

NEWSLETTER

QUARTER 1 – 2022



MESSAGE FROM THE CEO

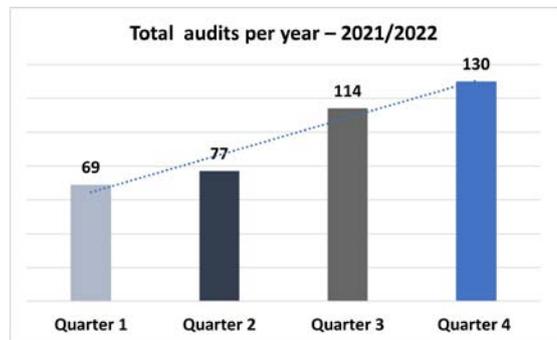
Opening up the travel routes, post pandemic, has unlocked more than just the freedom to travel again. It has unlocked the opportunities to share with us, as an industry, wine buyers' thoughts and plans on the next eight years. As importers hasten to fly to the Cape's fair shores and drink our great wines, they are equally keen to know how we will be responding to key global concerns around climate change, setting targets for the reduction in CO2 emissions, how the industry intends to reach living wages and what our position is on upholding human rights within our companies.

It seems completely fitting that Cape Wine 2022 puts sustainability on its agenda not a moment too soon, as we are being asked to respond to setting and achieving key UN Sustainable Development Goals and targets for 2030. If we became comfortable for a moment, not having to put up with ethical trade and environmental compliance dipsticks, overshadowed by the Italians being complicit in exploitative practices, the Covid-19 honeymoon is over. Human rights due diligence, supply chain visibility and transparency, whistleblowing and modern slavery vigilance are the order of the day.

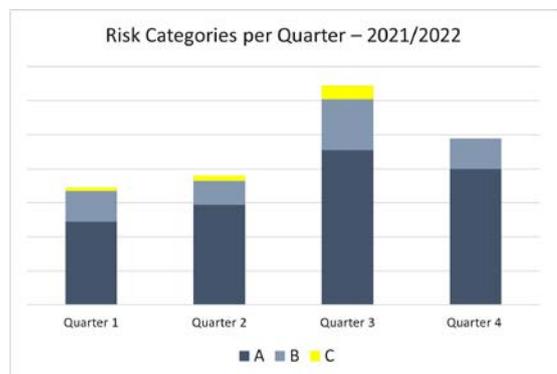
But rest assured, good ethical assurance will prevail. WIETA will be raising some of these critical issues in discussions going forward, both locally and abroad. And we hope to have you join us.

Yours in trading ethically,

Linda Lipparoni



Audit Stats 2021-2022



Risk Stats 2021-2022

INDUSTRY GOALS FOR ETHICAL CERTIFICATION

As we stand at 77% of our wine vineyards ethically certified, we are reminded that the Wine Industry Strategic Exercise (WISE) target for the industry by 2025 is 100% ethical certified. If you are still sourcing grape and wine from uncertified sources, you may wish to reflect on your own internal business due diligence.

Please contact us at 021 880 0580 or at info@wieta.org.za for Dominique Olivier, or louhan@wieta.org.za, our Ethical Assurance Advisor, should you need advice on how to ensure your suppliers comply with your ethical requirements.

ARE ALL YOUR SITES LISTED ON YOUR CERTIFICATE?

More and more wine brands are requiring social traceability as part of their commitment to ensuring that their suppliers are indeed, ethically certified. However, producers are still not always ensuring that all their farms are registered on their WIETA online profiles and registered as part of the audit request submissions.

Please bear in mind that if your farms and farm numbers are not registered on your WIETA profile and they are not indicated on the audit request submission on the WIETA online system, these farms will not pull through to your certificate. These certificates are automatically generated from information that you as the contact person on the online system have submitted. Should you deliver grapes from vineyards on farms that are not part of the audit scope and do not appear on your profile, this will result in having to reaudit those sites. To avoid duplication of audit and additional costs and frustration, please ensure that you have included all your vineyard blocks for the certification period.

Should you have a query in this regard, please contact:
Louhan Nel at louhan@wieta.org.za.

LIVING WAGE DEBATE

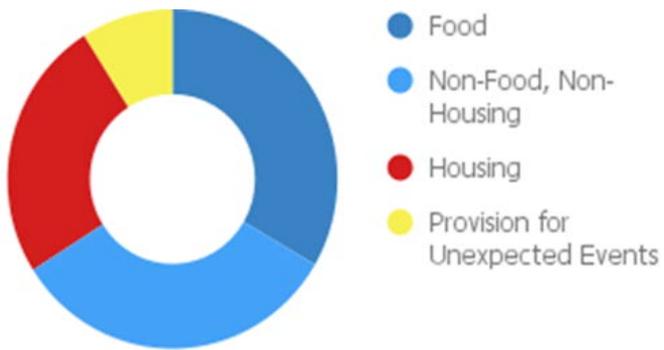
The debate around the living wage is seeing a growing revival amongst global buyers and ethical trade organisations globally. In South Africa, the debate is also gaining momentum, with the announcement of the new minimum wage as at 1 March 2022 also coinciding with reports on what a living wage reference values may be calculated at for South Africa.

A living wage is defined as remuneration received for a standard (48 hour) work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.

It is very important to use a high quality and widely accepted methodology for the calculation of living wage. Without a credible living wage benchmark that stakeholders agree upon, it is hard for actors across the supply chain to work together toward the goal of paying a living wage. Workers are better able to negotiate if companies and labour agree on the living wage target, responsible

companies are able to examine their own role in ensuring payment of living wage to workers, and sectors are able to consider a single and internationally comparable target when setting strategy and collaborating. The methodology developed by Richard and Martha Anker is the most widely recognised and respected process for calculating living wage around the world. The Anker Methodology uses a combination of primary and secondary data to create highly accurate, robust living wage estimates that are transparent, internationally comparable, and locally specific. Only benchmarks consistent with the Anker Methodology will be approved by Fair Trade USA to understand and compare living wage.

Anker has calculated the living wage for South Africa Rural areas, as updated for May 2021 was at R4 596.



Living income (cost of basic but decent living for a family) = R7,462

In a report published by Business Tech in February 2022, they cited PWC’s benchmark for 2022.

The data shows that a single person will need to earn anywhere between R5,582 to R9,648 per month to earn a living wage. This figure increases to between R6,972 and R12,756 for a family of four. A family of six people will need a living wage of between R17,232 and R32,271.

Living wage analysis

Household size	Need of an individual wage earner contributing to a household		Collective need of a family		
	1 person	4 people	4 people	5 people	6 people
25th percentile ²⁸	R5,582	R6,972	R12,549	R14,898	R17,232
50th percentile	R7,448	R9,495	R17,091	R20,356	R23,688
75th percentile	R9,648	R12,756	R22,961	R27,606	R32,271



THE DECENT STANDARD OF LIVING PROJECT BENCHMARK

According to research partners Studies in Poverty and Inequality Institute (SPII), Labour Research Service and South African Social Policy Research Insights, the average South African needs to earn R7,911 or more per month in order to maintain a decent standard of living (DSL).

The DSL is defined as living in a South African household with 21 socially perceived necessities (SPNs) that have been determined as essential for everyone to have, or have access to, a decent standard of living.

The amount of R7,911 is determined as the median per capita household income of people who have a full set of the 21 SPNs.

WHAT DOES THIS MEAN FOR YOUR AS A WINE SUPPLIER?

As South Africans, we do realise that the minimum wage is just that, the minimum set for wages. Many of our producers do strive to pay more, whether in cash or as a basic minimum plus benefits. In the months to come you may well be requested by your European buyers to indicate how you intend to work towards achieving the payment of a fairer wage in line with living wage targets.

If R4 596 is the benchmark for rural South Africa (Anker 2021) and you are paying your farm worker more than this within 2022, you are on your way to paying a fairer wage!



EMPLOYING FOREIGN NATIONALS – ARE YOU AT RISK?

Following clashes between Zimbabwean and Basotho foreign nationals in Robertson, the recent probe by the Department of Employment and Labour into alleged undocumented agricultural workers once again puts the spotlight on the use of alleged undocumented foreign nationals in agriculture, and in particular the wine industry.

Ensuring that your wine business is not only compliant with all the legal requirements, but also being aware of the impact your business has on broader community and regional dynamics is vital. It is not enough to neglect your ethical risk by placing the due diligence requirements in the hands of unregistered and possibly exploitative agencies such as labour brokers. Your business needs to ensure that you are not complicit in creating an environment where undocumented workers are recruited under exploitative conditions by third parties to provide labour on your premises. Such practices can and will create increasing solicited geographic havens for foreign nationals to seek work, often by illegal means and under unlawful and inhuman conditions.

Ignoring these realities will in fact lead to unintentional business risk and increased reputational risk for the wine industry. Safeguarding your business against these ethical risks and in turn safeguarding vulnerable foreign work seekers against exploitation, will ultimately ensure good business and labour practices against forced and bonded labour. It will also demonstrate your commitment to the promotion of human rights.

Appointing an undocumented worker is a criminal offence. Allowing undocumented workers to work on your premises is also subject to prosecution. Make sure you can identify the risks and the signs associated with having foreign nationals working for you or your contractors. Ensure that you recruit responsibly.

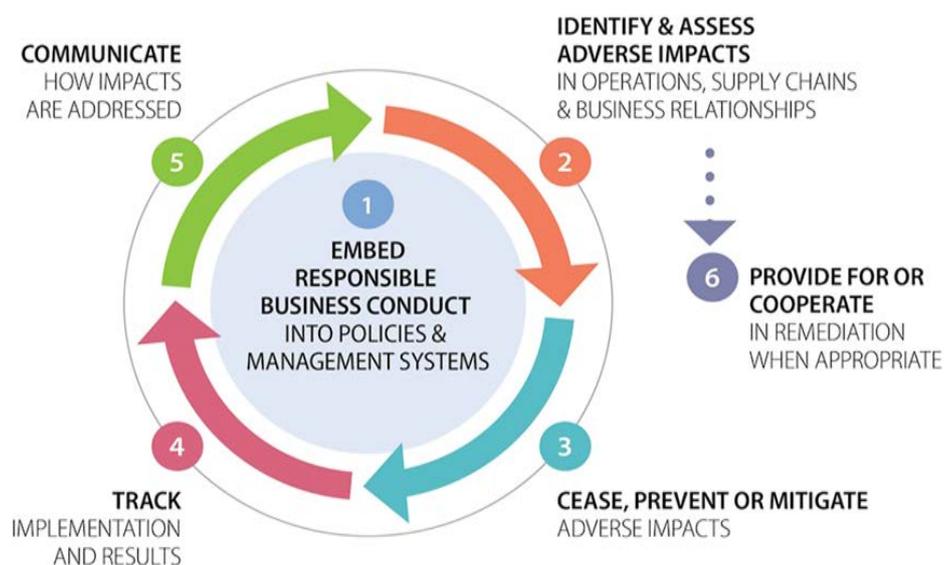
GLOBAL MOMENTUM TOWARDS MANDATORY HUMAN RIGHTS DUE DILIGENCE (HRDD)

There is growing momentum worldwide among governments to require companies to undertake HRDD, from the French Duty of Vigilance Law and Germany's recent Supply Chain Due Diligence Act to the planned initiative in the European Union. Civil society across the world is seizing the opportunity for more robust requirements on companies, with many investors and companies also speaking out in favour of such legislation. In light of these developments towards stricter HRDD legislation, companies in the South African wine value chain will have to respond accordingly.

The issue of human rights is a relatively new feature for corporate due diligence and social responsibility, necessitating companies to incorporate HRDD into policies and practices underscoring their operations and supply chains. This is driven by the UN Guiding Principles on Business and Human Rights (UNGPs) and new legislation on modern slavery and human rights reporting. The UNGPs set out globally accepted standards around the human rights impacts of businesses. The UNGP introduced the concept of HRDD to "identify, prevent, mitigate and account for" actual or potential adverse human rights impacts a company may be involved in, whether directly or indirectly, through its activities or business relationships, including role-players in the supply chain.

In theory, HRDD is a comprehensive, context-specific, dynamic, and ongoing process which essentially involves the actions taken by a company to both identify and act upon actual and potential human rights risks for workers in its operations, supply chains and services procured throughout. The prevention of adverse impacts on people is the main purpose of HRDD and should be informed by meaningful stakeholder engagement, with affected stakeholders, NGOs, trade unions and grassroots organisations.

Why is it important for companies to take note of HRDD? Because compliance with HRDD legislation provides companies with better visibility of and intelligence on supply chains; aids security of supply with reduced risk of disruption due to labour unrest; systems that improve supplier performance; increased productivity, reduced staff turnover, improved hiring and training; enhanced reputation and credibility. Furthermore, wine export markets are increasingly placing pressure on exporters to provide traceability transparency in their wine value chains.



Making robust HRDD part of standard business practice is key to advancing corporate respect for human rights and to achieving the Sustainable Development Goals (SDGs). Ensuring that human rights are integrated into business planning will also be critical to the success of building

forward better from the Covid-19 pandemic. Considering the extensive impact of current and future HRDD legislation on the management of human rights risks in global wine value chains, WIETA is continuously conducting research on the legislative developments in export markets.



Please feel free to contact the WIETA Research Unit for further information on country-specific HRDD legislation. Also keep an eye out for the upcoming guidance document for producers on human rights and HRDD.

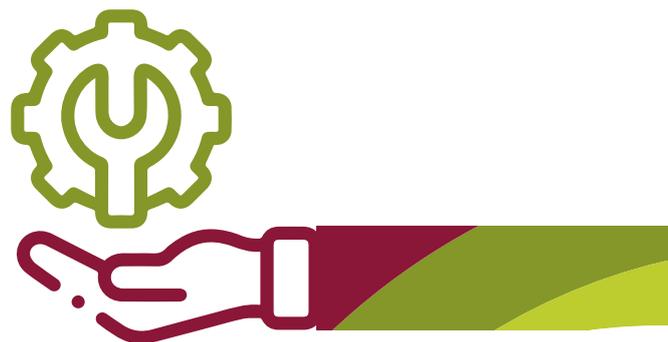
LABOUR DESK

WIETA has a Labour Support Desk that has a WhatsApp line where we receive questions, complaints or just queries for information from both farmworkers and producers. This is a very helpful tool in giving a voice to farmworkers.

In the past three months we have had several complaints. These complaints were around occupational health and safety, racist slurs, unfair labour practices, sexual harassment, unlawful eviction, unpaid leave, housing conditions, discrimination and unfair dismissals. We received 18 complaints of which 11 have been finalised and we still have 7 pending outcomes.

Three mediations have been done, investigations have been lodged and successfully completed as well. Some matters have been informally mediated between parties after receiving guidance from the WIETA Support Desk.

The most important lessons learnt are to ensure that workers and managers are well aware of how their processes work. Know your grievance procedure and ensure your workers also know how to use the grievance procedure. Ensure that there is sufficient training around



leave, reporting structures and also around salary and benefits entitlement.

Training and information sharing is a very important tool when it comes to ensuring a productive working environment.

Ensure open and frequent communication with workers to understand concerns and fears and work with that mentality in order to create a conducive working environment.

With regard to the housing complaints, ensure that workers and landowners know what their rights and responsibilities are around housing. Please feel free to contact our offices for further information in this regard.

If there are any other labour-related questions or concerns, make contact with our offices and ask for either Ridwaan Ahmed or Kaylin Blou, and we will gladly assist.

ROADSHOWS

Roadshows will be done in the months of May to July 2022. The purpose of the roadshows will be to meet with the members in the different areas and have a session around the code as well as Audit Process Methodology. This will also be an opportunity for producers to discuss any questions or queries they have. We are looking forward to the engagement. Below is a list of dates for certain areas we will be visiting, contact your cellar to find out when WIETA will be in your area. If you don't see your area mentioned, please note we are still negotiating dates with other areas.

Date Location

10 May 2022	Ladismith
11 May 2022	Montagu
12 May 2022	Ashton
16 May 2022	Wellington
23 May 2022	Lutzville
24 May 2022	Klawer
25 May 2022	Vredendal

CERTIFICATION BODIES

Partner Africa: Natalie Thomas
(wieta@partnerafrica.org)

NSF: Elize van der Westhuizen
(evanderwesthuizen.org)

BSI: Christine de Beer
(Christine.DeBeer@bsigroup.com)

Control Union: Mariessa Myburgh
(mmyburg@controlunion.com)



Congratulations to Kleine Zalze and Visio Vintners for achieving social traceability and the WIETA Fair certification seal for their 2021 Blanc de Blanc and sustainable packaging line and their sustainable packaging partners Tiny Keg for achieving an A in their audit



MEMBERSHIP FEES FOR 2021 OUTSTANDING?

If you have any WIETA membership fees outstanding for 2021, please ensure that they are settled before the next payment period, from May 2022. Membership will be administered by SAWIS from March 2022. Any outstanding fees will result in your profile being blocked and ultimate suspension. If you are not sure whether you are a paid-up member, please contact Dominique at info@wieta.org.

WIETA WELCOMES NEW COLLEAGUES TO THE TEAM!



Ridwaan Ahmed:

ADVISOR: LEGAL AND STANDARDS SUPPORT

He holds a bachelor's degree in law from the University of the Western Cape and has acquired 7 years of practical legal experience focusing on litigation, labour law, criminal law and debt review. Some of his key focus areas will include audit and assurance programme support, labour desk and legal research and data collection, case law and reporting.



Louhan Nel:

ADVISOR: ETHICAL SUPPORT AND QUALITY ASSURANCE

He graduated from Stellenbosch University with a BCom in Industrial Psychology and has substantial experience in management accounting, HR recruitment and marketing. Some of his key focus areas will include online support for the audit and assurance programme, reporting and management of the online system and social media management.



Kaylin Blou:

INTERN STANDARDS AND CERTIFICATION

She graduated from the Pearson Institute with her bachelor's degree in law (LLB). Some of her key focus areas include assisting with research of ethical and social policies, standards, certification, and processes. She will also assist with the managing of reporting and compilation of data and delivery of training and facilitation when necessary.



Jo-Ann Cloete:

INTERN: PROJECT MANAGEMENT AND RESEARCH

She obtained her Master in law (LLM) from Stellenbosch University. Some of her key performance areas include research and field work, internal research and policy publications writing, project management assistance, project conceptualisation and cost estimate development and proposal writing.