ENVIRONMENTAL AUDIT
PROCESS & METHODOLOGY
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V2.0

TABLE OF CONTENTS

1. INTRODUCTION

1.1. Overview of the Audit Process

SIZA manages the audit process from its office in Somerset West and through the *MySIZA* online platform, which aims to create visibility throughout the agricultural value chain, for local suppliers to buyers from international markets. The *MySIZA* platform is developed to ensure adequate navigation for SIZA members, audit firms, and audit teams.

1.2. Involvement of Auditors and Suppliers in the Audit Process

Auditors and suppliers should be involved as much as possible in the audit process.

This can be done in the following ways:

Auditors:
- Sharing briefing notes with the supplier explaining the background, process, applicable codes, and audit methodology.
- Sharing best practices and giving examples of "what good looks like" against each topic, with practical advice on ways to address common environmental compliance issues.
- Encouraging suppliers to request environmental compliance audits themselves to create continuous improvement and/or to demonstrate their own commitment to environmental stewardship.
- Audit firms are not allowed to change the audit scope without the approval of SIZA as outlined by the SIZA Audit Process and Methodology (APM).

Suppliers:
- Ensuring that the business is registered under the correct membership level on *MySIZA*, since it will influence the audit scheduling and output.
- Completing Self-Assessment Questionnaire (SAQ) information for approval by SIZA before the audit takes place. Information should be accurate, as incorrect information can relate to unnecessary findings.
- PUCs must be declared on the membership application, otherwise they will be excluded from the audit. PUCs, PHCs, and any other product code related to indication which areas form part of the audit must be declared on the supplier's membership status. If the code is not included, it means that it does not form part of the audit scope.
- The distance between sites, as well as the different commodity seasons must be considered when the membership level is chosen.
- Separate payroll and/or management systems must be registered on different profiles.
- It is important to know that auditors are required to audit the head office, but also to undertake inspection visits at all the production sites forming part of the scope of the audit.
- Audits must take place during peak season activities for the auditors to verify as many control points as possible.

1.3. Audit Firms (Auditors) vs Consultants

When an audit is scheduled by an audit firm, the responsibilities of the auditor are defined and set. The audit firm will assign an auditor or auditors to the site. This auditor will not be allowed to act as a consultant/assessor to the supplier before, during, or after the audit.

The roles and responsibilities of an auditor vs a consultant are as follows:

4

1.3.1. Auditors

The consulting process is an external process between the supplier and the consulting firm/consultant. Neither the auditor nor the audit firm can take on the role of both consultant and auditor for the same audit process or at the same business. The role of the auditor and consultant should be clearly defined prior to an audit.

1.3.2. Consultants

Consultants may confer with the supplier regarding the audit. The consultant may also advise and guide the supplier before and after the audit, but he/she cannot interfere ***during*** the audit. When all the findings have been reported and documented on *MySIZA*, the consultant can assist the supplier in understanding and interpreting the findings and to make the necessary corrections. Suppliers should employ consultants at their own cost and not as part of an audit. Suppliers should ensure that consultants are knowledgeable and trained on the SIZA APM before appointing them.

The consultant cannot take on the role of the client on the day that the audit takes place. It is important that the client is present and represented on the day of the audit. Consultants can be present on the day of the audit, but they can only observe during the audit.

1.3.3. Audit firms/auditors

If an audit firm decides to act as an assessor/consultancy service, this must be managed separately from the audit department and the auditors who act on behalf of SIZA. Under no circumstances will a SIZA auditor be allowed to audit at a particular site/facility if that auditor (or any person/company affiliated with the auditor) was involved in consulting or an advisory role prior to the audit. It remains the responsibility of the auditor and audit firm to ensure this is declared by the auditor to the audit firm and scheme. SIZA has the right to reject an audit if the integrity of the audit was compromised in any way. SIZA must ensure that any conflict of interest is eliminated and that the audit process is an ethical, honest, and transparent process.

1.4. Bribery, Corruption, and Undue Influence

All auditors and audit firms must adhere to fair and ethical practices during the audit process. SIZA is committed to dealing with all parties lawfully, ethically, and with integrity. This commitment will not allow any form of bribery, corruption, or undue influence by any party. These practices are deemed as unacceptable and will not be tolerated. All third parties acting in the interest of or on behalf of SIZA must abide by this commitment.

Auditors and audit firm must complete due diligence when entering audit arrangements to ensure no party is subject to undue influence, corrupt practices, or attempts of bribery. Audit firms must allow for any declarations regarding possible practices and procedures that might be deemed as unlawful or ethically ambiguous prior, during, and after an audit. Such practices may include possible undue influence by offerings of gifts, accommodation, transport, food, or any other practice that may be deemed as deceitful, exploitative, or corrupt practices.

1.5.   SIZA Environmental Programme Approach

The programme follows a seven-step process:

Step 1: Compliance Training
Step 2: Registration and Annual Completion of Self-Assessment Questionnaire (SAQ)
Step 3: Audit Preparation and Raising Awareness with Employees
Step 4: Third-party Audit
Step 5: Corrective Actions
Step 6: Audit Completion Letter Issued
Step 7: Maintaining Compliance through Audit Oversight

2.   RISK ASSESSMENT SYSTEM

A buying company should implement an efficient process to measure environmental compliance and identify risks in its supply chain. This will enable the company to focus on potential key risk areas and direct its verification resources accordingly.

Existing risk assessment tools for suppliers include criteria such as: geographical area, suitability of production areas, monitoring the usage and availability of natural resources, identifying, and measuring the residues of production activities, nature of production, level of supplier commitment, and/or previous verification results.

This information upon which the risk assessment is based, is provided by the supplier or employment site either through a SAQ or through questions asked as part of the commercial relationship.

2.1.   Registration on *MySIZA*

The supplier must register on the *MySIZA* platform. It is important that the supplier chooses the correct membership level according to the specifications of the farm(s)/packhouse(s) /business and that he/she takes the audit process into account when choosing the membership level. Membership renewal is due annually and consist out of a 3-step approach i.e., paying your membership fee; sending your proof of payment to SIZA admin; and updating your SAQ to ensure that you have an approved SAQ at all times. The pricing structure will depend on the membership level, the use of the different SIZA modules and on the level of visibility to be provided to the market.

SIZA is a not-for-profit service entity for the agri-sector. All membership fees are therefore used to create capacity and support through the SIZA office and to enable further development, functionalities, and benefits on the *MySIZA* data platform and through training programmes.

2.2.   Environmental Self-Assessment Questionnaire

The SAQ must be completed by the SIZA member/supplier on *MySIZA*. The SAQ enables a supplier or employment site to provide information about the employment site, how it manages environmental compliance and its performance against local and international environmental conservation standards. The employment site is asked to respond to a series of questions and provide supporting documentation.

Once completed and submitted on *MySIZA*, the SAQ is evaluated by SIZA admin for acceptance and the member is duly notified of said acceptance. If rejected by SIZA, the member is notified and must correct the areas indicated and resubmit the SAQ for review. This process must be repeated until the SAQ is approved.

SAQs must be updated annually within 90 days from the annual renewal of the profile. If suppliers lapse in updating their SAQs, their Audit Completion Letters will no longer be valid. The status of the SAQ will be visible to buyers on the risk reports. Although suppliers are allocated a Platinum, Gold, Silver, or Bronze status after an audit (which is valid for one, two, or three years depending on the status), they must renew their membership and update their SAQs annually. One of the conditions of the two to three-year audit period is that SIZA must monitor whether members maintain environmental conservation practices and standards during that time. SIZA must also review the updated SAQ annually to monitor if anything has changed on the farm during the specified period. If membership is not renewed and the SAQ is not updated annually, visibility on the SIZA, Sedex, and GLOBALG.A.P. databases will also be compromised, and the Audit Completion Letter cannot be validated. Once registration is completed and the SAQ is approved, the supplier can request to be audited via *MySIZA*. The buying company may then register on *MySIZA* and use it to access the supplier's information to use as a basis for risk assessment.

The auditor must use information from the SAQ in preparation of the audit to focus the onsite investigation on high-risk areas.

3.   AUDIT REQUEST

3.1.   Launching an Audit request

Once the Environmental SAQ has been approved on *MySIZA*, the SIZA member/employment site can submit an audit request through the online system. If audit firms fail to maintain their

membership profile by keeping it active on *MySIZA,* they will unfortunately not be visible to suppliers as an option to choose as an audit firm.

Audit firm must make sure that suppliers are active members of SIZA and have an approved Environmental SAQ **before** they schedule an audit. SAQs must be approved at least seven working days before the audit takes place.

SIZA will not accept any audits which were arranged through the audit firm without the supplier having an approved SAQ and an active SIZA membership on *MySIZA*. Audit firms are not permitted to schedule an audit if it was not initially requested online by the SIZA member on *MySIZA*. Auditors will not be able to access the supplier's profile on *MySIZA* if the audit was not scheduled online. Audit firms must ensure that they stay up to date with the scheduling of audit requests and that they respond to the supplier as soon as possible. Any audit request that has not been scheduled on *MySIZA* within three months will be removed from the audit firm's profile. The auditee then has the option to choose another audit firm.

Once the request has been received by the audit firm, the audit scheduler must assign an audit team (lead and associate auditors and a reviewer) to the audit. This is an online process on *MySIZA*. The auditor and the reviewer cannot be the same individual, and an auditor cannot audit the same facility consecutively more than twice.

An audit request may be made by SIZA members that may be:
• The employment site
• The supplier
• The buying company
• SIZA
• Any other party with an interest in the commercial relationship and environmental performance of the employment site. For example, the industry bodies.

Any company or organisation requesting an audit is termed an 'audit requestor'.

3.2.   Pre-Audit Employment Site Profile

The information required to compile a pre-audit employment site profile is generated on *MySIZA*. When an audit request is made, the SIZA member will select the audit firm which they wish to conduct the audit. *MySIZA* will submit this request to the audit firm electronically. The audit firm will then automatically have access to information relevant to the pre-audit employment site profile, comprising of general information about the company, employment site, location, size, environmental management practices, and production processes.

This information allows auditors to:
• Prepare relevant briefing materials (industry or country-specific)
• Plan the assessment, for example the gender and language capabilities of the audit team members and the required number of auditor days (cf. 4.2.2 Audit length).

Each employment site to be audited will have completed a pre-audit employment site profile as part of their SIZA member profile and SAQ submission on *MySIZA*. The auditor should use the information provided by the supplier along with the information provided to the audit firm when the audit is requested to make the necessary preparations for the audit, and to focus on high-risk areas during the audit.

A pre-audit employment site profile should have two main areas:
1. **Supplier overview:** including the name of company owning the site, legal status, location, size, and production processes.
2. **Employment site details:** such as the main production processes, management practices, and extent of natural areas.

Where the employment site itself is the audit requestor, the auditor should ensure that an agreement is in place with the employment site to allow the audit firm to communicate audit findings and any alert notifications to SIZA or any customers concerned.

4. PREPARATION

4.1. Background and Context Review (SIZA Preparation Toolkit)

4.1.1. Audit firm

The audit firm and auditor assigned must be fully aware of the conditions, challenges and issues prevailing in the agricultural sector in South Africa.

The auditing firm and/or the auditor should be in regular contact with regional conservation agencies which are knowledgeable about the issues which affect the environment in the South African agricultural sector.

The audit firm and assigned auditor should also regularly gather information on broader issues affecting the environment and the local community from a broad range of sources, including government and regional conservation agencies. This should include an understanding of which agricultural practices pose a risk to the surrounding environment, as well as the minimum legal requirements.

The auditor should have a detailed awareness and understanding of South African legislation and regulatory requirements that apply in agriculture. The auditor should have knowledge of what constitutes operational best practice in the agricultural sector in South Africa.

4.2. Audit Organisation

4.2.1. Audit type

Audits should take place during a period when the employment site is in full operation (such as peak production or harvest).

Audits may be:
- **Unannounced** (the employment site has no warning of the audit).
- **Semi-announced** (the employment site is aware that an audit will take place during a given time period, but the actual date of audit is not communicated).
- **Announced** (at a mutually agreed-upon date).

In all cases, SIZA and the buying company (where this is not a member of SIZA) should clearly communicate its audit policy and process to suppliers and employment sites as part of its commercial terms. SIZA and the buying company's policy may include provision for all three types of audit under certain circumstances.

In the case of a semi- or unannounced audit, the audit requestor; which in most cases may be

the buyer, importer, exporter, or packhouse; should inform SIZA of the desired need for an audit.

The risk assessment process can be used to influence the type of audit selected. For example, the audit requestor may decide to execute semi-announced audits in all high-risk employment sites. However, other considerations such as the relationship with the employment site should be considered since semi-announced and unannounced audits can negatively impact supply chain relationships.

4.2.1.1. Unannounced audits

Unannounced audits allow auditors to assess the conditions at an employment site in their normal state, since the employment site has not had the opportunity to make any special preparations. However, there is a risk that the employment site will perceive unannounced auditing as deceitful, that the auditor will not be able to gain access to the facility, or that the necessary information and personnel may not be available on the day of the visit to complete the audit.

To minimise these risks, the buying company should clearly communicate its policy on unannounced audits to suppliers and employment sites.

The policy should state that:

- Audits may occur unannounced at any time.
- All employment sites are required to provide both pre-audit and self-assessment information on a regular basis and this information must be accurate.
- Auditors presenting the correct credentials should be allowed full access to the employment site.
- The necessary records should always be kept at the employment site or readily available (cf. 4.4 Supplier Preparation).

Unannounced audits would need to be requested to SIZA directly to launch the request on *MySIZA*.

To avoid unannounced audits occurring outside of the production period, during periods of inactivity, or where a supplier may be absent from the site, short term notification of the intended audit by the audit firm should be permitted.

Note: Whilst unannounced audits are extremely effective at identifying an accurate picture of environmental management practices at the employment site, and may help uncover high risk issues, it can undermine the relationships along the supply chain, reducing the ability of the buying company to remediate. The experience of many companies indicates that unannounced audits should be reserved for due diligence checks or to investigate specific issues (critical issues suspected, lack of commitment/involvement of the suppliers, suspicion of fraud).

4.2.1.2. Semi-announced audits

Semi-announced audits reduce the risks to the commercial relationship and increase the ability of the buying company to remediate. Buying companies should clearly communicate their policy on semi- announced audits to suppliers and employment sites.

The policy should include the following points:

- The buying company will specify a window during which an audit may take place. Audit windows may range between 2 weeks and 2 months.
- All employment sites are required to provide up-to-date and accurate pre-audit and self-assessment information at the beginning of the window.
- Auditors presenting the correct credentials during the audit window should be allowed full access to the employment site.
- The necessary records should be kept at the employment site during the window.

Semi-announced audits would need to be requested to SIZA directly to launch the request on *MySIZA*.

4.2.1.3. Announced audits

The right to perform an announced audit should be a normal part of the commercial relationship. However, there is a risk that employment sites may make special preparations for the audit and best practice is to use a mix of announced, semi-announced, and unannounced audits to mitigate this risk. Buying companies should clearly communicate their policy on announced audits to suppliers and employment sites.

The policy should include the following points:

- The buying company will agree on an audit date with the employment site in advance.
- The employment site is required to provide up-to-date and accurate pre-audit and self-assessment information in advance of the audit.
- Auditors presenting the correct credentials on the date of the audit should be allowed full access to the employment site.
- The necessary records and the concerned personnel should be available at the employment site on the day of the audit.

4.2.2.   Audit length

The duration of the site visit shall allow for an opening meeting with site management, complete evaluation of all standard requirements, completion of applicable checks and discussion of results and corrections to management. The usual duration for the SIZA Environmental site visit is between 3-8 hours. The minimum of 3 hours duration shall apply to the simplest circumstances (one site, no packing facilities, no chemical storage facilities, no natural areas, no invasive alien plant species, etc.). Factors that will increase the minimum of 3 hours are as follows:

- Complexity of production activities
- Chemical storage facilities
- Packhouse
- Extent of natural areas
- Multiple sites and locations

4.2.3.   Multi-site audits

There may be instances where a single legal entity owns and operates several production

units – particularly in the agricultural sector. The multi-site principle is applied where the organisation and multiple sites are registered as one legal entity and has one management system that is centrally controlled at a head office base.

The audit team will include all sections of the business as part of the legal entity that is managed under one centralised management system. It is important that all PUCs, PHCs and/or production sections which form part of the audit be listed on the audit report. All production units that formed part of the audit will be listed and included in the audit report and will be covered by the Audit Completion Letter. In cases where businesses knowingly exclude production units, the business risks the rejection of the audit report from SIZA and buyers, and SIZA will not be liable or responsible in such a case.

When a business operates another business under the same trade name (or legal entity), but this business has a different management system/team, it is strongly advised and recommended that such a business complies to the requirements of the SIZA programme. The business should register this entity as a separate business on *MySIZA* and undergo a separate audit. This is to protect the business' integrity and ensure truthful representation of a business operating under one entity/trade name.

However, once all production sites have been declared on *MySIZA*, these form part of the scope of the audit, and auditors are required to audit both the head office as well as undertake inspection visits at all the production sites forming part of the scope of the audit. It is important that all PUCs which form part of the audit be listed on the audit report. If a PUC is not listed during an audit, it will be excluded from the audit and the Audit Completion Letter for as long as the validation period of the Audit Completion Letter. PUC and PHC codes cannot be added to a profile between audits.

In this case, the audit firm may apply the "multi-site" principle which involves the following:

1. A centralised systems-audit at the company's head office, during which company policies and procedures are assessed. This will include interviewing senior management in order to gain an understanding of the working of the organisation, as well as to ascertain the level of commitment and awareness from senior management.
2. The legal entity would need to declare the production units to be included in the audit scope based upon risk factors. These factors include: the distance from the head office, detail and clarity of information submitted on the SAQ per production unit, size of the different production sites, type of commodities produced by the production sites, confirmation of implementation of the centralised quality management system across all production sites by the legal entity e.g. internal audits, consideration of any relevant issues raised in the media etc.
3. The objective of the site assessments would be:
   a. To determine compliance with central quality management systems.
   b. To perform site inspections to all the declared production sites under scope on *MySIZA* to assess and evaluate chemical storage facilities, natural areas, and any other employment site related criteria.

Processing and packing facilities
It will be expected of all processing facilities and packhouses to ensure *full compliance throughout their supply chain*. The expectation is that all facilities that supply to the packhouse for example, must have a valid SIZA audit or any other acceptable compliance

audit in place to allow for transparency and credibility of the supply chain. As SIZA realises this process can take time, the expectation is for all facilities to comply by the **1ˢᵗ of April 2023**. This provides a reasonable cycle for all existing and prospective businesses to plan and implement the necessary requirements before their next audit.

The legal entity may request to add additional production units before the audit for inclusion, subject to the submission of an updated SAQ and assessment process by SIZA.

4.2.4. Audit team

The audit should be conducted by a competent SIZA-approved environmental auditor, who should be employed by an independent third-party audit company that has been approved to conduct SIZA Environmental audits.

Auditors and auditing firms should be chosen based on:
- Audit training and skills
- Audit experience
- Local and industry knowledge
- Language skills
- Reputation
- Integrity
- Impartiality
- Commitment to improving environmental compliance in the agricultural sector.

To prevent any conflict of interest, the auditor must not have any professional or personal involvement e.g., consulting, shareholding, and ownership, or family ties to or with the employment site.

The audit firm should undertake to ensure that due diligence measures are exercised to ensure impartiality.

4.2.5. Audit frequency

While it is acknowledged that the objective of the SIZA programme is to promote improvement and thus not focus on the audit, it is also acknowledged that the audit process has an important role to play in the overall success of the programme and is also recognised as an important tool in measuring and defining the improvement that has taken place.

It is also acknowledged that the audit is regarded by brand owners, retailers, and buyers around the world as an important part of their own internal due diligence processes and by which they can identify and manage risk.

The SIZA programme therefore seeks to address both of these components through the application of a risk-based audit rating matrix which offers the opportunity for those suppliers that achieve a low-risk rating to benefit from a maximum of a 3-year audit frequency whilst still ensuring technical robustness through the application of increased frequency for suppliers that have a higher risk rating. In other words, audit frequency is directly related to risk rating.

Further details on the audit frequency are available in Annexure 2.

4.3. Communicating Audit Arrangements

4.3.1. Information for the Employment Site

The audit firm should communicate the following information to the employment site at least two weeks before the audit. This should be communicated in writing and in the relevant local language.

- Confirmation of receipt of the SAQ as completed on *MySIZA* and any further information required from the employment site.
- Information about the code of conduct against which the employment site is being audited and SIZA's approach towards environmental compliance.
- Information about the alert notification when a critical non-compliance would be identified.
- Introduction of the audit team.
- The audit agenda including:
  - Timetable
  - Topics to be covered
- Key personnel invited to participate in the audit, including but not limited to:
  - Management
  - Environmental Officer
- List of documents that the employment site will need to make available to the audit team on the day of the audit, including but not limited to:
  - Environmental management plans
  - Company policies
  - Invasive Alien Plant (IAP) control plan
  - Legal compliance documentation/permits (where applicable)
  - Environmental Impact Assessments and ploughing permits for cultivation of virgin soil
  - Water use registration
  - Registration of water storage
  - Dam safety certificates
  - Authorisation permits for any on-site waste management facilities
  - Fire permits
  - Permits for the cultivation of invasive alien plants (where applicable)
  - Records of planting material
  - Soil and crop sample records
  - Water sample records
  - Irrigation records
  - Fertiliser programme
  - Evidence that procedures are followed
  - Training records
  - Machinery inspection/service logs
  - Electricity and fuel records

4.4. Supplier Preparation

Employment site management should ensure that:
- A member of senior management who will participate in the environmental audit attends SIZA pre-audit training during which they will receive information inter alia on SIZA's approach to environmental auditing, the SIZA environmental standard, and the environmental APM.

- Documentation shall be available on the day of the audit. This includes information and documents that are usually stored at another location (e.g., a central office where environmental management plan and legal documentation is kept).
- Relevant personnel are at the employment site.
- Supervisors and managers are instructed to allow unobstructed access to auditors.

4.4.1. Information for workers

Clear information about the audit should be communicated by the employment site to workers explaining the purpose of the visit and the process.

This information should be available in the principal languages spoken by workers and should include:
- Purpose and scope of the audit.
- Introduction to auditors and their role (emphasising they are independent and external).

Documents were compiled which suppliers can use in preparation for the audits. These documents are available directly from the SIZA office.

Free templates in relation to policies and management systems are also available in the SIZA library on the website. Agri-worker videos and awareness raising videos are also available in the SIZA library to ensure that workers are also prepared for the audit.
The SIZA audit checklist which was compiled for auditors to use during the audit is only available to audit firms on *MySIZA* and is not for distribution.

16

Sample Communication

On *(insert date)*, representatives from *(insert audit firm)* will be visiting *(insert employment site name)* to assess the environmental management systems of the business.

The representatives will be looking at the following areas:
- Management systems
- Responsible management of waste
- Soil management practices
- Control of invasive alien plants
- Water-use efficiency
- Reducing greenhouse gas emissions
- Pollution prevention
- Conservation of biodiversity and ecosystems

The visit will consist of meeting with management, a facility inspection and document reviews.

If you would like to get in touch with the representatives from *(insert audit firm)* to discuss the audit or any other issues, please do not hesitate to do so:

(Insert contact details of audit firm)

5. AUDIT EXECUTION

The audit should include the following:
- Opening meeting
- Employment site tour (and optional perimeter survey)
- Management interviews
- Document review
- Review of corrective evidence from previous non-conformances to confirm corrective action clear out
- Audit team pre-closing meeting
- Closing meeting, including summary of findings
- Agreement of findings

This chapter sets out best practice for each step of the audit.

The only time an audit can be stopped/cancelled after it has already started, is when the supplier demands that the audit be stopped, when the auditor's welfare is in danger, or when the supplier discloses false information to the audit firm which influences the scheduling of the audit or the physical implementation of the auditors' duties.

5.1. Opening Meeting

The opening meeting must be conducted in the language spoken by management. It should be attended by relevant people including:
- Senior management.
- Managers responsible for key environmental and production functions.

This should be formally presented in a format agreed upon with the audit requestor to ensure the audit requestor's perspective is clearly communicated in an appropriate tone.

In the opening meeting, the audit team should:
- Introduce the audit team.
- Explain the purpose and scope of the audit, including:
  - Potential benefits to the employment site (opportunity for management to identify and manage risk, opportunity to engage in continuous improvement, opportunity to meet customer needs etc.).
  - Clarify that the purpose of an audit is continuous improvement.
  - The standard against which the audit will be conducted (code of conduct, applicable law, international law, collective agreement when relevant, whichever affords the highest level of protection).
- Explain that the minimum requirement is transparency.
- Explain that no attempts to unduly influence any party will override the objectivity of the process and integrity of the auditor.
- Outline the audit process.
- Review the information provided in the pre-audit employment site profile (including previous corrective action report and follow-up actions).
- Confirm any special arrangements/precautions required for the employment site tour.
- Confirm permission to take photographs.
- Agree on a process for communicating issues as they arise during the audit. It is best

practice to communicate issues as they arise to build consensus around findings and corrective actions and allow management to:
  o   Provide additional evidence where necessary.
  o   Address issues immediately.
- Confirm the importance of attendance at the closing meeting and ensure that all key personnel can attend.
- Provide an opportunity for questions and to address concerns.

5.2.   Employment Site Tour

5.2.1.   Process

The purpose of the employment site tour is to enable the audit team to observe the physical conditions and current practices in all areas of the employment site and to form a view of how physical conditions measure up to the audit requestor's policy, applicable codes of conduct, legal and regulatory requirements, and any other requirements. The findings from the tour will be concluded with evidence from management and document review.

As a general principle, the auditor should be able to visit all the areas of the employment site and should set the pace of the tour. However, in some cases, employment sites may prohibit visitors from walking unaccompanied through employment site production areas or forbid photography for reasons of safety or commercial confidentiality. The auditor should note restrictions on access or photography in the audit report, and if restrictions seem unreasonable should escalate according to the audit requestor's policy.

Auditors should make every effort to ensure production is not disrupted during the employment site tour, whilst ensuring that they are able to view the production area during busy production periods. It should be possible to move around the site without delaying or halting production.

The ability of management to continue production at the site during a visit is crucial to gaining an accurate idea of working conditions and to securing management co-operation for the remainder of the visit. Auditors should keep this in mind during the site tour.

In order to achieve this, the auditor should for example:
- Ask that they be accompanied by only one or two people: usually the site manager or environmental manager.
- Be aware of site traffic.
- Avoid walking where workers are trying to move or transport product from one area to another.

The audit team should walk around the employment site, production areas, storage rooms, dispatch areas, all other areas with managers in order to:
- Understand the work done at the employment site.
- Evaluate good environmental management practices.
- Identify potentially vulnerable areas for pollution/environmental degradation.
- Note other physically observable evidence that relate to other areas of the standards.
- Cross-check whether all processes necessary for the production of finished produce are carried out in-house, at the employment site or whether there are indications that some operations may be sub-contracted to other units.
- Observe management systems and practices, including atmosphere between management and workers.

The auditor/audit team should raise issues as they arise during the employment site tour, giving managers the opportunity to seek clarification, respond, and provide explanations or further evidence.

The auditor should focus on, amongst others:
- Fire equipment and emergency equipment
- Machine protection and maintenance
- Accidental spillage procedures
- Hazardous substances storage, handling and disposal (filling points)
- Storage of fuel
- Waste management (recycling and disposal)
- Quality records
- Display of codes of conduct
- Sewage and wastewater management
- Protection of natural areas
- Risks of soil erosion
- Invasive alien plant growth
- Buffer zones adjacent to natural areas
- Conservation and restoration practices

5.2.2. Optional perimeter survey

A perimeter survey can be useful to provide supplementary information about the employment site and its local context and to identify specific risk issues.

The perimeter survey should focus on:
- The surrounding environment (e.g., industrial park, neighbourhood, business district, etc.) and its advantages/constraints.
- Water resources.
- Other facilities located on the employment site property (e.g., water treatment vs. external water discharge).
- The physical construction and natural extent of the employment site (e.g., structures on the property, natural/conservation areas, natural water sources, areas of waste disposal, etc.).
- Other production units within the employment site property which are not part of the scope of the audit.

5.2.3. Management Interviews

The audit team should work through the relevant code requirement discussing each issue area in depth with the managers. Open questions and discursive interview techniques should be used. It is important to talk to the senior managers, but also assistant managers who may have a different perspective.

5.3. Document Review

5.3.1. Document Sampling

The documentation requested by the auditor should be available on-site, including management systems, machinery maintenance, record keeping, and training documents.

The auditor should go through a comprehensive document trail including the following (please note that this is not an exhaustive list):

- Environmental management plans
- Invasive alien plant clearing plan
- Company policies
- Legal compliance documentation / permits
  - EIA and ploughing permits for cultivation of virgin soil
  - Water use licences
  - Dam safety certificates
  - Authorisation permits for any on-site waste management facility
  - Membership of fire protection agency
  - Management plan or legal document formalising the conservation of biodiversity within natural areas
  - Permits/authorisation letters for the growth of invasive alien plants
- Training records
- Records of planting material
- Fertiliser records
- Pesticide/spray records
- Water records
- Waste records
- Proof of soil, crop and water samples
- Proof of conservation and restoration
- Farm maps

Emphasis should be placed on evidence that there is a systematic approach to managing all aspects of the relevant code.

5.3.2. Document Inconsistencies

Inconsistencies between different types of documents and practices should be raised with the employment site management as early as possible during the audit. Management should be encouraged to provide accurate records which present the full picture of the employment site's operations for review prior to the closing meeting.

5.4. Alert Notifications

Where a critical non-compliance is identified, the auditor should inform the audit firm immediately of said critical status. The audit firm should formally communicate the critical non-compliance to the audit requestor and submit the alert notification on *MySIZA* within 24 hours so that agreement can be reached on the status and action to be taken. Based on this decision, the audit firm, SIZA, the audit requestor, and the employment site can then work together to plan an appropriate and timely resolution to the issue.

If an auditor believes they might be at risk as a result of communicating a critical non-compliance, the audit team should wait until it is removed from that situation before issuing the alert notification.

A description of how to evaluate non-compliances can be found in paragraph *5.5.1 Non-compliances, Observations and Good Practices Evaluation*.

Examples of critical non-compliances can be found in the tables in *Annexure 5.*

5.5.   Audit Team Pre-Closing Meeting

The audit team, where applicable, should meet before the closing meeting to discuss the findings of the audit (document checks and employment site tour) and identify inconsistencies, non-compliances, observations, and good practices. The analysis of evidence gathered is a prerequisite to the closing meeting. It must be completed even if the auditor is alone at the employment site.

The audit team should prepare for the closing meeting by identifying and agreeing:

- Non-compliances found, including:
    - Their status/severity (critical, major, minor).
    - Specific evidence found.
    - Recommended corrective actions, how these can be verified, and a suggested timeframe for completion.
- Systematic problems and issues from once-off, isolated, non-systematic issues.
- The root cause of problems, where possible.
- Good practice examples.
- Prioritisation of issues.
- Any requests for additional information or evidence.

The Corrective Action Plan Report (CAPR) has been designed to provide a structure to the audit team's findings, provide a summary of all the findings and help the audit team develop a corrective action plan and structure a closing meeting.

The Corrective Action Plan (CAP) includes:
- Audit findings: summary of non-compliances, good practices, and evidence found.
- Classification of non-compliances.
- Reference to the applicable code of conduct and/or law which has been contravened.
- Recommended corrective actions: auditor's suggestion on how the audit findings can be resolved.
- Person(s) responsible for corrective action.
- Verification method:
    - A desktop-based follow-up may be used to verify corrective actions for minor non- compliances but provides less assurance than a follow-up audit. Desktop-based verification should check corrective actions through photos, copies of certificates, invoices etc., submitted by the employment sites.
    - Follow-up audits are recommended for critical or major non-compliances, or when corrective actions can be evaluated only through interviews and extensive documentation reviews (see section 6.4.1 for guidance on conducting follow-up audits).
- Timescale for completion: the amount of time required for the issue to be closed. The time allocated for corrective actions to be completed should be appropriate, realistic, and timely.

The CAPR should:
- Be clearly described and presented in English.
- Be distributed as follows:
  - One original signed copy for the employment site manager.
  - A second original signed copy retained by the auditor together with other audit documentation.
  - A hard or soft copy to the audit requestor.

5.5.1. Non-compliances, Observations and Good Practice Evaluation

Auditors should classify non-compliances, observations, and good practice examples to indicate the relative importance of each. Follow-up audits are recommended for critical or major non-compliances, or when corrective actions can be evaluated only through extensive documentation reviews (see section 6.4.1 for guidance on conducting follow-up audits).

Non-compliances can be categorised as:
- Minor non-compliance
- Major non-compliance
- Critical non-compliance

Auditors can also note observations, recommendations, and instances of good practice.

Non-compliances and observations should be 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 and the environment.
- 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 and the environment.
- 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 the environment or constitutes a significant breach of environmental legislation, 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.

Critical non-compliances include:
- Inconsistencies between different types of documents and environmental practices.
- Causing pollution to natural resources, which have an effect on human health.

- Cultivating pristine natural areas/virgin soil without the necessary authorisation.
- Evidence of the deliberate provision of false information to auditors so as to disguise the degradation of environmental conditions.

Critical non-compliances should trigger an alert notification (see Annexure 3).

A recommendation is:
- The identification of an opportunity for improvement.
- A possible issue which may develop into a non-compliance without further action.
- An issue which the auditor has some evidence to indicate may be present but is not confirmed by more than one data point.

Recommendations can be made on the following good environmental management practices which form part of the scope of the SIZA Environmental Standard:
- Calculating water-use efficiency per crop.
- Calculation of greenhouse gas emissions (carbon footprint).
- Making use of technology such as soil probes to improve irrigation practices.
- Making use of renewable energy resources (e.g., solar, hydro, wind, or biofuel).
- Implementing a plan to reduce the usage of synthetic chemicals.
- Collaboration with Water User Associations and/or Catchment Management Agencies
- Soil health improving practices (e.g., cover crops, mulching, organic compost & returning crop residues).
- Measurement of soil organic carbon.

A good practice example is:
- An issue that the auditor feels is over and above the standard against which the employment site was audited.

The auditor must be able to justify his/her classification with detailed evidence.

5.6.   Closing Meeting

The purpose of the closing meeting is to go through the findings, agree on them and to   agree on a CAP which sets out areas for improvement, actions and timeframes. Corrective actions should focus on long term sustainable solutions which take account of the root cause of any problem. This meeting should involve all those attending the opening meeting and should:
- Reconfirm the purpose of the assessment.
- Recognise good practices.
- Agree on any non-compliances.
- Suggest corrective actions, timing, and responsibility (with management).
- Record non-compliances which can be corrected immediately.
- Answer any questions management may have.
- Explain when the full report will be completed and who it will be sent to.
- Get sign-off on the Summary of Findings and Corrective Actions by both auditor and employment site.
    - A copy of the CAPR should be left with management.
    - The corrective actions should include a timeframe for completion and the type of verification needed.
- If the CAPR is not agreed upon, the auditor should leave a copy with the employment site and report disputed points to the audit requestor, copying the employment site.

- Auditors should not change their opinion on findings after the CAPR has been discussed and signed off. If they want to check some facts/legislation after the audit before they issue the final report, they have to convey the message as such to the supplier during the closing meeting.

6. AUDIT OUTPUTS

6.1. Audit Reports

The context, findings, issues, and actions against each area of the audit standard used should be reported to the audit requestor.

The audit report must be completed online on *MySIZA* and must be written in English to ensure that it can be shared with various stakeholders, as well as in the language of the management wherever this is possible. The report should be published on *MySIZA* to the audit requestor within ten (10) business days of the audit.

For each provision of the audit standard, the report should set out:
- Description of the current situation, including how specific requirements are managed by the employment site.
- Provide evidence and information to substantiate the findings.
- For each non-compliance or observation, the report should provide a:
  o Description of the non-compliance or observation, its frequency and areas affected.
  o Evidence found to substantiate this.
  o Classification to applicable law, code of conduct, etc.
  o Recommended corrective action with a timeframe for completion, responsibility and verification method required.
  o Keeping in mind that the audit report is visible to global markets it is important to make sure it is well written and without spelling and language errors.

The report should include photos of the employment site such as:
- Best practices which can be photographed
- Non-compliances which can be photographed
- Storage of fuel and agro-chemicals
- Filling points for chemical sprayers
- Waste disposal facilities (including storage areas)
- Buffer zones adjacent to biodiversity priority areas.

6.2. Long term Improvement Plans

Improvement plans must be uploaded to *MySIZA* under the section for Improvement Plans so that implementation can be monitored. Monitoring must be done by the SIZA office in conjunction with the audit firm. In cases where suppliers do not adhere to the improvement plan submitted, their Audit Confirmation Letter will be cancelled.

6.3. Information Management

The audit reviewer should complete the review and the audit must show "approved" on *MySIZA* within 10 business days after the completion of each on-site audit. The platform will facilitate the publication of the following documents which will be available to the audit requestor/SIZA

member:

- The pre-audit employment site profile
- The completed audit report, including photos
- Summary of findings and corrective actions

Supplementary documents such as the following will need to be sent by the audit entity to the audit requestor:
- Supplementary audit information, where applicable
- Copies of any alert notifications that were issued during the audit.

The auditor or audit firm should:
- Be available after the audit to further clarify or explain decisions and ratings to the employment site and or audit requestor as needed.
- Have an appeals procedure should the employment site or audit requestor challenge one of the findings and in case of any complaint by the employment site against the auditor.

6.3.1. Audit records

All documents, handwritten notes, signed Summary of Findings and Corrective Actions and audit reports should be retained by the audit firm for reference for at least three years after the audit until the Audit Confirmation Letter expires.
It is recommended that the auditor retain copies of at least the following documents:
- Official documents on legal status
- Environmental management policies/plans
- Environmental risk assessments of employment site
- Evidence relating to non-compliances, wherever possible.

If copying facilities are not available, auditors may photograph these documents.
All data and privacy laws prohibiting copies being made of certain documents should be respected.

6.4. Audit Follow-up

The audit follow-up focuses on the corrective actions agreed during the audit and closing meeting.

- The auditor will be responsible for verifying whether actions have been taken and recording verification of actions.
- For corrective actions where desk-based verification is adequate, the auditor will review evidence submitted (cf. section 5.5).

6.4.1. Follow-up audits

Follow-up audits are recommended for critical or major non-compliances, or when corrective actions can be evaluated only through interviews and extensive documentation reviews. If an auditor, as part of the triangulation of evidence process, deems it pertinent to interview a

25

specific employee with regards to a specific practice on the site, the auditor may request such interview to take place during the course of the audit.

- A full follow-up audit should include a full review of all areas of the standard audit process, including the complete re-sampling of documents, conducting interviews and the employment site tour. The auditor should focus on identifying changes which would address issues raised in the initial report, but also investigate potential additional issues. This must be undertaken by a lead auditor.
- A partial follow-up audit does not include a full review but only focuses on the issues identified in the corrective action plan. This can be undertaken by an associate auditor.

Follow-up Audit Guidance:
- The audit should be carried out once the deadline for addressing all the issues has passed.
- Follow-up audits generally take place within six months of the date of the initial audit.
- A follow-up report should be issued. This is an updated version of the original report, with all new issues and updates to previous issues clearly highlighted.
  - o For all sections where non-compliances have previously been raised, there should be a clear explanation of the evidence reviewed, comments on applicability and effectiveness and whether the issue is now considered closed or remains open.
  - o Improvements should be mentioned even if the non-compliances are not fully corrected.
  - o If new non-compliances are found, these should be recorded and marked as "new" and should be reported in as much detail as they would have been in the initial report.
  - o A desk-based follow-up may be used to verify corrective actions for minor non-compliances but provide less assurance than a follow-up audit. Desk-based verification should check corrective actions through photos, copies of certificates, invoices, etc., submitted by the employment site.

Desk-based verification cannot be used where actions need to be verified through management interviews.

6.5.   SIZA Audit Confirmation Notice

When the audit process has been completed in full, evidence of all required corrective actions and evidence need to be uploaded onto *MySIZA* by the SIZA member/employment site/supplier for the audit firm to verify and sign off in the given period specified on the online platform by the audit firm.

Only once desktop and site verification (where required) have been completed and accepted by the audit firm, will the *MySIZA* platform issue an electronic SIZA Audit Completion Letter to the SIZA member on the platform. All corrective actions must be reviewed for sign-off within 10 working days after it was uploaded by the supplier.

The Audit Completion Letter will reflect basic details of the site audited which include the SIZA membership number, risk category and next audit date.

6.6.   Extension of Corrective Actions

The SIZA member can ask for an extension to address corrective actions. This should be done

online on *MySIZA* where after approval for the extension must be given by SIZA management. If the extension was approved by SIZA management, the supplier will not be penalised.

6.7.   Expiry of Corrective Actions

Once corrective actions have expired without the supplier attending to it, the supplier will be penalised through the shortening of the next audit period.

7. GLOSSARY OF TERMS

Announced audit
An audit which is undertaken on a specified date that is chosen in agreement with the employment site.

Audit firm
Term used in the SIZA service level agreement to denote the audit firm assigned to manage the audit.

Audit requestor
Generic term referring to any entity that has requested and commissioned an audit, including the requesting entity's customers (where known) where agreements allowing such disclosure are in place.

Code of conduct
The SIZA set of standards concerning environmental practices adopted within the fruit industry and agricultural sector and applied to SIZA members and their suppliers, employment sites and subcontractors.

Comply/compliance
To meet local environmental laws and regulations and the SIZA standard code requirements.

Corrective action
Measures taken to identify the root cause of the non-conformance and remediated action undertaken to eliminate the non-compliance identified during an audit.

Corrective Action Plan
A plan of action drawn up at the end of an audit that records what measures have to be taken and within what time limit to remedy the non-compliance.

Employment site
An individual/specific agricultural site, farm, packhouse etc. (including, where applicable, selected sub-contractors).

Environmental audit (hereafter referred to as 'audit')
Systematic, independent, and documented process for obtaining evidence and evaluating it objectively to determine the extent to which environmental/conservation standards criteria are met.

Environmental legislation
Legal requirements developed by governments aimed at protecting the environment from harmful actions.

Follow-up audit
An audit to assess the effectiveness of corrective actions, undertaken to address issues from a previous audit. A follow-up audit can be either a full or a partial follow-up audit (see definitions below).

Full follow-up audit
An audit to assess the effectiveness of corrective actions undertaken to address issues from a previous audit. The audit should include a full review of all areas of the standard audit process, including the complete re-sampling of documents, conducting interviews and the employment site tour.

Initial audit
The first audit undertaken on an employment site which assesses compliance against a specific code of conduct, or is requested by a specific customer.

Partial follow-up audit
An audit to assess the effectiveness of corrective actions, undertaken to address issues from a previous audit. The audit does not include a full review, but only focuses on the issues identified in the corrective action plan.

Re-audit
A new audit which is performed on an employment site that has already been audited under the same code of conduct or by the same customer.

Semi-announced audit
An audit which is undertaken on an unspecified date, scheduled within a set period, (between two weeks and two months) which is agreed with the employment site. The employment site will be informed that an audit will take place during this period but will not be informed of the exact date.

Stakeholder
Any person, company, organisation, or other party that is affected by the activity and/or operations of a company.

Summary of Findings and Corrective Actions
A summary document which provides information about all issues and other findings from an audit, as well as corrective actions and time frames for completing these.

Supplier
Any contract partner which supplies the retailer/brand with goods or services.

Unannounced audit
An audit carried out without prior warning to the employment site.

Verification
Examination of claims made about the actual observance of the code or standard provisions by suppliers or of claims made about the activities that a company undertakes to give effect to its code. Verification implies that participating companies must have internal auditing or monitoring systems in place.

8. ANNEXURES

These annexures can be viewed in full on the SIZA website. Click on each title to view the full documents online.

Annexure 1: SIZA Environmental Audit Frequency Matrix
Annexure 2: SIZA Environmental Alert Notification
Annexure 3: SIZA Environmental Auditor and Reviewer Competency Requirements
Annexure 4: SIZA Environmental Audit Processes
Annexure 5: Guidance on Risk Ratings per Environmental Principle Category
Annexure 6: SIZA Audit Oversight, Monitoring and Evaluation Policy