



### **An overview of the South African Wine Industry's Transformation Journey**

It has been over two decades since South Africa became a democracy. In that time our wine industry has taken quantum leaps forward on all fronts, one being that our exports more than doubled between 2005 and 2015. This growth has been driven by an exponential increase in quality, with each year delivering exciting new wineries, more innovative young winemakers and even better wines.

Of course, we could not have come this far without very serious, comprehensive work to create meaningful change throughout our industry. These efforts have resulted in remarkable achievements by previously disadvantaged people who have become active role players in the various sectors of the industry by not only working in high profile positions on wine farms, but also owning shares in these farms and brands that are popular locally and internationally.

The wheels of Black Economic Empowerment (BEE) have turned with increasing momentum in the South African wine industry, with the wine community becoming involved in empowerment as part of the government's overall AgriBEE programme. Working with government, the industry developed a charter to ensure that over the next decade a more representative ownership structure emerges. The industry is also transforming as it rises to the challenge of rectifying the imbalances of the past and ensuring that production is ethical, a culture of respect is nurtured, and an environment of dignity, equality and upliftment for all is promoted.

Needless to say, social accountability extends beyond fair labour practices to a transfer of skills and ultimately ownership in an industry that has historically been white owned. The structure of the wine industry is changing too. Black business consortia are investing in vineyards and wineries, people of colour are becoming winemakers and role players in the various sectors of the industry, and workers' trusts are seeing previously disadvantaged South Africans owning shares in the wine farms they've toiled on for generations. Transformation is occurring across the value chain, with preferential procurement initiatives encouraging long-established members of the industry to use BEE suppliers, whether in the way of viticulture, marketing, distribution or packaging, among others.

Encouraging results and achievements are starting to set the pace. While there is still a lot of work to be done, journey through the winelands and you'll see real change taking place at a grass roots level and some shining stars leading the way in empowerment and transformation.

Some 98 percent of South African wine producers contribute voluntarily to the Industry Association for Responsible Alcohol Use (ARA) fund, to which the wine industry currently contributes 25 percent, the spirits industry 25 percent and the beer industry 50 percent.

A number of projects are run to address the Foetal Alcohol Syndrome (FAS), including FASfacts, a non-profit organisation founded in 2002 to educate communities about the effects of alcohol

consumption during pregnancy and the negative impact FAS can have on society; and the Pebbles Project, which was established in 2004 to offer support to children with special educational needs, particularly those whose lives have been negatively impacted by alcohol.

We are also making excellent headway in building social sustainability. This is not only an effort to redress past wrongs but to build a healthy future. Consumers are increasingly looking for products with accountability. South Africa has a special responsibility because of our past and, as a result, our supply chain has come under closer scrutiny than those of our competitors. We are proud of having more Fairtrade wineries than any other country with more than 70% of the world's Fairtrade Wine Brands coming from South Africa. Fair for Life is active in South Africa too. We are also the only wine region in the world that has its own independent auditing body, the Wine and Agricultural Ethical Trading Association (WIETA).

For more than 350 years, the cultures of Africa, Europe and the East have mingled in the Cape Winelands. It is from here that Nelson Mandela took his historic walk to freedom which initiated our journey towards transformation to allow all to benefit equally from our rich cultural and natural resources. We are an industry committed to positive change and to embracing the diversity of our rainbow nation in an inclusive and transparent way, and we have solid workable plans and organisations that are enabling us to achieve just that.