Sub-theme: Cost of ethical compliance

Based on Lessons learnt from developing newly-settled grape businesses in South Africa
It is no longer deemed credible for producers to promote their own efforts with environmentally progressive practices.

Will the data and information systems developed for Climate Smart Agriculture, serve third-party assurance requirements set by the market?
International Sustainability Standards Board

Carbon Footprint

HREDD

UN Sustainability Goals

Diversity and Inclusion

ESG

B-BBEE

Environment Assurance
Honeycomb
BEE Ratings

BROAD-BASED BEE VERIFICATION CERTIFICATE

We certify that

Primedia Outdoor a division of Primedia (Pty) Ltd
Company Address: 4th Floor Telkom House, Constantia Office Park, c/o 14th Avenue & Hendrik Potgieter Road, Garsfontein
Registration Number: 2005/044088/07 F41 Number: 61/03/00596,
Has been audited for compliance with the B-BBEE Act of 2013 and the MAC Sector Code Gazette No. 39971 of 3 April 2014 and has achieved the following:

BEE RATING
Level One (1) Contributor

(Exclusive Scorecard)

BE BEE PROCUREMENT RECOGNITION LEVEL
135%

<table>
<thead>
<tr>
<th>Element</th>
<th>Score</th>
<th>Analysis</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>25.00</td>
<td>Black Ownership</td>
<td>57.49%</td>
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<tr>
<td>Management Control</td>
<td>14.74</td>
<td>Black Woman Ownership</td>
<td>58.18%</td>
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<td>Skills Development</td>
<td>17.00</td>
<td>Designated Group Supplier</td>
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<tr>
<td>Enterprise &amp; Supplier Development</td>
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<td>Engineering Supplier</td>
<td>Yes</td>
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<tr>
<td>Socio-Economic Development</td>
<td>5.08</td>
<td>Discussed Principle Applied</td>
<td>No</td>
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<tr>
<td>Responsible Social Development &amp; Communication</td>
<td>5.00</td>
<td>Modified Plan Through Principle Applied</td>
<td>No</td>
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</table>

Total Points Scored: 102.37

Audit Risk Category: B

Date: 01 November 2017

Rodger Meyer
Chief Executive Officer

FLOCERT
Assuring Farms
According to a recent study conducted by the fruit industry (Fruit SA), third-party assurances can cost new farmers up to 17% of their turnover if they take on the full suite of assurances on offer. Three sets of enterprise-size categories were surveyed in mid-2022. The following costs were reported per enterprise per annum.

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
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</thead>
<tbody>
<tr>
<td>Direct compliance audit cost</td>
<td>R24 546</td>
<td>R93 441</td>
<td>R261 062</td>
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<tr>
<td>Indirect manhour cost</td>
<td>R117 293</td>
<td>R285 536</td>
<td>R371 078</td>
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<tr>
<td>Indirect CAPEX cost</td>
<td>R60 218</td>
<td>R190 684</td>
<td>R1 240 740</td>
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<tr>
<td><strong>Total Annual Compliance Cost</strong></td>
<td><strong>R202 057</strong></td>
<td><strong>R569 662</strong></td>
<td><strong>R1 872 880</strong></td>
</tr>
</tbody>
</table>

Source: Farm-Level Industry Report; Fruit South Africa, Source Consulting (2022)
Examples of information sharing and collaboration between assurance bodies

• Blue North (a South African sustainability consulting firm’s) Carbon Calculator is recognized by the Carbon Trust. It is bolted onto the SIZA Environmental Assurance audit.

• SIZA and Wieta (both South African certification systems) align to the Global Social Compliance Programme Code (later the Sustainable Supply Chain Initiative). Both are visible on the SEDEX system at the discretion of the producer to meet the requirements of retailers.

  Sedex is the world’s largest data platform for supply chain assessment, to store, analyze, share, and report on sustainability practices. Over 74 000 companies subscribe to SEDEX

• Marks and Spenser (UK Retailer) recognizes Woolworths South Africa’s Farming for the Future Standard.

• Fairtrade accepted the B-BBEE codes of good practice of South Africa in the early 2000’s
Where are we heading?

Judging from research findings, global policy direction as well as recent talks with international off-takers, the next phase of sustainable audit proliferation will likely rely on data generated to provide assurance for climate-smart farming.

How do we forge a consensus around the function and form of these data?
How do we prevent costly duplication?
How do we ensure that designs take all potential purposes into account in order to cater to trends in market assurance?
How does climate-smart agriculture ensure substance over form (mitigating the risk of green-washing)?