

**FROM: DELHEIM WINES PTY LTD
KNORHOEK ROAD
STELLENBOSCH, SOUTH AFRICA
9 MARCH 2009**

Summary of details pertaining to Taenk article

Dear Editor

Delheim herewith formally responds to the article, "*Put out after decades of service*", in Taenk, dated March 2009 and "*Danish wine traders are accused of unethical importing*", in Berlingske Tidende, dated 27 February 2009

1. Factual misrepresentations

The following "facts" stated in the article, are false:

- 1.1. "*Put out after decades of service*" The title of the article creates the impression that employees have been evicted from Delheim. This is not true as no employees have ever been evicted.
- 1.2. "*Award winning winery Delheim throws pensioners and children out of their house*". No pensioners, children or any other employees have been thrown out by Delheim. This statement further creates the impression that Delheim is acting with disregard to the law.
- 1.3. "She still lives with her mother..." Patricia Dyata left the farm after finishing school to study and only returned to Delheim during the end of 2006 or early 2007. The impression is given that Patricia never left her mother.
- 1.4. "... another occupant must also leave.." No occupant had to leave.
- 1.5. "*When Patricia Dyata was little, her stepfather and other male workers received every evening one and a half litre of wine for their efforts*". Since the Sperling family became involved with Delheim alcohol was not used as form of payment and the giving of alcohol

was abolished in the early 1980's. The comment regarding the use of alcohol is placed out of context in this article.

- 1.6. *"Patricia does not work at Delheim anymore..."* Patricia Dyata was never permanently employed at Delheim. During the early 1990's, she worked on the farm during holidays. Mostly this was as waiter in the restaurant on the farm, which was not under our management at the time. It is highly unlikely that she received a salary of R2000.00 which at that stage was a significant sum. However Patricia left the farm during 1996.
- 1.7. *"She can't go to the toilet located outside, 20 meters from the house ..."*. The toilet, although outside, the distance from door to door is 9 meters.
- 1.8. *"...while thousands have built sheds out of discarded lumber and tinsplate. These people used to work and live at the wine farms in the wine lands."* Available are photographs of a house, situated in Kayamandi, purchased with the assistance of Delheim to Jackson Menuko. The photographs speak for themselves.
- 1.9. *"The occupants of three houses are already been put out"* No employees or former employees of Delheim have been evicted in the past 50 years.
- 1.10. *"The farm needs the houses for current employees"* The farm needs the houses for the current legal occupants. Please refer to the e-mail between Delheim and Marianne Sondergaard, a copy of which is available for perusal.
- 1.11. *"The pensioners at Delheim receive R60 per month"*. (Photo caption on website) The pensioners receive R60.00 per fortnight. That totals R120.00 per month. It is implied that this is a pension payment. This is not correct and you are referred to paragraph (2.4.1) hereunder for an explanation of the payment.

1.12. "*Patricia Dyata is born at Delheim's wine farm*" According to our records Patricia was not born while her family lived on Delheim and only later moved to Delheim with her mother and siblings

2. Misrepresented content

2.1. The alleged eviction:

2.1.1. Patricia Dyata never received permission to occupy the house at Delheim and accordingly she is living there illegally. For her to become a legal occupant, her mother, Violet Dyata, is required to make application to Delheim for permission to let her stay with Violet. In the past Violet did apply for permission for her son, Goodman Jada, based on the fact that she needed assistance. Permission was granted. However the permission is granted only for a period of one year and therefore application has to be made every year. Violet refused to make these applications during 2008 as per company policy.

2.1.2. To evict an occupant from agricultural land, a land owner has to go through comprehensive procedures, prescribed by national legislation, before obtaining a court order from a local magistrate based on the merit of the application as well as the correctness of the procedures followed. This process can be opposed by the occupant and the eviction is eventually only implemented after it is endorsed by the Land Claims Court, which is a court of even higher authority.

2.1.3. It is correct that employees who have worked on a farm for more than 10 years and are older than 60 years, have certain entrenched rights, but these rights are not absolute.

The Act provides for situations where these rights can be forfeited.

- 2.1.4. Delheim noticed that family and friends of legal occupants on the farm, tend to abuse their relations with the occupants by occupying their houses, thereby getting free boarding. This action obviously leads to situations where people are living in a cramped space under crowded and unsanitary conditions with obvious health, safety and social repercussions.
- 2.1.5. This abuse of family relations is the reason why up to 10 people live in one of the employee's houses. This is illegal and violence of our policy and currently being addressed.
- 2.1.6. Keep in mind that the employee houses were not built to house extended families, but only for use of the employees and their immediate dependants. Please note that the people living with Violet are not dependants as they are of age and are employed elsewhere.
- 2.1.7. In an effort to curb this abuse Delheim instituted a regulation whereby all primary occupants (primary occupants are the original occupants of an employee's house who have housing agreements with the land owner), are yearly required to apply for permission to have occupants living in their houses under their authority. Hereby Delheim could manage the amount of people living in the houses, which, amongst others obviously impacts on the occupants' quality of life and that of the community
- 2.1.8. During 2008, notices and reminders (copies of the notices and reminders are available) were given to Patricia's mother, Violet, on:

- 2.1.4.1. 4 August 2008;

2.1.4.2. 12 August 2008;

2.1.4.3. 14 August 2008; and

2.1.4.4. 11 September 2008 (refused to accept this notice)

2.1.5. Violet, failed, neglected and/or refused to respond to all these notices and reminders, which were posted on the notice board and hand delivered to her by office staff.

2.1.6. These notices urged Violet to complete the template and hand it to the office staff. It also informed her that failing to do so would be a breach of Delheim's (just and reasonable) regulations, which could have serious consequences.

2.1.7. When Violet did not respond, Delheim in desperation contacted Sikhula Sonke, a local farm worker's union representing Violet, in writing, requesting their assistance in getting Violet to co-operate. They failed to assist in completing the required document.

2.1.8. By October 2008 Delheim had no other alternative, but to request legal assistance. During November 2008 a letter, which is a legal requirement, was served upon Violet by the sheriff of the court. A copy of the letter is available.

2.1.9. The lawyer's letter informed Violet that she breached the Delheim regulations, that she was notified of the breach, but continued to ignore the notices resulting in a fundamental breach between her and Delheim. She was further informed that if she does not remedy the breach within 30 days, her right of occupation will be cancelled, but if the situation is remedied, all actions will be cancelled. Violet did not remedy the breach.

2.1.10. Sikhula Sonke responded to the lawyer's letter by requesting a meeting on 19 November 2008 for 20

December 2008. A meeting was then held on 4 December 2008. At the meeting, Sikhula Sonke's representative informed that Sikhula Sonke was in discussion with its members and would revert to Delheim at a later stage. A copy of the request is available.

2.1.11. Delheim forwarded a letter to Sikhula Sonke on 11 December 2008 confirming the content of the meeting of 4 December 2008 and requesting response. A copy of the letter is available.

2.1.12. On 16 January 2009, Delheim contacted Sikhule Sonke by e-mail, requesting an up date on the process. Sikhule Sonke replied on 20 January 2009, indicating that they want to continue discussion with Delheim surrounding the housing issue.

2.1.13. Sikhula Sonke invited Delheim to a meeting on 20 January 2009 at Nietvoorbij to discuss settlement/production land acquisition and share equity. Wendy Pekeur, Sikhula Sonke's representative, suggested that the issue surrounding housing at Delheim be addressed at the meeting. Although Delheim's representative was at the meeting nobody appeared on behalf of Sikhula Sonke or occupant. Sikhula Sonke forwarded an explaining e-mail stating that there apparently was no interest in the meeting. A copy of their e-mail is available.

2.1.14. It is important to note that Sikhula Sonke approached Delheim and informed Delheim that they were acting on behalf of Violet Dyata and Truida Ruiters, but never provided any membership card or other form of proof of membership. None of the employees at Delheim belong to a union, although they are free to enlist.

2.1.15. Interestingly enough it is only the 'members' of Sikhula Sonke who do not want to adhere to the Delheim housing regulations as described herein.

2.1.16. Previous to the above events, Patricia was informed in writing on 19 March 2007, that she does not have permission to live on Delheim and needs to complete the required documents before permission for temporary occupation can be given. To date she has not adhered to the request. Therefore Patricia has been an illegal occupant since approximately the end of 2006, or early 2007. A copy of the letter is available.

2.1.17. Patricia is currently employed by Sikhula Sonke.

2.1.18. Prior to Patricia returning to Delheim, Violet and all the other family members did comply with the Delheim housing regulations. Available is a copy of such document completed on behalf of Violet.

2.2. Social responsibility:

2.2.1. Delheim strictly adheres to the South African labour law.

2.2.2. Delheim takes care of its farm community to a degree that is above and beyond the norm, as is evident from the following examples:

2.2.2.1. Free housing.

2.2.2.2. No charges for water.

2.2.2.3. Subsidizing electricity with 62%.

2.2.2.4. The payment of all medical expenses of pensioners.

- 2.2.2.5. The payment of 50% of all medical expenses of other employees and their dependants.
- 2.2.2.6. The availability of a crèche and after school care under professional guidance from accredited organizations.
- 2.2.2.7. The availability of a recreational room for adults and children.
- 2.2.2.8. Continued adult education in line with the concept of Life Long Learning.
- 2.2.2.9. The monthly outings on which the children are taken.
- 2.2.2.10. Four families on the estate have so far received financial assistance to obtain their own houses with their own title deeds.
- 2.2.2.11. Free transport is given on request.
- 2.2.2.12. Each house is allocated a piece of land which is used for home growing vegetables.

2.3. Housing for Violet Dyata

- 2.3.1. Initially Violet lived in a different house with her life partner than the one she is currently occupying.
- 2.3.2. On 9 April 1999 Violet Dyata and Isak Coki, her then partner, agreed to adhere to the rules and regulations of Delheim, which amongst other regulations, state that persons not employed at Delheim cannot live in the house and that the employee (primary occupant) is responsible to regulate the number of people living in the house. At that stage only the two of them occupied the house. A copy of

the rules and regulations signed by Violet Dyata and Isak Coki is available.

- 2.3.3. During October 2007 a letter from Delheim informed Violet she would receive a house with an indoor toilet at Delheim as soon as such a house became available. Unfortunately until today none of the other houses have been vacated.
- 2.3.4. It is interesting to note that Patricia and her brother who allegedly live on the farm to take care of their mother, but who are both employed elsewhere during the day, do not take any responsibility or pride in the house and allow mould fungus to cover the wall and ceiling. Delheim was not made aware of the problem.
- 2.3.5. Delheim has a policy of respecting the privacy of the occupants and therefore do not do inspection of the houses. There is a committee, consisting of representatives of the employees who meet with management on a weekly basis, and report on any maintenance that needs to be done. No complaint was ever lodged by the occupants of the house through this committee.
- 2.3.6. While Patricia is employed elsewhere, she is living on the farm for free; her one child receives free transport to school and attends Delheim after care, while the other attends the Delheim crèche.
- 2.3.7. Delheim has an own home ownership scheme whereby it endeavours to assist a family in obtaining an own home in a residential area. We have successfully assisted Salomi Hendrickse, Rebecca Pietersen, Jackson Menuko and Bonita Davids.
- 2.3.8. Delheim values Violet's service and on 3 February 2009 Delheim offered Violet a house to the value of R280 000.00.

On 3 February 2009 Sidwall Jako took Violet's son, Goodman, to inspect the house on behalf of Violet. To date Delheim has not received a response to the offer.

2.4. Violet's pension:

2.4.1. The article creates the impression that Violet receives a R60.00 pension per month from Delheim. This is not correct. Violet receives a government pension currently to the amount of R960.00 per month. Delheim, purely out of generosity, gives each pensioner R60.00 every two weeks, which equates to R120.00 per month. Proof of such payment is available.

2.4.2. Delheim encourages all current employees to contribute to their retirement fund, underwritten by Metropolitan, which has been in place since 1998.

2.5. Truida Ruiters:

2.5.1. Truida Ruiters's situation regarding the alleged "eviction process" is similar to that of Violet Dyata as she also refused to complete the required documents.

2.6. Ethical Audits

2.6.1. The heading and content of the articles suggest that Delheim promotes unethical practices. This is absolutely devoid of truth as Delheim's ethical conduct is constantly audited by external entities.

2.6.2. Delheim has always followed the Employment Equity Act of 1998.

2.6.3. Department of Labour conducted an employment equity inspection on 21 October 2008.

- 2.6.4. As a supplier to Woolworths (Pty) Ltd South Africa we will be open for an external Ethical Audit on our company on the 23rd of April 2009. It will be conducted by International Britannia ERM (Pty) Ltd.
- 2.6.5. Delheim was an accredited Wieta (Wine Industry Ethical Trade Association) member until 2005.
- 2.6.6. Delheim was an accredited Rudnet member until 2007.
- 2.6.7. Delheim did not find that accreditation with Wieta or Rudnet were relevant to consumers and thus decided to investigate the merits of other organisations.
- 2.6.8. Delheim was externally audited by Rudnet in 2006. Delheim complied with all criteria of the Employment equity act of 1998. Results are available.
- 2.6.9. Delheim is currently investigating the merits of Fairtrade with the help of independent social development advisor Santi Basson.
- 2.6.10. Delheim wishes to affiliate itself with an independent body which can provide credibility to the consumer with regards to our work ethics, living conditions and social responsibility.
- 2.6.11. Delheim complies with all WIETA standards although we are not currently a member.

3. Misleading journalism

- 3.1. On 26 January 2009, Marianne Sondergaard, by e-mail, posed the following questions to Delheim:
 - 3.1.1. *"Why do Delheim want the families of retired woman workers out of their homes?"*

- 3.1.2. *“These people meets the conditions of being longterm occupants according to ESTA. Do you disagree?”*
 - 3.1.3. *“The old women have worked for Delheim in decades. Doesn’t it mean something?”*
 - 3.1.4. *“What will the winery use their cottage for?”*
 - 3.1.5. *“What are the costs by having these people living at the farm?”*
 - 3.1.6. *“Should you as a farm owner take responsibility for the consequences of the apartheid system and help solve the inequalities between races?”*
 - 3.1.7. *“Who should solve the problems of the large disparities in South Africa?”*
- 3.2. In the article Sondergaard does not address these questions or refer to the responses thereto. A copy of the e-mail and response is available hereto for purposes of comparison.
 - 3.3. It is abundantly clear from the content above, that Sondergaard, did not consult with a South African labour lawyer to get the correct facts regarding the legislation pertaining to the issue.
 - 3.4. Sondergaard apparently was in South Africa during November 2008, contacted Delheim by the end of January 2009 and definitely did not follow up with her sources, on what transpired since November 2008.
 - 3.5. As she apparently interviewed Violet Dyata before the lapse of the period referred to in the lawyer’s letter, the content of her article was premature.
 - 3.6. The innuendo of the article and its title is that Delheim is manipulating the law and mistreating the occupants, while the article does not offer any facts supporting such conclusion.

- 3.7. Sondergaard did not try to confirm the facts on which her article is based.
- 3.8. The response to the article, as is evident from the e-mail received from Delheim's Swedish agent, indicates that the Delheim brand is severely compromised. . This type of journalism is ethically irresponsible and we at Delheim are waiting in anticipation to see what the publications are going to rectify the damage caused by this misleading journalism.

LIST OF ATTACHMENTS AVAILABLE ON REQUEST

1. Translated copy of article: *Put out after decades of service (Full article available on Delheim website)*
2. Translated copy of article: *Danish wine traders are accused of unethical importing (Full article available on Delheim website)*
3. Photographs of house in Kayamandi.
4. E-mail correspondence between Marianne Sondergaard & Delheim dated 26 & 27 January 2009.
5. Notice dated 4 August 2008.
6. Notice dated 12 August 2008.
7. Notice dated 14 August 2008.
8. Notice dated 11 September 2008.
9. Letter to Sikhula Sonke dated September 2008
10. Letter from Jacques van Niekerk Attorney dated 29 October 2008.
11. Request for meeting from Sikhula Sonke dated 19 November 2008.
12. Letter from Delheim addressed to Sikhula Sonke dated 11 December 2008.
13. Invite from Sikhula Sonke to Delheim.
14. E-mail from Wendy Pekeur to Delheim dated 20 January 2009.
15. Housing agreement dated 24 August 2004.
16. House rules 9 April 1999.
17. Letter to Patricia dated 19 March 2007.
18. E-mail from Delheim's Swedish Agent dated 3 March 2009.

THE END