relationships - both horizontal and vertical, workplace safety, work performance and productivity, overall health, welfare and quality of life and labour and community based conflict.
 - The effects of foetal alcohol syndrome impact affected workers' ability to learn and develop the necessary technical and leadership skills to transform within the workplace, the family and broader community
- Lack of tolerance and the inability to communicate and resolve constructively resolve conflict and difference
- Lack of self-worth and general life skills
- Lack of education, basic literacy and numeracy skills and focused appropriate workplace training and occupational based and guided skills development

These areas in essence, in WIETA's opinion, form individually and collectively the root causes of all other non compliances and high ethical risk within the wine supply chain.

Releasing some of the administrative burden of supporting and implementing audits to a third party, allows WIETA to engage collaboratively and directly in addressing root cause remedies and remediation programmes in some of these high risk areas. Engagements which we believe will start to shift the burden of risk towards improved and measured transformative relationships, workplaces and communities in high risk supply chains.

WIETA Ethical Toolkit for Wine and Agri Support



Social Responsibility Systems

to support the Wine and Agri Landscape



Ethical development framework

- Training
- Facilitation programs



Accredited Associates

- NGO's
- Training bodies
- Risk consultants



Best Practice Policies

for healthy Wine and Agri environments



Consulting for

Regional Supply chain
Ethical Risk management



Support Tools

for Ethical Agri success



Social Dialogue

Communication platforms
to promote healthy
relationships



Third party Audits

for ethical compliance &
Performance



WORKER VOICE

Ethical auditing still remains a preferred methodology within WIETA and many international Code Bodies. However, auditing only ever provides a snapshot of the labour and health and safety condition in the workplace. Beyond third party auditing, companies still have the responsibility to ensure that alternative monitoring mechanisms are in place to manage labour conditions in their supply chains. Softer issues such as unbalanced power dynamics in the workplace, mistrust, inherent conflict in the employer employee relationship and the freedom to associate are harder issues to identify and uncover during a one audit day. Often these issues spill over into broader community based conflicts and social ills which fall outside of the scope of a 3 year cyclic audit.

Many international Audit and Code bodies recognise this dilemma and struggle, like WIETA, to ensure that post audit, these issues do not spiral into labour and human rights violations.

Two of the mechanisms being used globally to overcome the limitations of a once off audit are effective grievance mechanisms and worker reporting as well as incidents reporting by multi stakeholders both inside and outside of the workplace.

WIETA's Code Violations procedures allows for any violations or labour transgressions to be reported in to WIETA. An independent investigation is then undertaken and remedial and compensatory action required.

As well as resolving the issue, the intention is to promote communication and good working relationships amongst WIETA members, in the spirit of working together to resolve breaches of the WIETA code in the wine supply chain, and building confidence that such an approach can produce results.

WIETA also supports the UN and international approach taken on human rights due diligence. This approach requires that a business needs to take responsibility for ensuring that people's rights are protected, both in the workplace and on their business premises and property and that businesses be held accountable for any negative impact on human and labour rights, taking the responsibility to ensure that appropriate remedies are put in place to restore the rights of their employees and create a more responsible ethical business practice.

Worker monitoring is an important part of measuring ongoing labour improvements. Last year WIETA co-ordinated with trade unions in the sector the first in a series of regional worker imbizos in community based venues across the Western Cape. The platform encourages workers to share experiences and provide feedback on both good and poor working conditions. Where poor conditions are reported, follow up inspections are done in co-operation with the Department of Labour & Department of Agriculture to resolve the complaints. This programme will continue to run throughout 2018.

WIETA will continue to ensure that our audits and auditors remain rigorous and set the standards for a community of best audit practice and competence. Beyond the audit, we are excited in the forthcoming year to explore new innovations in continuous improvements with our partners, locally and abroad.



T: +27 (0)21 880 0580 | **F:** +27 (0) 21 880 0576

Unit 5, Time Square, 8 Electron Road,
Technopark, Stellenbosch, 7600

www.wieta.org.za