



WIETA Risk Matrix & Audit Frequency

Audit Process and Methodology:

Annexure B

September 2019, Version 3*

**this version supercedes all previous versions*

1. WIETA Ethical Performance Risk Matrix

Implementation of this version will take place on 1 September 2019

Previous versions

The WIETA Ethical Performance Risk Matrix was first introduced on 1 August 2017 (V2) and was amended on 1 November 2018 (V2.1). This version, version 3 (V3) will be applicable from 1 September 2019. Changes in requirements will not be implemented retrospectively.

Introduction

The WIETA Ethical Performance Risk Matrix has been developed to provide robust assurances of the management of risk in respect of the ethical performance at cellar and farm level, as well as where temporary employment services are audited independently. 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.
- 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 four categories of risk - A, B, C and D based on audit results and corrective action implementation, where Category A the most stringent qualifying criteria. A WIETA member will be rated according to these risk categories and can earn the right to move to a higher category where the reward for this is a less frequent audit.

The Programme also builds into the system a range of tools beyond the audit that if used in combination rather than isolation, will provide more extensive cover and management of risk between audits making the programme more robust. For example, the programme will involve various verification activities such as site visits and desk-top assessments that will take place between audits. In addition, all sites will be required to up-date and renew their SAQ on the WIETA On-Line system (www.ethicaltrade.co.za) on **an annual basis**. Annual renewal functionality on the online system will be announced at a later stage. While audits may not take place annually or every two years for some members, the measurement of compliance between the audits remains robust and in place.

The WIETA programme has identified various activities and actions that will be in place in order to mitigate and manage risk. Whilst the audit is an important component of this, it is the activities between audits that will support sustainable improvement. These are as follows:

1. Awareness-raising and Training

An informed supply base helps to manage risk through suppliers being made more aware of potential risks and means of mitigating this. Awareness-raising activities and training programmes should be in place and ongoing. WIETA provides funded, partially funded and low cost opportunities to involve site management and workers in ongoing training and refresher courses. Participation in these activities are deemed important and will be measured and included in a site's risk-rating.

Tools

These include participation in the WIETA programme Producer Compliance, Refresher Training & Worker training workshops; DVD's; Worker Labour and Health and Safety Toolkits, online training, the WIETA Benchmark with attached tools and resources (available at wieta.org.za), the WIETA Housing Guidelines, WIETA capacity-building and support programmes and materials; going on-line at www.ethicaltrade.co.za and hard copy publications etc.

2. Assessment (Measurement of risk)

Tools

- **Self-assessment** will be managed by the WIETA online system. Members are required to renew the SAQ on an annual basis. Annual renewal functionality on the online system will be announced at a later stage. Once available, failure to renew the SAQ on the on-line system will result in the system classifying the member as inactive and therefore the system will not be able to issue certification on an annual basis. Once the SAQ has been completed and or verified annually, results of the SAQ will be measured against audits to ensure accuracy of the

SAQ. Significant discrepancies between the information contained on the SAQ and the findings made during the audit will be taken into consideration when determining the overall risk rating for the site which could, in turn, affect the audit frequency.

- **Third Party Assessment** – All WIETA audits will be conducted by approved third party audit bodies from 1 September 2019. Approved audit bodies will be available for selection from 1 September 2019 on the WIETA online system under audit request. Only approved audit bodies can conduct an audit against the WIETA code.
- **WIETA audit information:** Audit reports are available on the on-line platform since November 2016 and provides visibility and transparency to retailers, exporters, importers and the industry where the member gives access to the information on the platform. The audit will enable the site to reflect on its own ethical performance against the WIETA Code and the effectiveness of its own systems.
- **Risk Classification** – The on-line system will automatically generate a risk rating on the audit report and certification, if granted, based on the number and severity of non-compliances and findings raised during the audit and completion of corrective actions. This will in turn generate an automatic cycle of audit frequency of between one to three years.
- **Verification assessment of corrective actions**
 - Desktop – review of corrective action plans submitted and sign-off of corrective actions will be conducted by the lead auditor that conducted the audit.
 - Site visits – can take place to confirm visual verification of corrective actions that cannot be reviewed by desktop.

3. Follow up action

There are various tools that enable appropriate responses to risk:

- **Corrective action plan (CAP) reports** – the member is required to submit evidence and a description of corrective actions undertaken against all non-compliances in the audit report. All corrective actions must be submitted on-line at www.ethicaltrade.co.za. The **WIETA on-line platform** will monitor progress in the completion of corrective actions.
 - All Corrective Actions need to be undertaken within the agreed time frames of between 0 and 120 days and completed on the on-line system within the required period.

- The completed Corrective Action Report must be uploaded online ***within 4 months of audit***.
 - All evidence of corrective actions need to be submitted online ***no later than 6 months*** following the audit.
 - If the Corrective Action Report is not approved in its entirety ***within one year*** of date of audit, the CAP report will lapse automatically and no certification will be issued.
 - Certification therefore needs to be approved ***within one (1) year of audit date*** to ensure that audits do not lapse.
 - Producers who do not agree to this policy will have their registration reviewed.

- **Continuous Improvement monitoring through the Continuous Improvement Plan** –
 - Improvement Plans and commitments in relation to longer term improvements will be monitored on the on-line system.
 - Prior to 1 August 2019 employment sites could demonstrate continuous improvement where corrective actions could not be closed and show ‘improvement’ on the on-line system through uploading further evidence on their Continuous Improvement Plan. Known as Conditional Certification, the conditions did not have any impact on the certification rating.
 - From 1 August 2019, where producers are unable to finalise a corrective action and it is conditionally approved due to longer term corrective actions, evidence must be uploaded linked to annual improvement in areas such as housing or seasonal changes in working conditions. If the initial evidence of said finding can be evaluated and closed off, Certification with C grading will be issued.

- **Zero Tolerances, Critical and Alert notifications** – Where Zero Tolerances are detected on farm and a Critical non-compliance was raised, alert notifications must be sent by the auditor to the audit body and WIETA. Critical non-compliances are defined in the WIETA Audit Process and Methodology, Alert Notification Policy document and Classification on Best Practice, Observation, Major, Minor and Critical Non-Compliances.

- **WIETA Incidents and Violations Reporting Mechanism** - A formal violations mechanism which is in place to receive complaints and deal with these in an appropriate and restorative manner. Any stakeholder, including workers can use the WIETA whatsapp line, call the hotline or submit an email to WIETA with queries or complaints.

- **WIETA Fair Labour Certification Seal**
 The WIETA Fair Labour Certification Seal provide product assurances that wine within a specific vintage year has been fully traced to ensure that all the suppliers, the production cellar and bottling facilities have undertaken the WIETA audit and has committed to the WIETA certification process.

4. Audit Cycle

- All audit participants are encouraged to keep with their audit cycle to ensure internal due diligence in implementing the ethical code of conduct. Certificates for audits that took place after 1 August 2017 indicate the audit date on the certificate.
- The audit cycle for all audits that took place *before* 1 August 2017, is 3 years from original audit date.
- The audit cycle for all audits that took place *after* 1 August 2017 is indicated on the certificate, if certification was approved.
- Audit participants that delay their audit for beyond 30 days from its audit cycle, will be penalised with a major non-compliance under management systems. There will be no penalty for audits that have been brought forward and that have taken place 30 days earlier than the audit cycle date.

5. Suspension of Certification

- **The WIETA Incidents and Violations Procedure** sets out the process should WIETA receive a complaint that alleges a violation of the WIETA Code and/or Human Rights. If the site under investigation does not allow WIETA access to investigate the incident or where access is allowed to investigate and the site is found to have violated the Code, but fails to undertake any remedial action, certification will be suspended.

2. Risk Matrix Table, Certification & Audit Frequency

Summary of the Risk Matrix and Audit Frequency Table

Risk Classification	Audit Risk Category	Audit Results	Certificate Risk Category*	Audit Cycle
*Certificate risk category is dependent on closure of non-compliances. Where longer term corrective actions are required and evidence must be uploaded linked to annual improvement in areas such as housing or seasonal changes in working conditions, the initial evidence of said finding can be evaluated and once all corrective actions are closed-off, final certification with a C grading will be issued.				
NO RISK	A	0-9 Minor non-compliances	A	3 year
LOW RISK	B	1-3 Major non-compliances AND/OR 10-14 Minor non-compliances	B	2 year
MEDIUM RISK	C	4-6 Major non-compliances AND/OR 15-19 Minor non-compliances	C	1 year
HIGH RISK	D	1 Critical non-compliance AND/OR +7 Major non-compliances AND/OR +20 Minor non-compliances	C	1 year, including a follow up audit within 1 year of audit to verify all corrective actions

WIETA Risk Matrix Determining Certification & Audit Frequency

Audit Report Category	Audit Risk Category	Critical	Major	Minor	Action required	Approval of action taken	Certificate Risk Category and audit cycle
A	NO RISK	0	0	0-9	Submission of all corrective actions within timescales of 6 months after audit	All Non-compliances completed and CAP signed off, a A rating will be granted.	A 3 year audit cycle
					CAP is approved with one or more corrective actions approved conditionally	Where short term evidence was provided for addressing a corrective action, but the correction action could not fully be completed and could only be approved conditionally, a C rating will be granted.	C 1 year audit cycle
					CAP cannot be approved.	No sign off of CAP until CAs are signed off as per requirements set out for recognition of sign off of CAs. CAP must be approved within one year of audit date.	No Certification
					If no submission of CAP, audit lapse	Audit lapse and full re-audit required within 1 year	No Certification

B	LOW Risk	0	1- 3	AND/ OR 10 - 14	Submission of all corrective actions within timescales of 6 months after audit	All Non-compliances completed and CAP signed off, a B rating will be granted.	B 2 year audit cycle
					CAP is approved with one or more corrective actions approved conditionally	Where short term evidence was provided for addressing a corrective action, but the correction action could not fully be completed and could only be approved conditionally, a C rating will be granted.	C 1 year audit cycle
					CAP cannot be approved.	No sign off of CAP until CAs are signed off as per requirements set out for recognition of sign off of CAs. CAP must be approved within one year of audit date.	No Certification
					If no submission of CAP, audit lapse	Audit lapse and full re-audit required within 1 year	No Certification

C	MEDIUM RISK	0	4 – 6	AND/ OR 15-19	Submission of all corrective actions within timescales of 6 months after audit	All Non-compliances completed and CAP signed off, a C rating will be granted.	C 1 year audit cycle
					CAP is approved with one or more corrective actions approved conditionally	Where short term evidence was provided for addressing a corrective action, but the correction action could not fully be completed and could only be approved conditionally, a C rating will be granted.	C 1 year audit cycle
					CAP cannot be approved.	No sign off of CAP until CAs are signed off as per requirements set out for recognition of sign off of CAs. CAP must be approved within one year of audit date.	No Certification
					If no submission of CAP, audit lapse	Audit lapse and full re-audit required within 1 year	No Certification

D	HIGH RISK	1 or more AND/OR	7 – 9	AND/ OR 20 - 24	Submission of CAP with evidence within timescales of 6 months after audit. All corrective actions will be verified through desktop verification and signed-off by a follow up audit on all of the non-compliances identified. A follow up audit to be conducted whereby all corrective actions to be verified and signed off. New non-compliances can be raised during the follow up audit.	If all corrective actions identified in the full audit are signed off at the follow up audit, certification with a C Rating will be granted.	C 1 year audit cycle
						If all corrective actions identified in the full audit are not signed off at the follow up audit, no certification will be issued and a full re-audit to be conducted.	
					CAP cannot be approved.	No sign off of CAP until CAs are signed off as per requirements set out for recognition of sign off of CAs. CAP must be approved within one year of audit date.	No Certification
					If no submission of CAP, audit lapse	Audit lapse and full re-audit required within 1 year	No Certification

2. The WIETA Fair Labour Certification Seal

From 2018 harvest and the 2018 intake, any wine containing grape from sites who were audited after 1 August 2017 and whose audit report reflects a risk category D or E, will not be approved for the seal. For 2019 harvest only certificates with a rating A – C will be approved.

The Fair Labour Seal will not be approved for producer/s or supplier/s who demonstrate any of the following risks:

- High Ethical Risk Certification Category D & E
- Audit lapse due to non-submission of evidence within required timeframes
- Any audit participant under investigation in terms of the Incidents Reporting & Violation Process
- Suspension of certification

Sites on the WS and WSB numbers for individual wine applications are now traced back to the point of **intake of the grapes** into the tank. Implementation is effective retrospectively and traceability can be done back to 2015 harvest. From 2018, bottling facilities who appear on the SAWIS trace also have to meet the criteria.

Wines will also have to meet the following criteria for approval:

ETHICAL STATUS TRACED BACK TO GRAPE INTAKE YEAR	SEAL CRITERIA FOR ASSESSING STATUS OF WIETA SITES ON WS or WSBs	EXCEPTIONS
2015	60% WIETA certified sites (certified by April of the intake year) – 40% audited on WS / WSB SAWIS trace	Certification need to be issued by and valid until 30 April 2015 to qualify for 60% Audits done must be valid (done from 1 October 2014 onwards)

2016	60% WIETA certified sites (certified by April of the intake year) – 40% audited on WS / WSB SAWIS trace	Certification need to be issued by and valid until 30 April 2016 to qualify for 60% Audits done must be valid (done from 1 October 2015 onwards)
2017	60% WIETA certified sites (certified by April of the intake year) – 40% audited on WS / WSB SAWIS trace	Certification need to be issued by and valid until 30 April 2017 to qualify for 60% Any critical NCs in audit at time of intake not accepted for approval. Audits done must be valid (done from 1 October 2016 onwards)
2018	80% WIETA certified sites – 20% audited on WS / WSB SAWIS trace	For 2018 intake Certification need to be issued by and valid until 30 April 2018 to qualify for 80% For the 20%, no audits with a D or E rating will be excepted for the seal Audits done must be valid (done from 1 October 2017 onwards)
2019	100% WIETA certified sites from WS / WSB SAWIS trace	2019 intake Certification need to be issued by and valid until 30 April 2019 to qualify for 100% Audits done must be valid (done from 1 October 2018 onwards)
2020	100% WIETA certified sites from WS/ WSB SAWIS trace	2020 intake Certification need to be issued by and valid until 30 April 2020 to qualify for 100%