



# REALITY UNCORKED

Working conditions on South African wine farms and the role of Systembolaget.

**Report #102**



Swedwatch is an independent not-for-profit organisation that conducts in-depth research on the impacts of businesses on human rights and the environment. The aim of the organisation is to contribute towards reduced poverty and sustainable social and environmental development through research, encouraging best practice, knowledge sharing and dialogue. Swedwatch has six member organisations: Afrikagrupperna, ACT Church of Sweden, Diakonia, Fair Action, Solidarity Sweden-Latin America and the Swedish Society for Nature Conservation. Swedwatch authored this report, which can be downloaded at [www.swedwatch.org](http://www.swedwatch.org).

This case study is the result of a collaboration between Swedwatch and the International Labour Research and Information Group (ILRIG). ILRIG, who carried out the on-site research, is a Cape Town-based civil society organization that provides research, education and facilitation to labor and community movements in South Africa and in the Southern Africa region. For more information visit: [www.ilrigsa.org.za](http://www.ilrigsa.org.za)

Swedwatch member organisation Afrikagrupperna has helped with partner engagement and contributed with expert insights. [www.afrikagrupperna.se](http://www.afrikagrupperna.se)



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## Executive summary

As reflected in the United Nations Guiding Principles on Business and Human Rights<sup>1</sup> (UNGPs) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises,<sup>2</sup> companies have a clear responsibility to address, mitigate and remediate any adverse impacts on human rights and the environment in their supply chains. This report presents findings from research conducted on four farms in South Africa – a country where violations of farm workers' rights resulting from business practices have been well documented in the past. The report also examines the role and responsibility of Sweden's state-owned alcohol retailer Systembolaget. South Africa, a major supplier of wines to global markets, accounts for 8-9 percent of Systembolaget's wine sales.

For the purpose of this publication, interviews at four different farms in the Western Cape were carried out by Swedwatch's project partner International Labour Research and Information Group (ILRIG) in May 2023. The farms supply grapes for prominent wineries which, in turn, produce well-established wines retailed at Systembolaget and elsewhere.

The two companies owning the visited farms are certified by the Wine and Agricultural Ethical Trading Association (WIETA). One of these companies, owning three of the visited farms, also owns several other farms and wineries in South Africa and has grown to become a leading player in the market. However, due to reports of severe harassments and threats by a farm owner against some of the interviewed workers, the names of the companies, as well as those of farms, producers and other supply chain actors are – out of concern for the safety of the workers – not mentioned in the publication.

While the research findings from this case study should not be considered as representative for the nation's entire wine sector nor for Systembolaget's overall supply chain, they nevertheless highlight that farm workers are still facing rights violations and adverse health impacts.

A range of violations among interviewed farm workers surfaced during the production of this publication, including: substandard wages, poor housing conditions, discrimination by employers to counteract unionisation and illness due to exposure to hazardous pesticides. Furthermore, out of 30 suppliers sourcing wine from South Africa, only half agreed with Systembolaget's request to share their supply chain data with Swedwatch. Supply chain transparency is crucial for civil society actors and other stakeholders to identify and scrutinise companies, not least when concerning wines marketed as 'sustainable'.

In its response to Swedwatch, Systembolaget acknowledged the research findings as issues it is aware of and has continuously been working on. The company mentioned that its human rights and environmental due diligence (HREDD) processes are in line with international frameworks. Systembolaget also referred to its code of conduct that reportedly must be approved and followed by all of its suppliers.



However, the problems highlighted in this report would likely have been addressed if the due diligence processes of retailers such as Systembolaget and other supply chain actors had been more rights-based and results-driven.

This report argues that state-owned wine retailers in particular – including Systembolaget as a retail monopoly not driven by profit or sales<sup>3</sup> – should set the bar higher and act as agents for change for improved working conditions, deepened stakeholder engagement and increased supply chain transparency.

It further highlights the need for Systembolaget and its counterparts outside of Sweden to implement heightened HREDD processes specific for high-risk environments and use its leverage to enable decent work across its supply chain, while also improving transparency towards consumers and the wider public around the production conditions linked to the wines it is selling.

## Recommendations

The following recommendations build on already mandatory actions according to international normative frameworks such as the UNGPs and OECD Guidelines, which are enshrined in the Swedish government's 'State Ownership Policy and principles for state-owned enterprises 2020'<sup>4</sup>.

The recommendations for Systembolaget may also be relevant for other state-owned wine retailers sourcing from South Africa, not least the Nordic alcohol monopolies.

### Recommendations for Systembolaget:

#### **1. Conduct heightened and gender-sensitive due diligence to prevent, mitigate and remediate adverse impacts in South Africa's wine sector, notably by:**

1.1. Exerting leverage as a public buyer on importers and other supply chain actors to ensure and monitor consistent compliance with international normative frameworks.

- i. Avoid cascading down due diligence obligations, but rather consider the sometimes limited capacity of small- and medium-sized enterprises (SMEs). Where relevant, enable compliance by supporting SME suppliers financially or through capacity building.
- ii. In case of insufficient leverage, scale up collaborations and pool resources with other state-owned wine retailers.
- iii. Use the accumulated leverage from increased collaboration with trade unions and other state-owned wine retailers to advance social dialogue and gender equality in the sector.

1.2. Ensuring that human rights and environmental due diligence efforts by business partners lead to effective and long-term change.

- i. At a minimum, Systembolaget and other relevant supply chain actors should be required to engage meaningfully with affected groups, or their representatives, to ensure that the voices of impacted rights holders are heard, and that their needs and rights are addressed.
- ii. The reliance on certification schemes needs to be evaluated on a case-by-case basis and certifications must not serve as a proxy for due diligence.

1.3. Making substantial efforts to ensure transparency in supply chains, which is vital for adverse impacts to be identified and addressed.

- i. State-owned wine retailers such as Systembolaget must urge their business partners to publicly disclose the names of the farms and farm owners they source products from, if needed and if legally possible through contractual obligations.

## **2. Strengthen due diligence measures and exert leverage to address the specific adverse impacts identified in this report:**

2.1. As regards exposure to hazardous pesticides:

- i. Prohibit the use of pesticides that are banned in the European Union (EU) and contain toxic substances such as paraquat (see Annex 2).
- ii. Provide workers with suitable protective equipment and training in occupational health and safety.
- iii. Uphold the right to a healthy environment throughout the supply chain by, for example, providing information about environmental risks and ensuring meaningful consultation with human rights and environmental defenders.

2.2. As regards lack of living wages:

- i. Ensure that farm workers can cover basic household expenses by paying them a living wage.
- ii. Meaningfully engage with stakeholders to evaluate how farm workers can get an increased share of the revenues resulting from South Africa's wine production.

2.3. As regards poor housing conditions:

- i. Make sure that farm owners systematically review housing conditions and address problems, including but not limited to cracks in ceilings and walls, mould and inadequate drainage.
- ii. Make sure that houses are maintained and serviced on a continuous basis.

2.4. As regards human rights defenders and environmental defenders and limited trade union rights:

- i. Make sure gender-sensitive and zero-tolerance policies to protect human rights defenders and environmental defenders are adopted and implemented by relevant supply chain actors.
- ii. Ensure that workers and their representatives are free to raise complaints without fear of retaliation and their right to freedom of association, including collective bargaining, is respected.
- iii. Enable relevant supply chain actors to collaborate with trade unions, non-governmental organisations (NGOs) and other farm workers' representatives to solve the problems with discrimination and harassment against union members.
- iv. Put in place complaint mechanisms that are easily accessible and make it possible to raise grievances.

## Recommendations for the Swedish government:

**1. Sweden should use its national mandate to transpose and enforce the EU's Corporate Sustainability Due Diligence Directive (CSDDD) in a way that obliges Systembolaget and other state-owned firms to carry out due diligence as soon as possible and in line with international normative frameworks.**

**2. Review state-owned enterprises' procedures and resources to:**

2.1. Ensure effective implementation of state guidelines, including enforcement of obligations to prevent, mitigate and remediate adverse impacts in accordance with international normative frameworks.

2.2. Enable effective monitoring and enforcement of their codes of conduct throughout supply chains.

**3. Include requirements for state-owned enterprises to adopt policies aimed at protecting human rights defenders and environmental defenders.**

**4. Conduct an in-depth review of Systembolaget's use of certifications to prevent greenwashing and encourage sustainable consumption.**

**5. Review and improve the requirements for supply chain transparency in guidelines for state-owned enterprises.**

## Introduction

Wine is the most popular alcoholic beverage in Sweden, accounting for 44 percent of total alcohol consumption in 2021.<sup>5</sup> South Africa is the eighth biggest producer and sixth biggest exporter of wine globally.<sup>6</sup> Largely due to cheap labour, South Africa successfully competes on the global wine market with countries such as Italy, France, Spain and the US, despite the fact that the wine industries in these countries are more mechanised.

The United Kingdom and Germany are the primary export destinations of South African wines in terms of value and volume. However, Scandinavian countries are also important markets for South African wine,<sup>7,8</sup> with Sweden providing its seventh largest export destination. Between 8-9 percent of wines sold at Systembolaget – Sweden's state-owned chain of liquor stores – are imported from South Africa.<sup>9,10</sup>

The wine industry is an important source of revenue for South Africa, with export earnings reaching R10 billion (€488 million)<sup>11</sup> in 2023.<sup>12</sup> However, previous studies have shown that these earnings typically do not trickle down to the workers who are employed on the farms, with the sector being heavily impacted by poor working and living conditions.

Swedwatch<sup>13</sup> and other civil society organisations<sup>14</sup> have been reporting on the human rights and labour rights abuses faced by workers in the South African wine industry for years. This report seeks to provide further and renewed insight into the ingrained inequalities that exist in the wine supply chain and puts forward a set of recommendations aimed at Systembolaget and decision-makers.

Specifically, this publication presents findings from research on Systembolaget and its sourcing of South African wines, including how these are linked to the following key issues: exposure to hazardous pesticides, living wages, housing conditions and trade union rights.

## Methodology

This case study is the result of a collaboration between Swedwatch and the civil society organisation International Labour Research and Information Group (ILRIG), which in turn was assisted by the Commercial, Stevedoring, Agricultural and Allied Workers Union (CSAAWU), a South African trade union. The findings are based on a combination of desk-based research, literature review and on-site research.

The on-site research was carried out in May 2023 in the Western Cape of South Africa. First-hand information about the living and working conditions of workers employed on farms was collected through interviews conducted by researchers from ILRIG,<sup>15</sup> who were accompanied by CSAAWU staff members. At one of the farms, a representative from the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) was also present.

A total of 19 permanent workers – of which five women – were interviewed on four different farms. These farms are involved in producing and supplying grapes for wines





that are sold by Systembolaget. The two companies owning the visited farms are certified by the Wine and Agricultural Ethical Trading Association (WIETA) (see Box 3). One of these companies – owning three of the visited farms – also owns several other farms and wineries in South Africa and is considered a leading player in the market.

Some of the interviewed workers have reportedly been threatened and subjected to harassment by a farm owner. Out of concern for their safety, all of the interviewed workers have been anonymised in the report<sup>16</sup>. For the same reason, Swedwatch has also decided not to disclose the names of the specific farms where the interviews were conducted, their owners, or the names of other companies in the supply chain except Systembolaget.

It also proved to be hard to gain access to seasonal workers – many of which are women – in part because they are employed via labour brokers as opposed to permanent employees.

The findings section of this publication also draws on previous research conducted by international labour rights and human rights organisations over the past few years, including reports published by the Finnish non-profit organisation Finnwatch<sup>17</sup> in early 2023 and the Dutch-based Centre for Research on Multinationals (SOMO) in 2020.<sup>18</sup>

Swedwatch relied on Systembolaget to provide information on the supply chain of South African wines available in their stores and online. In November 2022,<sup>19</sup> Swedwatch received the supply chain data that included information relating to the wine producers, farms and sustainability certificates. Systembolaget did not receive permission from all of its suppliers to share their supply chain information with Swedwatch. Of the 30 different suppliers sourcing from South Africa, only 15 agreed for Systembolaget to share their data. Based on this list, two grape producing companies were selected following consultation with ILRIG and CSAAWU.

It is worth noting that the findings presented in this publication should not be considered as representative of the entire South African wine sector, nor of Systembolaget's overall supply chain.

The on-site research findings were shared with Systembolaget in January 2024. A shorter version of the response from Systembolaget can be found at the end of this report (see Annex 1). The original and complete response can be found on Swedwatch's website.

## Background

The wine industry is an important part of South Africa's agricultural sector. There are more than 2,600 grape producers across the country, with the majority located in the traditional wine-growing regions of Stellenbosch and Paarl in the Western Cape.<sup>20</sup> In 2019, the sector directly or indirectly employed approximately 270,000 people, accounting for 1.6 percent of all jobs in South Africa.<sup>21</sup>

### Workers at risk in South Africa's wine production

Previous studies have shown that wages in South Africa's wine industry are generally low and that workers do not make a living wage, even when paid the daily minimum wage of R150 (€7.32<sup>22</sup>).<sup>23</sup> Many workers are also indebted to their employers, who set up mini-supermarkets where workers can buy necessities such as food, which is then deducted from their wages.<sup>24</sup> Another key concern is workers' exposure to pesticides and the lack of proper personal protective equipment and training on handling harmful chemicals. The use of pesticides in the wine sector impacts not only workers employed on the farms and their families, but also the environment including water that is contaminated with residues from harmful chemicals.<sup>25</sup>

Poor housing and living conditions are prevalent among agricultural workers and many workers lack access to public services such as water and sanitation, health-care, and schools. There are also reports of farm workers being evicted from farms, despite the declaration of the 1997 Extension of Security of Tenure (ESTA), which gives people residing on someone else's land (with the permission of the owners) the legal right to continue living on that land.<sup>26</sup> Unionisation among farm workers is also constrained and many workers are unable to access trade unions. Workers may be threatened with dismissal if they join trade unions. As a result, the number of unionised workers in the Western Cape province is only 10 per cent.<sup>27</sup>

The situation for agricultural workers in South Africa must also be understood in the context of the country's long history of land grabbing, segregation and apartheid.<sup>28</sup> Dating back to the 17th century, the predominately white landowners have relied on cheap labour that was traditionally carried out by black workers. This structure was legalised through the land legislations introduced between 1913 and 1936, which allocated 90 percent of the land to the white population, while the black majority population received just 10 percent of the land.<sup>29</sup> As a consequence of this unequal land distribution, many black households were unable to practice small-holder farming and instead were forced into wage labour.<sup>30</sup>

The apartheid regime that came into power in 1948 passed laws making it difficult for farm workers to seek better employment opportunities in the cities, thereby continuing to benefit the white farmers.<sup>31</sup> As many workers lived on the farms with their families, the farmers could access additional labour from women and children when workloads on the farms increased. During the apartheid era, there were also no established laws that covered the agricultural sector and trade union organising was banned for black South Africans.<sup>32</sup>

Today, agricultural workers are covered by labour legislation in South Africa. However, weak enforcement by the state has meant that many workers do not enjoy these labour rights protections.<sup>33</sup> Research has also shown that the primary beneficiaries of the expansion of labour legislation to the agricultural sector have been permanent employees, while workers on fixed-term and insecure contracts have experienced a deterioration of working conditions.<sup>34</sup> A transition from permanent to fixed-term employment has been seen in various agricultural sub-sectors, including the wine sector.<sup>35</sup>

Labour rights violations among female agricultural workers are higher than among their male counterparts. Women are more likely to be employed as casual employees without written contracts than men, as well as being paid less than men. On top of this, studies have shown that pregnant women are often dismissed and denied paid maternity leave.<sup>36</sup>

With a growing number of temporary employees, labour brokers have come to play a greater role in the agricultural sector and are ultimately responsible for the hiring and firing of workers, removing this responsibility from the farm owners.<sup>37</sup> There is also a growing presence of migrant workers within the agricultural workforce in South Africa, with some farmers preferring to hire undocumented migrant workers to cut costs, as they are not required to pay them minimum wage.<sup>38</sup>

## Civic space in South Africa

Since apartheid ended, South Africa has been regarded as one of Africa's most stable and open democracies. However, in spite of this, the organisation CIVICUS has documented serious civic space restrictions in South Africa over several years, including the use of excessive force against protesters, escalating harassment, arbitrary detention and the killings of human rights defenders. In 2021, the CIVICUS Monitor downgraded South Africa from 'narrowed' to 'obstructed' – the third worst rating a country can have.<sup>39</sup>

## The wine supply chain

The supply chain of South African wine involves a diverse range of actors. Out of roughly 1200 beverage suppliers to Systembolaget<sup>40</sup> – ranging from multinational companies to importers with various specialisations – 30 specialise in wines from South African producers<sup>41</sup>. The wine production can take on various forms. Some producers handle the entire process, using grapes grown on their own land. Others source grapes from external farms. Additionally, there are wine cooperatives, where member-farmers pool their grapes for processing into wine. There are also bulk wine producers, creating large quantities of wine using grapes from various vineyards and regions. This bulk wine is then shipped in large containers to other wineries, retailers, or distributors<sup>42</sup>. (See Figure 1 for a simplified version of Systembolaget's wine supply chain.)

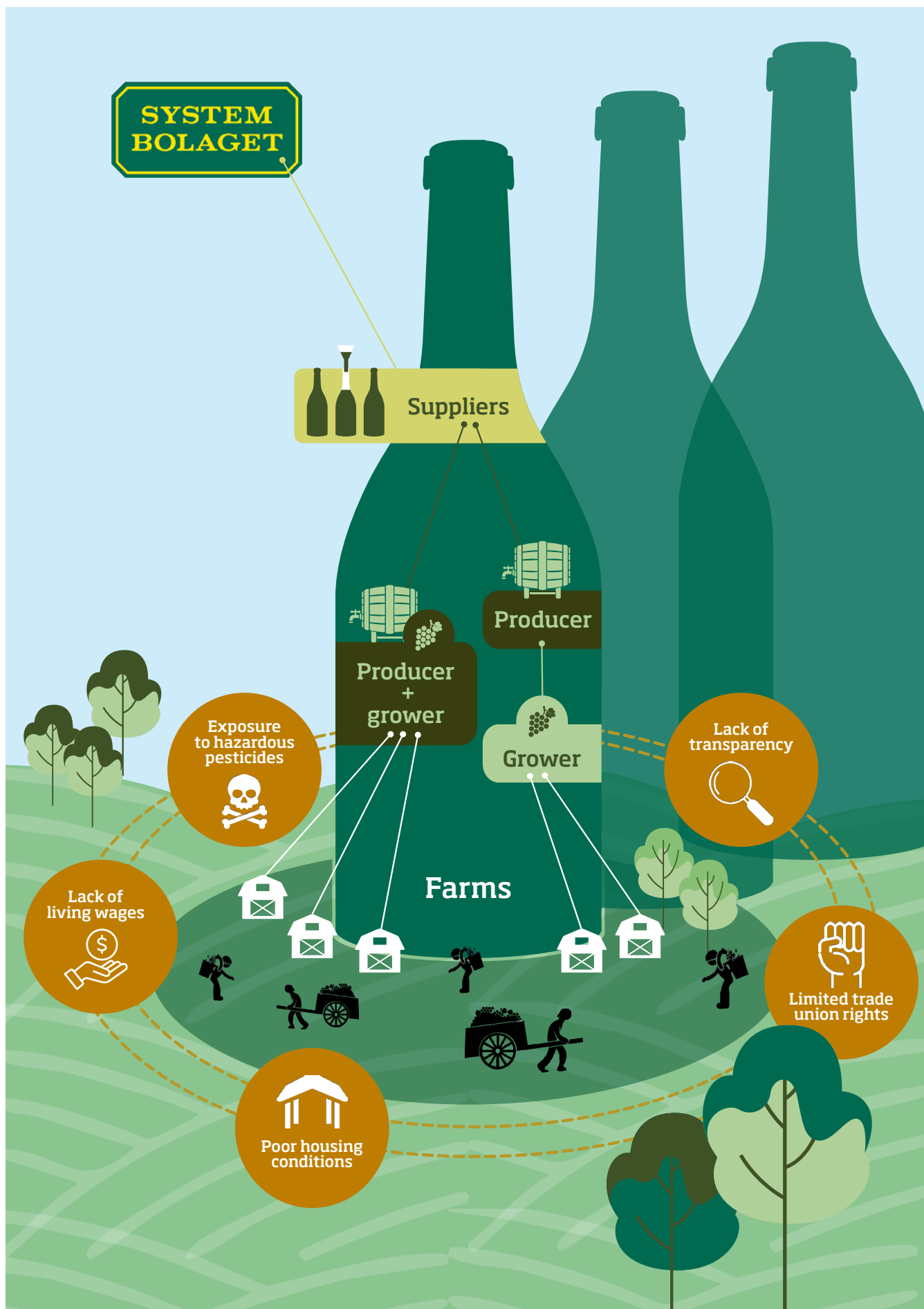


Figure 1: Simplified illustration of Systembolaget's wine supply chain.

### Box 1: Systembolaget's own guide to sustainable products

During 2022, Systembolaget launched its own sustainability label – 'hållbart val/sustainable choice' – which aimed to make it easier for consumers to make a sustainable choice when buying alcohol. However, following criticism, Systembolaget removed the sustainable choice label in 2023 and sustainable products are instead identified under new labelling, 'Våra mest hållbara drycker/Our most sustainable beverages'.

The guidance takes several sustainability criteria into consideration, such as environmental impacts, including CO2 emissions and the use of pesticides, and social criteria such as freedom of association, decent wages and occupational health and safety. There are currently 15 certification schemes/standards that meet Systembolaget's criteria covering social responsibility, including the Wine and Agricultural Ethical Trading Association (WIETA), and 29 certification schemes that meet the criteria covering environmental responsibility. Some schemes cover both, like for example Fairtrade and Fair for Life. According to Systembolaget, external experts have analysed which certification schemes are robust enough to be used as a basis for the labelling. The criteria to be considered for the guidance did not change when Systembolaget changed the way sustainable products were labelled in store and online.

In March 2024, there were a total of 49 wine products from South Africa meeting Systembolaget's criteria under its sustainability guidance.

### Box 2: Sustainability policies for state-owned companies

The Swedish government's 'State Ownership Policy and principles for state-owned enterprises'<sup>43</sup> explains the sustainability responsibilities that are specific for state-owned companies. Accordingly, the policy states that state-owned companies 'have to act in an exemplary way in the area of sustainable business, and otherwise act in such a way that they enjoy public confidence'. It further stipulates that 'exemplary conduct includes working strategically and transparently with a focus on cooperation'.

In the policy, Sweden's government has identified a number of international guidelines or pacts for state-owned enterprises to comply with and follow: the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, as well as the 2030 Agenda for Sustainable Development and the global Sustainable Development Goals (SDGs).

The policy lists areas that are particularly important for state-owned enterprises to work on, including:

- a sound and healthy work environment, paying attention to the rights of the child
- good and decent working conditions
- gender equality, diversity aspects and inclusion
- environmentally sustainable development with less impact on the climate and environment.

## Research findings

This chapter presents findings from the on-site research conducted into the human rights and labour rights situation on the four different farms in South Africa. It also echoes similar findings published by other international labour rights and human rights organisations in recent years.

The workers interviewed for this publication recounted various areas of concern related to their working experiences on the farms. Of these, four key issues were identified as unresolved problems – exposure to hazardous pesticides, lack of living wages, poor housing conditions and lack of trade union rights.

### FACT

#### **Box 3: The Wine and Agricultural Ethical Trading Association (WIETA)**

WIETA<sup>44</sup> has around 1,500 South African wine producers as members and a multi-stakeholder board comprised of eight members who represent wine producers, industry associations, trade unions and civil society organisations (CSOs).

WIETA aims to improve working conditions in the wine industry, mainly through auditing and corrective action plans. Members are audited against the WIETA code of conduct, which covers the following issues: prohibition of child labour, prohibition of forced labour, a safe and healthy working environment, freedom of association and the right to bargain collectively, fair treatment and fair disciplinary measures, working hours, living wage, regular employment, housing and tenure security, community and social benefits.

WIETA has faced criticism over the years. In 2020, interviewed workers for SOMO's Pressing Issues (2020) report complained about the lack of serious engagement by WIETA with them during the audits.<sup>45</sup> In 2017, a survey by Women on Farms Project (WFP) among 343 farm workers in the Northern and Western Cape revealed similar concerns.<sup>46</sup> WFP wrote that WIETA auditors 'only speak to workers selected by the farmer or else conduct interviews with workers in the offices of the farm's management, where workers feel too intimidated and fear victimisation if they report on the violations on the farm'.

## Exposure to hazardous pesticides

Farm workers in South Africa have been raising the alarm about the health impacts of pesticides used in the country for some years. In some cases, pesticides that are banned in the EU, classified as harmful to the environment and health, are still manufactured in Europe and exported to countries in the Global South, including South Africa,<sup>47</sup> resulting in exposure to hazardous substances and related health impacts.<sup>48</sup> Workers interviewed for this publication confirmed this problem.

The chemical compounds identified by the workers include paraquat and glyphosate (see Annex 2) – which confirms previous research conducted by SOMO.<sup>49</sup>





Workers interviewed at the farms described how the tractors used for spraying were covered and the drivers were protected, but that tractors would occasionally spray right next to or near unprotected farm workers without notifying them. Warning systems that had been used previously were reportedly no longer in use. One worker said: ‘They used to put up red flags where they were spraying so you stay clear. Now though they no longer use red flags.’ Another worker stated: ‘They spray next to us and, depending on where the wind is blowing, it can blow over us.’

Workers also explained how their housing was located very close to the vineyards so that, when agrichemicals were sprayed on the crops, the fumes drifted into their houses. Sometimes this spraying was done early in the mornings when the workers and their families were still at home. This echoes similar findings by Finnwatch in 2023,<sup>50</sup> with workers describing how they were exposed to pesticides either while working or near their houses and experienced problems such as rashes, flu-like symptoms, headaches, nausea and eye irritation. One worker stated that he had become ill after spraying pesticides without wearing a mask or protective gloves. Another worker recounted that, while the company provided protective equipment for the workers spraying pesticides, an audit conducted by WIETA had found the masks to be out of date.

Previous research by SOMO has highlighted how women face more significant health risks as they are often sent back into the vineyards directly after crops have been sprayed. These women typically do not have the possibility to refuse this order, because – as opposed to the men – they mostly operate as seasonal workers and/or labour broker workers and are thus more vulnerable to being dismissed or not being re-hired in the future.<sup>51</sup>

The above findings stand in stark contrast to the UN General Assembly’s recent adoption of a landmark resolution declaring access to a clean and healthy environment as a universal human right.<sup>52</sup> Previously, this right was already recognised in 156 countries at the national and regional levels, for example, through the Aarhus Convention<sup>53</sup> and more recently the Escazú Agreement<sup>54</sup>.

As human rights and the environment are interdependent, a clean, healthy and sustainable environment is necessary for the full enjoyment of a wide range of human rights, such as the rights to life, health, food, water and sanitation and development, among others. To this end, the right to a healthy environment includes both the right to clean air; a safe and stable climate; access to safe water and adequate sanitation; healthy and sustainably produced food; non-toxic environments in which to live, work, study and play; and healthy biodiversity and ecosystems, as well as access to information, the right to participate in decision-making, and access to justice and effective remedies, including the secure exercising of these rights, free from reprisals and retaliation.<sup>55</sup>

### Box 4: Hazardous chemicals and human rights

There are several reasons why pesticides banned in the EU are common in the Global South, including outdated pesticide regulations and limited testing for pesticide residues. According to the current UN Special Rapporteur on Toxics and Human Rights, South Africa has prioritised intensive agriculture over protecting human health and the environment for decades.<sup>56</sup>

The UN Environment Programme (UNEP) states that all pesticides are hazardous but some should be considered as Highly Hazardous Pesticides (HHPs), as they cause disproportionate harm to the environment and to human health.<sup>57</sup> Pesticides are HPPs if they have an acute lethal effect, cause cancer or genetic defects, impair fertility or harm unborn children.<sup>58</sup>

Proper handling of pesticides, including the use of personal protective equipment (PPE), spraying distances and observing application times are required to minimise exposure to hazardous chemicals. However, lack of information, capacity and proper training sometimes leads to workers in the Global South not observing these requirements.<sup>59</sup>

The previous UN Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes stated in 2018 that workers from around the world find themselves in a public health crisis due to their exposure to hazardous chemicals at work.<sup>60</sup>

According to the former Special Rapporteur, this global crisis remains poorly addressed, despite decades of calls for action. Poisonings and other cases of extreme exposure to toxic substances constitute workplace exploitation, which violates workers' right to life, health and physical integrity.<sup>61</sup> Preventing exposure to hazardous chemicals is necessary to ensure safe and healthy working conditions and the right to the highest attainable standard of health.<sup>62</sup>

## Lack of living wages

All of the workers interviewed for this report, at all farms, indicated that their wages were too low and that they were unable to support their families properly. Workers stated that they used their wages to support four to five people, on average. Accord-

ing to the code of conduct of the WIETA certification, businesses have a responsibility to offer salaries that are 'sufficient enough to enable workers and their households to secure a sustainable income and living wage'.<sup>63</sup> However, most of the workers interviewed noted that they only earned the minimum wage, which in 2023 amounted to R25.42 – which is equal to €1.24<sup>64</sup> – per hour.

'It [the minimum wage] barely covers the cost of food. If you want to buy any appliances or furniture you have to go into debt, you have to get a loan,' said one worker.



The struggles experienced due to the low salaries were confirmed and explained by workers on other farms:

‘The wages are not enough. Food prices are going up, there are many costs for children, including buying clothes. Our lifestyles as workers are bad. We live in poverty,’ stated one worker.

Under South African labour law, workers are not permitted to work more than 45 hours per week and the working day cannot exceed nine hours per day when carried out five days a week or less.<sup>65</sup> If workers work more than five days a week, the working hours cannot exceed eight hours per day.<sup>66</sup> The interviewed workers indicated that they worked five days per week and their paid working hours ranged between 9–10 hours, depending on the season (see Table 1).<sup>67</sup> The average monthly wage for workers earning the minimum wage, working nine hours per day, five days a week, amounted to R4,576 (€223.29<sup>68</sup>).<sup>69</sup>

**Table 1: Working hours on farms**

Working hours			
	Farm 1	Farms 2 & 3	Farm 4
<b>Summer paid</b>	10 hrs	9 hrs	9 hrs
<b>Summer total*</b>	11.5 hrs	10 hrs	10 hrs
<b>Winter paid</b>	8 hrs	9 hrs	9 hrs
<b>Winter total*</b>	9.5 hrs	10 hrs	10 hrs

*Source: Interviews with workers.*

*\* Includes both paid and unpaid working hours. Unpaid working hours include lunch, breakfast and/or afternoon breaks.*

The interviewed workers are seemingly not earning a living wage that should be enough to cover expenses such as food, water, housing, transportation, education, healthcare, clothing and other essential needs.<sup>70</sup> According to the Global Living Wage Coalition, the monthly living wage in the wine-producing region in the Western Cape in 2022 was R4,876 (€237.93<sup>71</sup>).<sup>72</sup>

A more detailed estimate of the living costs for families in South Africa is calculated by the NGO Pietermaritzburg Economic Justice and Dignity (PMBJD), which estimates the average cost for basic food, transport, electricity and hygiene products each month in South Africa at R8,111 (€395.77<sup>73</sup>) in August 2023. This means that the average monthly wage of R4,576 (€223.29<sup>74</sup>) is below the living wage calculated by the Global Living Wage Coalition and significantly below the basic household costs indicated in Table 2. Moreover, the basic household costs do not cover costs for household appliances, children’s textbooks, furniture, mobile phone fees, healthcare or clothing.

**Table 2: Household costs in South African Rand, August 2023**

Product	Cost*
Cost of household food basket	R 5,124.34
Hygiene products	R 974.99
Transport	R 1,224.00
Electricity	R 787.50
<b>TOTAL</b>	<b>R 8,110.83</b>

Source: Pietermaritzburg Economic Justice and Dignity (PMBJD, 2023).<sup>75</sup>

\* 1000 South African Rand equals 49,79 euros, based on exchange rate on 12 April 2024.

## Poor housing conditions

Farm workers interviewed for this study described housing conditions on the farms as a major cause for concern. In South Africa, as mentioned above, the Extension of Security of Tenure Act (ESTA) 1997 established that a person living on someone else's land, as long as they have permission from the owner, has the legal right to continue residing on the land. ESTA also specifies requirements such as access to water, health and education as well as the conditions landowners must comply with to evict a tenant.<sup>76</sup>



The WIETA ethical code establishes housing standards that certified farms need to follow. According to WIETA, the housing should be clean and safe and structurally sound; tenants should have access to safe water and a toilet either inside or near the house, as well as electricity, if the infrastructure is available on the land.<sup>77</sup>

Despite these expectations, interviewed workers reported various problems with their housing, including leaking roofs, broken electrical plugs and leaking toilets and taps. One of the workers explained that 'the house is not in good condition. There is black mould on the ceilings of my house and others and this has made some of the people who have tuberculosis even worse. One of the plugs in my house is broken but the boss won't fix it.'

Interviewees also reported problems with leaking drainage systems that flooded areas around the workers' housing. One worker shared that 'there is a problem with the drains outside. The pipes are broken and there are regular leaks into the yards and behind some houses. When this happens, it can smell very bad, and it also contains sewage and other waste. It happens almost every second day in winter.' Another worker added that 'the water stinks and some of the children even end up playing in it as they are young and not aware of the dangers'.

Researchers noted that many houses on one farm were mouldy and had cracks in the

walls, while some houses had asbestos in the ceilings. Some of the cracks had been repaired, while others had not. One of the farm workers interviewed described similar concerns, including damp rising through the bare concrete floors.

A major issue highlighted by interviewees at all farms was that the houses of ex-workers and retired workers were no longer being maintained by the companies. According to workers, not maintaining the houses of retired workers was a common strategy employed by farm owners in the wine sector to force retired workers to vacate the houses on the farms. This is in breach of the ESTA law. For workers living on the farms, the poor housing conditions have been detailed in several earlier reports,<sup>78</sup> including Finnwatch's publication from 2023.<sup>79</sup>

## Limited trade union rights

Unionisation among agricultural workers in South Africa is low, with estimates suggesting that only 10 percent of workers in the Western Cape are unionised.<sup>80</sup> It has previously been reported that many workers are afraid to join a union for fear of losing benefits or facing other potential repercussions.<sup>81</sup>



Interviewed workers noted that union members were treated differently from non-union members. One worker explained that 'when I asked for leave as a union member it was not granted. Yet, when a non-union member asked for leave around the same period, it was granted'. Moreover, multiple workers also stated that the farm manager attempted to get workers to leave the union, with some workers being offered R200 (€9.76<sup>82</sup>) as compensation to leave the union.

Similar situations were described by interviewees employed on other farms, where workers felt that union members were treated differently, including certain benefits being withheld. Although these inequalities could sometimes be seen as subtle, together they resulted in what the workers experienced as systematic forms of discrimination by the employer. This is seemingly in breach of WIETA's code of conduct, which stipulates that no workers should be discriminated against because of their union membership or political affiliation.<sup>83</sup>

According to permanent workers interviewed for Finnwatch's report,<sup>84</sup> workers are free to join trade unions. However, as echoed by interviewees for this report, the workers felt that management tended to favour non-union workers. This finding was, however, refuted by the company in comments provided to Finnwatch. The situation for workers hired via labour brokers was slightly different, as interviewed workers stated that they were hesitant to join trade unions, out of fear that joining a union would risk termination of their contracts.<sup>85</sup>



*Mould growth  
on the ceiling.*



*Basin  
coming  
away from  
the wall.*



*Mould in the shower.*



*Cracked wall.*



*Workers'  
housing  
interior.*



*Asbestos-containing ceiling.*



### Box 7: Strengthening human rights through trade union cooperation

In 2017, Systembolaget entered into a Memorandum of Understanding (MOU) with the International Union of Food, Agricultural, Restaurant, Catering, Tobacco and Allied Workers Association (IUF). The MOU was put in place to strengthen dialogue between trade unions and Systembolaget and to establish a process for incident reporting.

South Africa was the first country to test the incident reporting system. Training sessions for local trade unions and wine producers were organised in 2018 and 2019. At the time of writing this report, Systembolaget had received two complaints through the system.

## A note on lack of transparency

Companies often refer to transparency and traceability as key components of their corporate social responsibility strategies. Indeed, improving transparency and traceability in global value chains supports companies in their ability to identify and address labour and human rights violations and environmental impacts. The availability of transparent data is also key for civil society organisations and other actors to monitor the human rights and environmental situation in global value chains and report cases of corporate misconduct.

It could be argued that state-owned companies in particular – including Systembolaget – have an even greater responsibility to enable this kind of transparency. However, the willingness to share supply chain data among the 30 suppliers that source South African wine for Systembolaget varied, with only 15 companies providing full data<sup>86</sup> and the other half declining to provide the data to Swedwatch.

Systembolaget also identifies a select number of products under its own sustainability guidance. At the time when the desk-based research on the supply chain was conducted in 2022, 38 wine products from South Africa were classified as sustainable according to Systembolaget's guidance.<sup>87</sup> Supply chain data was only provided for nine of these wine products, meaning that – for the majority of the wines classified as sustainable – suppliers failed to provide the type of supply chain data needed to allow for third-party analysis and scrutiny.

# Conclusions

Swedwatch's report provides further evidence that farm workers employed in South Africa's wine sector continue to face human rights risks. This, in turn, suggests that companies – from farm owners to suppliers, importers and state-owned retailers – are still falling short when it comes to conducting effective due diligence in line with internationally recognised standards.

While the issues in this report may not be representative of the sector at large, the research findings nevertheless remain alarming and require concrete action, especially in light of recent reports about severe management harassments and threats against farm workers who have tried to claim their rights.

Businesses have a responsibility to address human rights risks that arise from their activities, notably by identifying, mitigating and remediating adverse impacts. Those are fundamental concepts enshrined in international sustainability frameworks such as the UN Guiding Principles on Business and Human Rights<sup>88</sup> and the OECD Guidelines for Multinational Enterprises.<sup>89</sup> These responsibilities are arguably even greater for state-owned companies such as Systembolaget, which should 'act in an exemplary way in the area of sustainable business', according to Swedish state policy.

The sustainability challenges flowing from South Africa's wine sector, which exports wine to many EU countries, have been known for years. Numerous reports have already shed light on the prevalent human rights violations that are highlighted in this publication, once again. Thus, any actor involved in the supply chain of wine from South Africa should be aware beyond doubt of the conditions that might face farm workers – and should take additional steps to put robust due diligence procedures in place to address the problems accordingly.

However, the on-site research supporting this report identified several ongoing and unresolved concerns. Testimonial evidence from farms providing grapes for wines sold by Systembolaget included limited trade union and collective bargaining rights and inadequate health and safety measures – seemingly in breach of Systembolaget's social sustainability criteria. Similarly, interviewed farm workers explained the challenges they face having to survive on substandard salaries, being exposed to hazardous pesticides, living with poor housing conditions, and dealing with discrimination and unjust treatment by management due to their union membership.

The limited supply chain data shared with Swedwatch, particularly in relation to Systembolaget's 'sustainable wines' raises critical questions. The lack of transparency hinders the ability of civil society organisations and other stakeholders to verify and act on complaints made about corporate misconduct. Given the well-documented adverse impacts<sup>90</sup> and the lack of transparent data on several products, it is reasonable to question whether the South African wines carrying a sustainability label are in fact produced under environmentally and socially sound conditions.

Additionally, the continued and seemingly apparent breaches of the WIETA certification scheme's code of conduct risks eroding the credibility of sustainability certifications more generally, and raises legitimate questions concerning companies' tendency to over-rely on them as a substitute for corporate due diligence. As evidenced in this

report, this may mean that adverse impacts remain hidden, leaving the door open for those who should bear responsibility to escape accountability and with little or no access to remedy for victimised rights holders.

With no competition in sales on their respective markets, state-owned wine retailers such as Systembolaget possess substantial leverage. They should exert this leverage collectively towards their business partners to improve working conditions and supply chain transparency, as well as to impose measures that affect long-term change for rights holders on the ground.

Consequently, Systembolaget and its counterparts should be expected to conduct heightened human rights and environmental due diligence that takes into account the specific challenges in high-risk countries, and ensures that applicable codes of conduct are adhered to throughout the supply chain. In accordance with international standards, this needs to include genuine engagement with affected stakeholders or their representatives, including with human rights defenders and environmental defenders. Supporting their right to work and organise without fear of retaliation is crucial for due diligence practices to be adequate and effective.

South Africa's wine industry generates significant profits. It is time for companies in the sector to make sure that workers and their families get to reap the benefits of the sector's commercial success, whilst enjoying the full spectrum of universal human rights that they are entitled to.

# Annex 1

## Response from Systembolaget

Below is a shorter version of the response received by email from Systembolaget. Its complete and original response can be found on Swedwatch's website.<sup>91</sup>

### **What is Systembolaget's view on the current sustainability standards in South Africa's wine sector?**

We see a positive development where a lot has changed for the better, and that our and other actors' long-term work has made a difference. This includes structured dialogue with trade unions, harmonization of certification standards, training initiatives, agreements with other Nordic alcohol monopolies, higher and clearer sustainability requirements in the procurement process, customer communication about the importance of making sustainable choices in our stores, and more. That said, there are challenges in South Africa that we need to actively work to address. The problems that Swedwatch highlights are ones that we have worked on and are still working on, and therefore unfortunately come as no surprise. However, they clearly show the importance of continuing to develop our work to improve working conditions and prevent human rights abuses.

### **What sustainability requirements does Systembolaget place on its suppliers of wine from South Africa?**

All of our suppliers, which include Swedish importers and producers, must approve and follow the principles of our code of conduct (amfori BSCI).<sup>92</sup> An important part of the code of conduct is to ensure that its principles are also cascaded and adhered to throughout the supply chain, at the supplier's subcontractors and their subcontractors and so on. This applies to all products in our assortment. In addition, all producers in our fixed assortment (the part of the assortment that we ourselves actively purchase), as well as a number of producers in countries where we have identified particularly high risks (regardless of part of the assortment), have also signed the code of conduct principles.

In addition, the terms of purchase also contain additional sustainability requirements. For example, there are requirements for the implementation of sustainability-related training for new and existing suppliers. For products that are intended to be listed in the fixed assortment, as well as products from high-risk countries, there are also requirements for mapping the supply chain in our sustainability platform, where Systembolaget also collects relevant information from suppliers and producers to be able to conduct risk assessments and, if necessary, take actions such as sustainability follow-ups. Systembolaget has also set up a Framework for Sustainable Procurement of Set Range Beverages,<sup>93</sup> which describes how Systembolaget wants to contribute to a sustainable beverage industry by applying sustainability aspects in the procurement processes.

**How does Systembolaget ensure that the sustainability requirements are met?**

Systembolaget is working intensively to prevent negative impacts, [to] reactively address cases that have arisen, and also to identify what we should know about risks among producers and farmers in our industry. We work based on globally recognized principles and guidelines for due diligence in the supply chain, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. These provide us with direction, guidance, and the ability to actively identify, manage, and follow up on both actual and potential risks of misconduct in different parts of our global supply chain. We are also currently working on developing an overarching framework for our work on due diligence and ensuring that we meet the requirements and expectations of existing and upcoming due diligence legislation.

**What sustainability risks has Systembolaget identified linked to wine production in South Africa?**

Risks in the wine industry are similar in many parts of the world and are prominent in large parts of the agricultural sector in general. In South Africa, we see particularly high risks for: unsafe working conditions; discrimination of the right to freedom of association; lack of living wages; working hours; discrimination; health and safety in the working environment (for example, in relation to spraying of pesticides; lack of clean water; sanitary conditions; insufficient breaks at work and access to shade from the sun); living conditions; the right and access to remedy.

All risks are included as important components of our code of conduct and are also addressed in the common statement of intent between the Nordic alcoholic beverage retailing monopolies as areas we work on together.

**What actions has Systembolaget taken to address identified risks, including negative impacts on labour rights and working conditions?**

When Systembolaget receives information about potential or actual negative impact, we follow a structured process to assess and address the matter. In close dialogue with the concerned supplier (Swedish importer with whom we have the direct business relationship) and the stakeholder (producer or farm) where the incident occurred, a remediation plan is established. It should include information about what happened, how it will be addressed, when, and who is responsible for addressing it. How quickly and effectively it needs to be addressed depends on the severity of the incident. We also discuss our respective roles and responsibilities for any compensation to those affected by the incident.

Systembolaget's laboratory regularly analyzes beverages we sell for product quality attributes. The focus on the risks that Swedwatch has identified related to unauthorized pesticides is mainly related to working conditions and safety of farm workers. However, we will have a number of analyses of South African wines conducted to see if we can trace these substances and link them to stakeholders in our supply chain. This will be part of the action plan we will develop based on the Swedwatch field study.

**What proactive measures has Systembolaget taken to reduce sustainability risks in the supply chain to South Africa's wine production going forward?**

COOPERATION WITH TRADE UNIONS: We have a meaningful dialogue with local trade unions through the Memorandum of Understanding (MOU) we signed with the IUF, Unionen and Systembolaget's trade union branch SPF Unionen a few years ago. From different perspectives with a common goal – to promote social dialogue, freedom of association and collective bargaining – we have together been able to create a channel to strengthen workers' voices. The collaboration, which since 2020 also includes the Finnish alcohol monopoly Alko and the Finnish trade union PAM, has made it possible to address the risks and challenges facing South African unions in a constructive way. This work is proactive through strengthening trade unions locally and offering trainings, but also offers a mechanism for workers to raise complaints through their trade union, which are handled, managed and followed up. Through this mechanism we have managed cases that can be linked to the risks identified by Swedwatch.

COOPERATION WITH OTHER ORGANISATIONS: For several years, Systembolaget has collaborated with the organization Stronger Together<sup>94</sup> in South Africa, together with Alko and Vinmonopolet. The organization offers free training for producers, farmers and trade unions/worker representatives in our supply chains. Currently, there are four trainings that, among other things, strengthen participants in issues such as the prevention, identification and addressing forced labor in the agricultural sector, including responsible recruitment, which is a central risk factor in agriculture in general and the wine industry is no exception. In addition to trainings, Stronger Together collaborates with local organizations such as WIETA and Fairtrade South Africa.



## Annex 2

### Facts about paraquat and glyphosate

Paraquat, which is used to control weeds and grass, is one of the most commonly used herbicides worldwide. However, it is also a highly toxic substance that can be fatal after contact, ingestion or inhalation for humans and other mammals.<sup>95</sup>

Long-term exposure effects include endocrine disruption, which means that the substance can interfere with hormone communication between cells that control metabolism, development, growth, reproduction and behaviour (the endocrine system).<sup>96</sup>

Studies show that there is a link between exposure to paraquat and Parkinson's disease.<sup>97</sup> These findings have been confirmed by several independent researchers – although manufacturers maintain that the evidence linking paraquat to Parkinson's disease is 'fragmentary' and 'inconclusive'.<sup>98</sup>

In the US, the alleged link between paraquat and Parkinson's disease has caused more than 4,000 people to sue two companies responsible for manufacturing and distributing substances containing paraquat. They argued that the companies knew or should have known that the herbicide could 'cause severe neurological injuries'.<sup>99</sup>

Paraquat has been banned in the EU since 2007.<sup>100</sup>

Glyphosate is the active ingredient in some of the most widely used weed killers used worldwide on farms and in home gardens and lawns.<sup>101</sup> Glyphosate is toxic to humans and animals with long-term effects that include endocrine disruption, harm to the brain and nervous system as well as reproductive harm – such as disrupting the reproductive systems, changing sexual development, behaviour or functions, decreasing fertility or resulting in loss of the foetus during pregnancy.<sup>102</sup>

Whether glyphosate causes cancer or not has proven to be a divisive issue. While the International Agency for Research on Cancer (IARC) has classified glyphosate as 'probably' carcinogenic (causing cancer) to humans, the US Environmental Protection Agency (EPA) has classified glyphosate as 'not likely' to be carcinogenic to humans.<sup>103</sup> After EU member states failed to agree on this point, glyphosate was reapproved by the European Commission in 2023 for use in the EU for the next ten years.<sup>104</sup>

In the US, health effects caused by glyphosate exposure have led to an explosion of lawsuits. There are currently more than 4,000 related lawsuits open in the US. In December 2023, a Philadelphia jury ordered a chemical company to pay US\$3.5 million to a plaintiff who developed cancer after using a pesticide containing glyphosate.<sup>105</sup>

# Endnotes

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- 15 For more information, see <https://ilrigsa.org.za/our-work/>
- 16 All of the workers interviewed were anonymised to avoid victimisation as a consequence of being interviewed. According to ILRIG, in past studies where workers have provided their real names, and these were published in reports, there have been instances of workers being victimised and even fired. As such, to ensure that workers' livelihoods and those of their families are not jeopardised – especially in a country with a high unemployment rate – the actual names of the workers interviewed are not used in this publication.
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- 38 <https://www.parliament.gov.za/news/farm-workers-suffer-terribly-free-state-farms-committee-hears>
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85 Ibid.

86 Three suppliers required additional assurances prior to providing their supply chain data.

87 At the time of writing this briefing, a number of wine products from South Africa had been added to Systembolaget's sustainability guidance. As reported by Systembolaget in March 2024, the total number of South African wines classified as sustainable had increased to 49.

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