
SABS

Corporate Plan FY2023/24 to FY2025/26



ACRONYMS AND ABBREVIATIONS

ARSO	African Organisation for Standardisation
BSC	Balanced Scorecard
BU	Business Unit (lowest organisational unit in SABS)
CRM	Customer Relationship Management
COC	Certificate of Compliance
ENE	Estimates of National Expenditure
ERP	Enterprise Resource Planning
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
LIMS	Laboratory Management Systems
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NIPF	National Industrial Policy Framework
NRCS	National Regulator for Compulsory Specifications
OHSA	Occupational Health and Safety Act
PASC	Pacific Area Standards Congress
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SADCSTAN	SADC Cooperation in Standards
SANS	South African National Standards
SMME	Small, Micro and Medium Enterprises
SOE	State-Owned Enterprise
SQAM	Standards, Quality Assurance, Accreditation and Metrology
the dtic	The Department of Trade, Industry and Competition

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PREFACE

It is hereby certified that the Corporate Plan was:

- developed by the management of the South African Bureau of Standards (SABS) under the guidance of its Board,
- that it considers all the relevant policies, legislation, and other mandates for which the SABS is responsible, and
- has accurately reflected the performance targets that management will endeavour to achieve, given the resources available, over the FY2023/24 – FY2025/26 period.



Tina Maharaj
Chief Financial Officer



Sadvir Bissoon
Acting Chief Executive Officer



Dr Sandile Malinga
Chairperson of the Board

DISCLOSURE REQUIREMENTS IN TERMS OF PRACTICE NOTE 4 OF 2009/10

No	Description	Reference
1	Strategy	Section 4
2	Key performance indicators	Section 5
3	Governance structure <ul style="list-style-type: none">• Governance structures and roles/responsibilities• Structure of Board of committees• Structure of Executive management	Section 2
4	Financial plan (covering the next three years) including <ul style="list-style-type: none">• Projects income statement• Projects balance sheet• Projects cash flow statement	Section 12
5	Dividend policy	Section 12.4
6	Capital expenditure plan (covering the next three years)	Section 12.4
7	Borrowing programme (covering the next three years)	Section 12.4
8	Risk management plan <ul style="list-style-type: none">• Description of risk management process• Key operational risks	Section 13
9	Fraud prevention plan	Section 13.3
10	Materiality and significance framework	Annexure B
11	Other supporting frameworks/plans <ul style="list-style-type: none">• Financial projections for SABS Commercial SOC Limited	Annexure A

FOREWORD BY THE MINISTER



Mr Ebrahim Patel - Minister of Trade, Industry and Competition

The 2023/24 Corporate Plan of the South African Bureau of Standards reflects the continued efforts of the dtic Group to align our activities around a common purpose; grounded in efforts to support **Industrialisation** to promote jobs and rising incomes, drive **Transformation** to build an inclusive economy, and build a **Capable State** to ensure improved impact of public policies.

The Corporate Plan contains an ambitious set of targets aimed at realising the vision of the Standards Act (SABS), and utilising these regulations to meet their purpose of empowering a larger number of South Africans to contribute towards our shared prosperity. In the year ahead, the SABS will play a critical role in driving growth and job creation, and advancing our strategic objectives of safeguarding the standards that ensure manufacturers strive for excellence and consumers can buy with confidence. While companies face a challenging global economic environment, the work of the SABS will help create the conditions for sustained growth that are most needed when times are hardest.

Since the start of the Sixth Administration, the Department of Trade, Industry and Competition and all entities in the dtic Group have begun a process of adopting a revised output-driven planning system – grounded in the objective of combining all our efforts towards creating real impact for South Africans.

In 2023/24, the dtic concluded this process by introducing 45 output targets, to which the SABS makes a critical contribution. These include supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black Industrialists to create 20,000 jobs and R36,8 billion in output. The attached table sets out the 45 outcomes. While the SABS has incorporated many of these objectives into the Corporate Plan, our next steps will be to further align the work of SABS to meet these common objectives through the implementation of its governing legislation.

Within one month of tabling this version of the plan, SABS and the dtic will provide me with a revised Corporate Plan to further align with these joint outcomes. This will require revisions to the Corporate Plan, which will be submitted to the Executive Authority for review. These efforts form part of a process of continuous evolution of the dtic Group's work, which combined make for a step-change in connecting our work to real impact that matters to South Africans. Implementation of this plan must take account of the challenging fiscal environment in which government is operating, and as such as I have instructed all entities to undertake a further review of their spending plans for the period of the plan, and to submit a final, revised financial plan within one month of tabling this version of the plan. This plan should aim to reduce unnecessary spending, and redirect these resources to better serve our core objectives. In particular, the SABS should review their budget allocations for international travel.

The Corporate Plan 2023/24, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

Ebrahim Patel

Minister of Trade, Industry and Competition

31 March 2023

Output targets within the dtic-group of entities

Investment

Output
R200 billion in investment pledges secured across the state
100 Investor facilitation and unblocking interventions provided
2 new SEZs designated and support work with provinces related to industrial parks

Industrial production

Output
R40 billion in additional local output committed or achieved
R40 billion in Black Industrialist output achieved

Exports and trade

Output
R700 billion in manufacturing exports
R300 billion in manufacturing exports to other African countries
R2.5 billion in exports of Global Business Services (GBS)
1 Implementation of the AfCFTA
10 High impact trade interventions completed
4 Protocols finalised under the AfCFTA

Industrial support

Output
R30 billion in support programmes administered by or in partnership with the dtic group
R15 billion support programmes to enterprises in areas outside the 5 main metros
R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses
R7.5 billion in financial support programmes to enterprises in labour absorbing sectors
Promotion of a transparent and just adjudication process for incentive applications

Transformation

Output
R800 Million in Equity Equivalent Investment Programme agreements agreed or administered
20 000 additional workers with shares in their companies
10 high-impact outcomes on addressing market concentration, at sector or firm level.

Jobs

Output
1 million jobs supported or covered by Master Plans
100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)

Output
23 000 jobs in Black Industrialists firms

Energy

Output
R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund
1400 Megawatts of energy from projects facilitated
550 Megawatts of energy available for the grid
1 Energy One-stop Shop operational
Expedited regulatory amendments and flexibility, to promote energy efficiency

Green economy targets

Output
1 Strategy and advocacy finalised responding to green non-tariff barriers (Carbon Border Adjustment Mechanism (CBAM))
1 EV Strategy finalised
1 Finalisation of green hydrogen commercialisation framework

Stakeholder engagement and impacts

Output
10 Business Forums hosted aimed at supporting increased FDI, exports and outward investment.
1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures: including 12 local films/documentaries telling the SA story
52 Community outreach programmes by the dtic group
5 Conferences, summits, and international forums hosted
10 Successful actions completed on price monitoring and excessive pricing or price gouging

Addressing crime

Output
Grey-listing: Publication of 'Know Your Shareholder' Regulations and Follow Ups
1 Metal trading system developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry

Red tape and state capability targets

Output
4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.
10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies
6 Impact assessments or enhancements of trade instruments or measures

Improving the capacity and responsiveness of the state and social partnership

Output
4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.
7 Master Plans managed and 1 new masterplan to be finalised.
Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved
Oversight of other entities to ensure that at least 95% of planned KPIs are achieved
50 Mergers and acquisitions where public interest conditions have been incorporated

FOREWORD BY THE CHAIRPERSON



The SABS Board of Directors were appointed on the 1st of December 2022 by the Executive Authority, Honourable Minister Ebrahim Patel of the Department of Trade, Industry and Competition (**the dtic**) and it is a privilege and an honour to be appointed the Chairperson of the Board. The Board comprises of members with a wealth of experience, skills, and knowledge in the public and private sector. I have complete confidence that the Board will provide effective oversight of SABS in achieving its strategic objectives.

The Board would like to express its appreciation for the work accomplished thus far in implementing the SABS turnaround plans by **the dtic** administrators, Ms Jodi Scholtz and Dr Tshenge Demana since the SABS was placed under administration in 2018. In order to address the leadership vacuum of the SABS, the Board has appointed an Acting CEO and has initiated the process to prioritise the recruitment and appointment of a permanent CEO.

Global and National Context

The global economic outlook remains bleak with rising commodity prices, inflation and debt having a significant impact on developing countries and short-term domestic pressures continue to make it harder for our governments to focus on long term priorities. A significant long-term threat to our world is climate action failure with potentially the most significant risk over the next decade.

Our government, businesses and societies are facing increasing pressure to mitigate the consequences of climate change and resolutions at COP 27 appear to address some of the key themes of adaptation, loss, and damage, just transition pathways and financing. As the global strategy is to shift away from carbon intensive technologies and industries the uptake and adoption of standards and conformity assessments will continue to play a pivotal role in providing relevant technical tools and solutions to global and national challenges.

South Africa's imperatives to address high unemployment, poverty and inequality is underpinned by our Economic Reconstruction and Recovery Plan (ERRP). The key element of the plan includes strategic localisation, industrialisation, and export promotion; A massive rollout of infrastructure; A new paradigm for energy; Gender equality and economic inclusion of women and youth; An employment stimulus to create jobs and support livelihoods; Renewed support to grow SA businesses; Fast-tracking reform measures for a competitive and inclusive economy and Strengthening agriculture and food security. The plan includes a significant focus on green energy, the pursuit of green industrialisation and a green future in order to be able to deliver sustainable solutions to our climate vulnerability whilst also driving economic competitiveness.

As we enter 2023, we are mindful of the current energy challenges the country is facing and the potential devastating impact on businesses, lives, and livelihoods. The SABS provides quality assurance services to industry and the intermittent interruption of electricity supply for the nation will certainly have a knock-on effect on the institutions ability to effectively deliver on its mandate and support the competitiveness of our local industries. This will prompt SABS to review its delivery model of its products services whilst still maintaining the trust and confidence of a reputable standardisation organisation.

Our shareholder, the dtic has a significant contribution to the ERRP which is defined by the Re-imagined Industrial strategy and driven by three strategic outcomes viz, industrialization, transformation, and capable state.

Amongst the programmes within this industrial strategy is the integration of the African market through the AfCFTA and growing the domestic production through a localisation strategy. The industrial sector masterplans of the dtic are key instruments towards driving domestic production, improving industrial capabilities, and sophistication, focussing more on export-orientation, and regaining domestic market space lost to imports.

The SABS Value proposition

The SABS is a key quality infrastructure institution that performs a critical role in developing quality solutions and tools and subsequently delivering quality assurance products and services to companies and public sector entities. The standardisation portfolio of services support industries to access local, regional, and international markets whilst providing relevant solutions to enable public policy.

The national standards published by the SABS and ongoing projects are state of the art, most of which are aligned to international best practices which provide technical solutions to the multiplicity of challenges and opportunities as presented in the South African Economic Reconstruction and Recovery plan.

This rolling corporate plan builds on the current SABS turnaround plan and focusses on various programmes that are aligned to the legislative mandate of the organisation, while supporting the policy initiatives and joint KPIs as defined by the shareholder. An important component of the corporate plan is to conclude the transition to the new structure and implement the operating model as a matter of priority.

Financial sustainability remains an important pillar of the organisation and this will be dependent on the effective rollout of critical organisational programmes and projects. The alignment and delivery of products and services in support of the dtic reimagined industrial priority sectors is a direct standardisation contribution of the SABS as per its mandate.

In addition, certain initiatives that are expected to project the SABS towards a path of sustainability are, enhancing customer focus whilst driving operational excellence, supporting the AfCFTA through thought leadership and active participation in regional and international standardisation programmes, developing and implementing a digital transformation strategy, Prioritised infrastructure maintenance and ramping up of the Local Content Verification programme.

The Board looks forward to working with the SABS Executive team to pave a sustainable trajectory for the organisation aligned to its legislative mandate in support of the dtic industrialisation and related policies as we embark on a journey that seeks to position SABS as the trusted standardisation and quality assurance organisation of choice.



Dr Sandile Malinga
Chairperson of the Board
31 March 2023

OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER



During the last financial year, the Executive Committee of the SABS had implemented phase three of the Turnaround Plan which focused on '*Charting a new course*' for the organisation. This included a very difficult process of voluntary severance packages and early retirements as we had to reset the cost-to-income ratio. This phase included the design of a new operating model and subsequent development of a new organisational structure. The new organisational structure prompted the review of job profiles aligned to the new roles of the SABS. The transition to the new structure is a key priority for the SABS in the coming year to ensure stability and focus of staff towards achieving our strategic objectives.

In the coming financial year, the SABS will continue with the process of placing staff members into the new structure and driving the implementation of the new operating model. This will be supported by capital expenditure on physical and ICT infrastructure and projects related to the laboratory upgrades. The SABS continues to experience a shortfall of requisite funds for capital expenditure and prioritization of CAPEX projects will be implemented during the financial period.

Much effort has been focused on improving the time taken to develop national standards and the Bureau has been able to improve the processes and activities in the national Technical Committees that are responsible for finalising and publishing national standards. We have also committed to developing specific national standards for **the dtic** which supports their industrialisation policy objectives, some of which include the Green Economy, Agriculture and Agro-processing, Tourism, High Tech Sectors and Oceans Economy. Over and above this, the SABS continues to engage other spheres of the state on the use of standards that can deepening the national quality agenda, such as in the electrotechnical, transport, engineering, 4IR and new-energy environments.

A critical component of this work is the SABS' active participation in global standards bodies such as the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). The SABS is a leading participant in regional standards bodies such as the African Organisation for Standardisation (ARSO), African Electrotechnical Standardization Commission (AFSEC) and SADCSTAN (SADC Cooperation in Standardisation). The Bureau has been able to ensure the involvement of leading South African subject-matter experts on these international and regional technical committee and South Africa occupies various leadership roles in these committees. The SABS will continue with the work on developing and adopting relevant standards that address the objectives of the Sustainable Development Goals (SDGs). In this regard the SABS has built this critical objective into our national standards development activities.

The SABS has a pool of competent and accredited auditors, and we pride ourselves in maintaining our accreditation status in the testing and certification of products and services that we offer. Our laboratories provide critical quality conformity assessment services to business and industry and in certain sectors the SABS is the only laboratory with the capability to provide conformity assessment services that support the national interest. In the next financial year, the focus will be on financial sustainability, customer centricity, renewal of infrastructure and entrenching a deep culture of organisational performance. The Executive team further aims to rollout new testing methods and certification schemes, with a continued focus on local content verification services to the public and private sector. We will continue to support SMMEs by providing training and advisory services with tailor-made solutions that equip companies to effectively compete in the market.

The SABS acknowledges that the next financial year comes with a set of challenges underpinned by difficult trading conditions impacted by global insecurity, global inflation, high fuel prices and disruption to supply chains. The risks impact our clients and their businesses, and we anticipate this to have a knock-on effect on the SABS and our clients uptake of our quality assurance products and services. However, the Executive Committee looks forward to working

with the new Board of Directors (or Accounting Authority) as we formulate a medium to long-term strategy and action plans to navigate the challenges and opportunities of the coming financial years.



Dr Sadhvir Bissoon
Acting Chief Executive Officer
31 March 2023

PART A:

SABS OVERVIEW AND GOVERNANCE

1. SABS OVERVIEW

1.1 Legislative mandate

The SABS is the apex national standardisation institution in South Africa, established by the Standards Act, 1945 (Act 24 of 1945). The SABS exists as a public entity under the Standards Act, 2008 (Act 8 of 2008). The objectives of SABS are as follows:

- Develop, promote, and maintain South African National Standards (SANS)
- Promote quality with respect to commodities, products, and services
- Render conformity assessment services and matters connected therewith

1.2 Principal activities

The SABS services include the following:

Standards

The SABS provides the governance framework, coordinate, and leads stakeholder engagements that underpin the development, promotion, maintenance, and dissemination of national standards. Standards provide solutions, knowledge and information that support national industrial objectives, socio-economic and environmental priorities, contributing to sustainable growth, thereby improving the lives of South African citizens.

Certification

The SABS provides third party product and system certification services aligned to international conformity assessment standards. Our Product Certification Mark has a long and distinguished history as the premium quality assurance symbol in domestic, regional, and international markets. The SABS Mark, is in addition, utilised by numerous regulators to enforce their specific regulations where the SABS Mark is a mandatory regulatory requirement e.g., Road Traffic Act requirements on the production of number plates.

Consignment inspection

The SABS assists bulk purchasers of products with tender documents, product descriptions, reference materials and inspection of delivered goods.

Local content verification

The Department of Trade, Industry and Competition (**the dtic**), the Department of Mineral Resources and Energy (DMRE), and the Department of Public Enterprises (DPE), appointed the SABS as the local content verification agency to fulfil the requirements of the amended regulations to the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000, promulgated in June 2011 and which became effective in December 2011. Furthermore, the SABS has developed and launched a new local content grading scheme intended at providing proactive verification to all Original Equipment Manufacturers (OEMS) tendering under the PPPFA requirement together with those supplying the mining houses. This scheme does not only enable OEMS to have market access, but it also creates a strategic lever for the policy makers and gauges the levels of development as far as local and production is concerned.

The regulations empower **the dtic** to designate products and sectors for local public procurement to support local manufacturers by raising aggregate domestic demand and subject to stringent reciprocal competitiveness obligations.

All organs of state as contemplated in section 1(iii) of the PPPFA, and all public entities listed in Schedules 2, 3A, 3B, 3C and 3D to the PFMA and municipal entities are required to comply with local procurement requirements set out in the designation process.

Laboratory services

SABS hosts a wide array of testing facilities that perform conformity assessment tests thereby providing test reports on compliance to South African National Standards (SANS) and regulatory requirements, where relevant. The SABS' testing services provide conformity assessment support to:

- Regulators to enforce their specific regulations
- Manufacturers and importers to ensure that their products meet applicable SANS
- Government supply chain management activities to ensure that goods procured for the public meet set quality requirements

The testing infrastructure is spread across the country with most laboratories located in Pretoria, and certain specialist laboratories strategically located across the country. The SABS also support regulators to ensure compliance to their scheduled requirements, such as Letters of Conformity for Independent Communications Authority of South Africa (ICASA).

Training and business advisory services

The SABS Training Academy is a critical part of the value chain of the SABS services that seek to enhance the skills of industry and government professionals to understand and implement SANS. The Academy currently offers a diverse portfolio of training courses, focusing mainly on management system standards.

A new service arm will reside in this business unit and will provide advisory services to clients that support conformity assessment and related services. The provision of services to Small, Micro and Medium Enterprises (SMMEs) and the Black Industrialist programme will be continuing within this portfolio.

2. GOVERNANCE STRUCTURE

2.1 Introduction

The SABS exists as a public entity in terms of the Standards Act, 2008 (Act 8 of 2008), under the Executive Authority of the Department of Trade, Industry and Competition. In accordance with this Act, the Executive Authority (the Minister of Trade, Industry and Competition) is responsible for the appointment of the SABS Board.

This Act also makes provision for the appointment of the Chief Executive Officer as well as the employees of the SABS. To achieve its objectives, the SABS may perform, as far as it is consistent with the provisions of any Act of Parliament, such functions as the Minister of Trade, Industry and Competition may assign to the SABS.

The SABS Commercial SOC Ltd is a wholly-owned subsidiary of the SABS which houses the SABS' conformity assessment services business and is funded through own revenue derived from services to customers. This Corporate Plan includes activities of both the SABS and the SABS Commercial SOC Ltd.

In terms of Treasury Regulations, the SABS as a Schedule 3B Public Entity, must conclude an annual Shareholder's Performance Compact Agreement with its Executive Authority to document the mandated key performance objectives, measures, and indicators to be attained by the SABS as agreed between the two parties.

The Shareholder's Compact promotes good governance practices in the SABS by clarifying the roles and responsibilities of the Board and the Executive Authority, as well as ensuring agreement on the mandate and key objectives of the SABS.

Good corporate governance is critical to the success of any entity and the SABS fully subscribes to good corporate governance principles set out in the relevant legislative and policy prescripts.

2.2 Composition of the Board

The composition of the Board is prescribed by section 6 (2) of the Standards Act, 2008 which requires a minimum of seven (7) and a maximum of nine (9) members appointed by the Shareholder. Members hold office for a period not exceeding five (5) years, and they are eligible for reappointment; however, they may not serve for more than two (2) consecutive terms.

The current SABS Board was appointed on the 1st December 2022.

Figure 1: Summarised profile of the Board

Name	Age	Gender	Race	Qualifications	Areas of experience
Dr Sandile Bethuel Malinga (Chairperson)	55	M	A	<ul style="list-style-type: none">• BSc (Physics and Mathematics)• BSc (Honours)• MSc• PhD (Physics)• MBA	Financial Management; Corporate Governance and Leadership; Aerospace; Aviation; Geoinformatics; Research; Development and Innovation
Mr Tumisang Tsehlo	47	M	A	<ul style="list-style-type: none">• BSc Eng (Elecmech)• MSc Eng (Industrial)• MBA	Strategy Development & Execution; Operational & Manufacturing Strategy; and Operational Performance Monitoring
Dr Rudzani Nemutudi	52	M	A	<ul style="list-style-type: none">• BSc (Honours)• MSc (Physics)• PhD (Physics)• Management Development Certificate	Strategic Planning; Technical Infrastructure Development; Performance Monitoring; International Relations; Research Development; and Institutional Sustainability

Name	Age	Gender	Race	Qualifications	Areas of experience
Ms Deidre Penfold	59	F	W	<ul style="list-style-type: none"> • BCom (Honours) (Economics) 	Research & Innovation; Stakeholder Engagement; SHEQ; and Strategic Planning & Performance
Dr Nandipha Madiba	59	F	A	<ul style="list-style-type: none"> • DBA • PhD (Business Leadership and Management) • MBA 	Corporate Governance; Combined Assurance; Financial Reporting; Financial Management; and Strategy and Human Capital
Ms Gloria Mnguni	40	F	A	<ul style="list-style-type: none"> • CA(SA) 	Financial Planning & Reporting; Internal & External Auditing; Strategic Planning; Reporting; and Corporate Governance
Dr Ron Josias	56	M	C	<ul style="list-style-type: none"> • MBA • MPhil: International Business Management • PhD: Public Administration • NHD Mechanical Engineering 	Strategy & Development Research; Business Development; Regional Integration and World Trade
Dr Mukondeleli Grace Kanakana-Katumba	45	F	A	<ul style="list-style-type: none"> • D-Phil (Engineering Management) • MBA • B-Tech (Industrial Engineering) 	Turnaround Strategy; Strategy Formulation; Organisational Leadership; Performance Planning & Management; Monitoring & Evaluation; Research & Development; and Entrepreneurship Development

The following Board committees have been established:

Audit and Risk Committee (ARC)

The Audit and Risk Committee comprises four independent non-executive members. All have the required skills and expertise to fulfil the committee's duties.

All statutory duties of the ARC including but are not limited to:

- Audit (internal and external) oversight.
- Enterprise risk management and oversight to ensure effective internal controls.
- Combined assurance
- Digital Transformation (including ICT governance)
- Financial reporting
- Compliance

Figure 2: Summarised profile of the Audit and Risk Committee members

Name	Age	Gender	Race	Qualifications	Area of expertise
Ms Gloria Mnguni (Chairperson)	40	F	A	<ul style="list-style-type: none"> • CA(SA) 	Financial Planning & Reporting; Internal & External Auditing; Strategic Planning; Reporting; and Corporate Governance

Name	Age	Gender	Race	Qualifications	Area of expertise
Ms Diedre Penfold	59	F	W	<ul style="list-style-type: none"> • BCom (Honours) (Economics) 	Research & Innovation Stakeholder Engagement; SHEQ; and Strategic Planning & Performance
Dr Nandi Madiba	59	F	A	<ul style="list-style-type: none"> • DBA • PhD (Business Leadership and Management) • MBA 	Corporate Governance; Combined Assurance; Financial Reporting; Financial Management; and Strategy and Human Capital
Mr Tumisang Tsehlo	47	M	A	<ul style="list-style-type: none"> • BSc Eng (Elecmech) • MSc Eng (Industrial) • MBA 	Strategy Development & Execution; Operational & Manufacturing Strategy; and Operational Performance Monitoring

Human Capital, Social & Ethics Committee (HCSEC)

The Human Capital, Social and Ethics Committee comprises four non-executive members. The Committee has both statutory and non-statutory mandates which includes amongst others to:

- Ensure labour and employment matters specifically in relation to the organisations' standing on the International Labour Organisation's protocol on decent work and working conditions.
- Monitor safety, health, and environment specifically in relation to the impact of activities on social and economic development.
- Monitor the Employment Equity Act; and the Broad- Based Black Economic Empowerment Act.
- Recommend the Ethics Management Framework and Ethics Strategy.
- Provided guidance and advice on all sustainability matters.
- Monitor customer and stakeholder relationships.
- Implementation of the current King Report and Code on Corporate Governance.
- Oversee and monitor the norms dealing with conflict of interest, remunerative work, gifts, and sponsorships for staff members of the SABS.
- Ensure good corporate citizenship.

Figure 3: Summarised profile of the Human Capital, Social and Ethics Committee members

Name	Age	Gender	Race	Qualifications	Area of expertise
Dr Nandi Madiba (Chairperson)	59	F	A	<ul style="list-style-type: none"> • DBA • PhD (Business Leadership and Management) • MBA 	Corporate Governance; Combined Assurance; Financial Reporting; Financial Management; and Strategy & Human Capital
Mr Tumisang Tsehlo	47	M	A	<ul style="list-style-type: none"> • BSc Eng (Elecmech) • MSc Eng (Industrial) • MBA 	Strategy Development & Execution; Operational & Manufacturing Strategy; and Operational Performance Monitoring
Ms Diedre Penfold	59	F	W	<ul style="list-style-type: none"> • BCom (Honours) (Economics) 	Research & Innovation Stakeholder Engagement; SHEQ; and Strategic Planning & Performance

Name	Age	Gender	Race	Qualifications	Area of expertise
Dr Rudzani Nemutudi	52	M	A	<ul style="list-style-type: none"> BSc (Honours) MSc (Physics) PhD (Physics) Management Development Certificate 	Strategic Planning; Technical Infrastructure Development; Performance Monitoring; International Relations; Research Development; and Institutional Sustainability

Finance, Investment and Strategy Committee (FISCOM)

The Finance, Investment and Strategy Committee comprises four non-executive members. The Committee has both statutory and non-statutory mandates which includes amongst others to:

All statutory duties of the FISCOM including but are not limited to.

- Strategic planning (strategic plans, annual corporate plans including budgeting and strategic financial modelling & allocations)
- Institutional performance monitoring & evaluation (quarterly reports, annual reports)
- Strategic oversight over core related areas e.g., Standards, certification, testing, training and commercial.
- Strategic oversight over project management
- Strategic investment.

Figure 4: Summarised profile of the Finance, Investment and Strategy Committee members

Name	Age	Gender	Race	Qualifications	Areas of experience
Dr Ron Josias (Chairperson)	56	M	C	<ul style="list-style-type: none"> MBA MPhil: International Business Management PhD: Public Administration NHD Mechanical Engineering 	Strategy & Development Research; Business Development; Regional Integration and World Trade
Dr Rudzani Nemutudi	52	M	A	<ul style="list-style-type: none"> BSc (Honours) MSc (Physics) PhD (Physics) Management Development Certificate 	Strategic Planning; Technical Infrastructure Development; Performance Monitoring; International Relations; Research Development; and Institutional Sustainability
Dr Mukondeleli Grace Kanakana-Katumba	45	F	A	<ul style="list-style-type: none"> D-Phil (Engineering Management) MBA B-Tech (Industrial Engineering) 	Turnaround Strategy; Strategy Formulation; Organisational Leadership; Performance Planning & Management; Monitoring & Evaluation; Research & Development; and Entrepreneurship Development
Ms Gloria Mnguni	40	F	A	<ul style="list-style-type: none"> CA(SA) 	Financial Planning & Reporting; Internal & External Auditing; Strategic Planning; Reporting; and Corporate Governance





2.3 The Executive Committee





The Board has delegated a wide range of matters to the Executive Committee, including governance, financial, operational, risk and functional issues. A seven-member Executive Committee (EXCO) supports the Acting Chief Executive Officer with the day-to-day affairs of the organisation.

It ensures that the relevant legislation, policy, and regulations are adhered to and adequate internal financial control systems are in place to provide reasonable certainty in respect of the completeness and accuracy of the accounting records, integrity and the reliability of financial statements and the safeguarding of assets.

The performance of members of the Executive Committee are evaluated against their agreed performance contracts which are aligned to the Organisational Scorecard, and which is annually approved by the Accounting Authority.

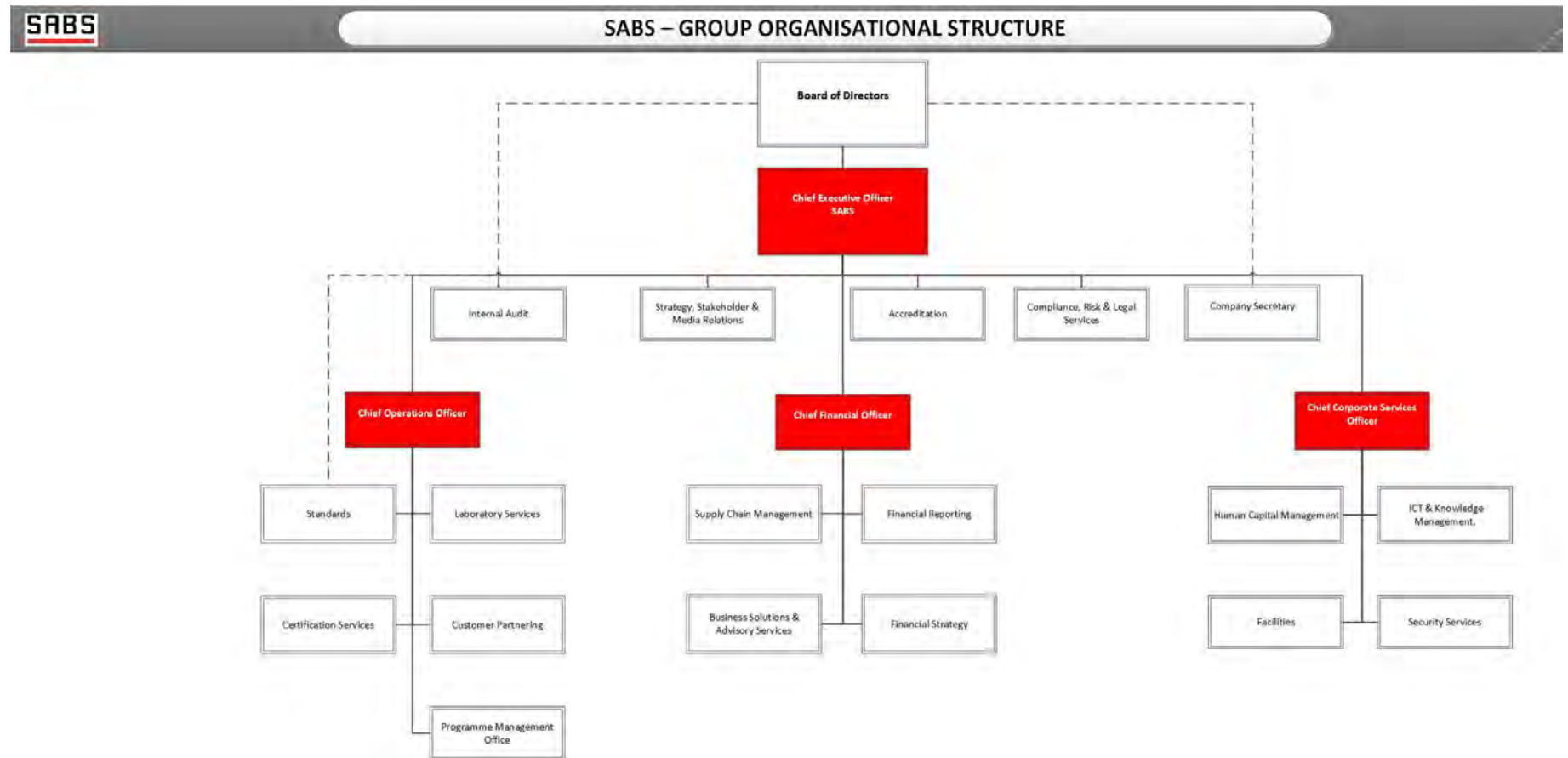
Figure 5: The Executive Committee

	<p>SADHVIR BISSOON (50) Chief Executive Officer (Acting)</p> <p>Date appointed as organisational head: 20 January 2023 Date appointed to the SABS: 1 August 2003 Qualification: DTech: Biotechnology, MSc: Biotechnology & BSc (Hons)</p>
	<p>TINA MAHARAJ (41) Chief Financial Officer</p> <p>Date appointed as CFO: 01 September 2021 Date appointed to the SABS: 1 September 2017 Qualification: CA(SA), MBA & MCom: Tax</p>
	<p>LUNGELO NTOBONGWANA (44) Chief Operations Officer (COO)</p> <p>Date appointed as COO: 15 March 2023 Date appointed to the SABS: 01 August 2017 Qualification: MBA, MCom: Business Management, BTech: Project Management & Diploma: Analytical Chemistry</p>
	<p>KATIMA TEMBA (43) Divisional Head: Certification Services</p> <p>Date appointed as divisional head: 01 November 2021 Date appointed to the SABS: 10 February 2014 Qualification: MBA, BTech: Electrical Engineering & Diploma: Electrical Engineering: Electronics</p>

	<p>THABO SEPURU (48) Divisional Head: Laboratory Services</p> <p>Date appointed as divisional head: 01 November 2021 Date appointed to the SABS: 01 May 2003 Qualification: MSc: Applied Radiation Science and Technology, BSc: Chemistry and Physics, EDP</p>
	<p>DENESH NAIDOO (56) Divisional Head: Customer Partnering (Acting)</p> <p>Date appointed as divisional head: 01 April 2023 Date appointed to the SABS: 01 February 1996 Qualification: Executive Development Program, Post Graduate Diploma in Business Administration, Diploma in Textile Technology</p>
	<p>PETER MATLHALE (47) Divisional Head: Standards (Acting)</p> <p>Date appointed as divisional head: 26 January 2023 Date appointed to SABS: 01 October 2001 Qualification: B-Tech (Civil Engineering)</p>
	<p>LIZO MAKELE (52) Chief Corporate Services Officer (CCSO)</p> <p>Date appointed as CCSO: 01 September 2021 Date appointed to SABS: 1 July 2018 Qualification: MBA, BTech: HR Management & MDP</p>

2.4 Organisation structure

Figure 6: SABS Organisational Structure



PART B: SITUATIONAL ANALYSIS

3 SITUATIONAL ANALYSIS

The SABS is an entity operating under a legislative and government policy mandate. The operational environment of the SABS is influenced by a wide range of internal and external factors, some of which are set out below.

3.1 External environmental

In this document we have opted to use the STEEPS analysis which is a tool used in strategy to evaluate the external factors impacting an organisation. This analysis focuses on science, technology, environment, economy, politics, and society. Readers might also know this as a PEST or a PESTLE analysis.

Science

- **Genes, biotechnology, and 3-D printing**

Biotechnology entails the application of living organisms and biological systems to create new products. This field has developed rapidly over the last 50 years due to advances in genetic engineering that allows scientists to make changes to an organisms' DNA.

This sector finds itself at the interchange between science and technology and biotechnology overlaps with many other scientific fields such as molecular biology, biochemistry, and genomics. The pace of development in this field and the breadth of biotechnological applications presents many opportunities for emerging-market needs.

Advances in gene editing will drive enormous breakthroughs in human health, medicine, agricultural and industrial productivity, and sustainability. Technologies which enable extensive genome editing will enable scientists to precisely edit DNA using various methods. This will impact human and animal health and could further allow the transplant of animal organs into humans. Technology such as 3-D printing continues to play a pivotal role in this sector.

These new technological break throughs will raise moral and ethical questions as technologies become more advanced. South Africa will need to form policy positions on human augmentation, the safety of genetically modified foods or animals, the large-scale collection and storage of genetic data. The ability to rapidly respond and develop national standards in this sector will be critical for the national economy.

Technology

- **Mega trends**

As technology becomes integrated into more aspects of our lives, the profile of risks associated with technology increases. New advances in technologies are driven by advances in 4IR which include thematic areas such as artificial intelligence, autonomous and self-driving vehicles, quantum data, Internet-of-things (IoT), data privacy and robotics continue to drive new growth in the global economy.

Governments around the world will be required to turn their attention to the ethics of technology and the implications of fast-developing technology for future societies. In the developing world governments will need to risk proof their economies while ensuring they do not fall behind in the technology advances.

Economic

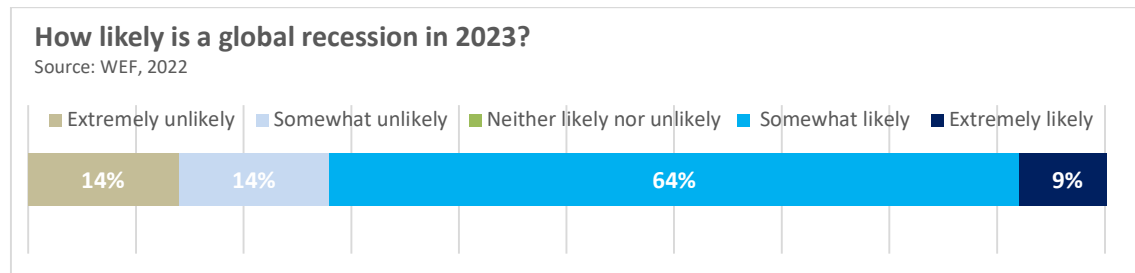
- **Global and national growth trends**

The start of 2022 witnessed heightened geo-political tensions which has disturbed global and regional supply chains, has had an adverse impact on global commodities prices. The global economy has now entered a period of persistently high inflation and weaker economic growth.

Geopolitical conflict will continue to impair production systems and impact the trade of goods such as energy, food, and other commodities. With rapid inflation and changes in monetary policy the United States may also experience slowdown in economic growth. Economic recovery in China's has strengthened, economic growth is expected to remain below longer-term trends as the country emerges from the Covid19 lockdowns.

Taking these and other factors into account, the SARB's forecast for global growth in 2022 is revised down from 3.3% in the July 2022 meeting to 3.0% and is lowered to 2.0% (from 2.5%) for 2023. Alternatively, the International Monetary Fund's (IMF) July forecast expected global growth of 3.2% in 2022 and 2.9% in 2023.

Figure 7: Global recession outlook



Environmental

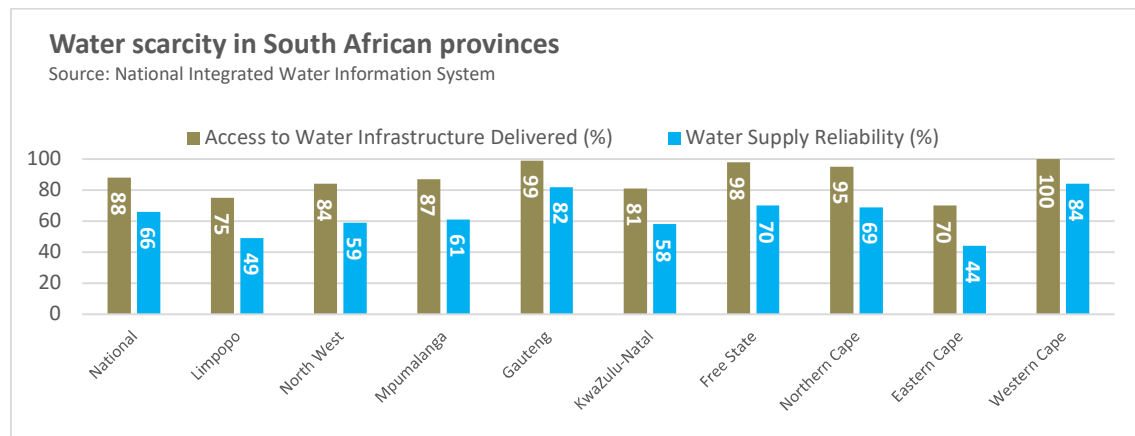
• Water, agriculture, and food production

Globally water is valuable and scarce and in South Africa the water systems are under significant pressure. Only 3% of the world's water is freshwater and access due to location, town and provincial boundaries, economics, and purity is declining.

The UN Food and Agricultural Organization (FAO) estimates that 1.8 billion people worldwide will face water scarcity by 2025 and 5.2 billion are expected to face water stress. By 2050, the FAO estimates that only 60% of the water needed will be available. Although climate change may promote glacier melting that could lead to increased flows of water, higher temperatures are also expected to increase.

Water loss due to evaporation is exacerbated by the impact of climate changes in our country. An increasing demand for water will make the extraction and production (e.g., through desalination) of fresh water more energy intensive, and is likely to drive up costs for access to water.

Figure 8: Water infrastructure delivered versus vs water supply in 2021



• Movement towards cities

Urbanisation, which is the rapid movement of people from rural areas to urban areas, can increase the power of local governments. This can lead to more localised decision-making and greater empowerment of citizens. South Africa can look forward to a positive trend and a large movement of people towards cities.

Successful urban areas will be the ones that: improve services; enhance national and international connectivity (the Internet); ensure water and electricity supplies; raise levels of education and healthcare; anticipate adaptation to climate change plans and measures; consider greening cities; provide talent pools of technical specialists and other experts; secure efficient and reliable financial systems; cultivate cultural activity, and; provide citizens with two important benefits, i.e. an improved quality of life and increased productivity.

Politics

- **Multipolarity or the decline of multilateralism**

As the world moves towards multipolarity, some predict a decline of multilateralism as international coordination becomes more difficult. Many commentators view multipolarity as a potential driver of improved inter-state cooperation. The result of these forces will require countries to form new political and trade alliances.

It is very likely that in the coming decades no single state or alliance will be able to dominate all regions of the world or global trade. The relative power of new countries such as China and India (both of which are BRICS Members) has increasing with respect to existing powers with the global north such as the USA, the Europe Union.

Alongside these, emerging powers such as Brazil, Indonesia, Mexico, Nigeria, Turkey, and Vietnam, will also increasingly exert their influence at a regional and global level. The nature of the relationships between countries will be key to determine by new international order that will witness the rise of regionalism.

Areas to be influence by these global forces will not be decided primarily by military and economic power, but rather by trade flows, provision of aid, technology transfers. Historic bilateral relationships will place a critical foundation in this new alliance. The national diplomatic posture will be material for South Africa's ability to trade globally and standards will play an increasing role as an enabler.

- **Sustainable production**

South African consumers are becoming more environmentally aware and more empowered when making their purchasing decisions. Studies show that around 65% of consumers are willing to pay more for products or services if it is deemed to be environmentally friendly and socially responsible.

This consumer sentiment is especially strong amongst the younger generations and is predicted to grow. At the same time, governments are putting pressure on industry through environmental regulations, as they reflect the growing environmental concerns of their national production systems. The national government has placed UN Sustainable Development Goals (SDGs) at the centre of its policy framework and all spheres of state are required to build the SDGs into the programmes of work. For many municipalities this includes adopting life cycle models such as cradle-to-cradle (circular economy), sharing economy or peer-to-peer economic models, reducing harmful emissions and greening shorter supply chains.

- **Increasing migration**

Internationally, there has been a large-scale migration trend as people move across borders. In Africa the impacts of climate change, fewer economic opportunities and political instability are all expected to drive increasing international migration in the coming decades.

The number of people displaced by conflict and political instability is also expected to increase. An increase in migration into South Africa has already had an impact on public policy and finance.

Economic development in the global south may also contribute to higher levels of international migration. While many assume that economic development will reduce the number of people emigrating in search of economic opportunities, in fact it is observed that economic growth leads to an initial increase in emigration, presumably as citizens are better educated and have more access to connectivity, transport and international job opportunities.

3.2 Internal environment

The Executive Authority appointed the new board on 1st December 2022. The Board and the Executive Management team are required to collaborate and chart a sustainable path for the SABS.

The Executive Management will be required to ensure that:

- The Certification Division expedites the implementation of the Certification Information Management System (SABSCIMS) which will allow the division to automate the auditor scheduling,
- The Laboratory Services division complete the implementation of the Laboratory Information management System (LIMS) which will improve turnaround times and demand planning for the testing division,
- Standards Division to implement projects to address gender responsible standards and standards development; continued alignment of the standards programme of work to support the reimagined industrial priority sectors and complete the transition to the new digital e-commerce platform for access to standards
- Oversee the roll-out of the integrate Customer Partnering division to drive enhanced customer experience and service levels,
- The efficient delivery of new certification schemes and testing methods to the marketplace,
- Implement the new business solutions and advisory services,
- Conclude the implementation of the Turnaround Strategy, and
- Develop and rollout the ICT strategy.

Corporate Culture

The organisation has embarked on a culture change journey, to align its corporate culture with the strategic goals. This process includes the culture definition, identification of core values, and the development of the culture change implementation plan, which will be embedded in the next 3-years.

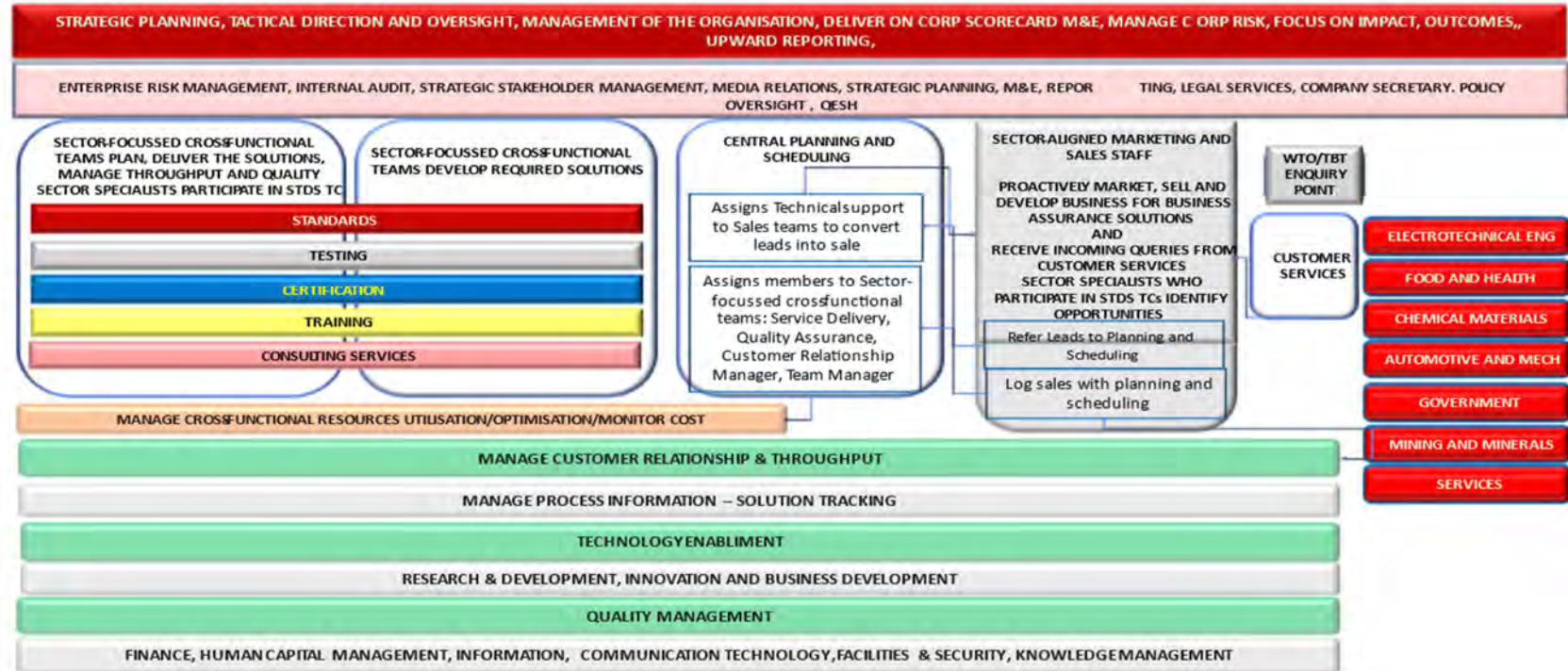
Target Operating Model

The new operating model determines how, using people, process and technology, the SABS will deliver value as described by its strategy. The diagram below is a visual representation of how such value will be delivered to customers and other stakeholders as well as how SABS will run itself. This operating model is predicated on the following design principles:

- Enable SABS to move from being product/service-driven to becoming solution-driven. This includes a mechanism to market, sell and deliver integrated solutions as opposed to products.
- Place the customer at the centre of what the organisation does. This requires a single point of entry and clear customer management roles during marketing, selling and delivery with no duplication of effort.
- Enable effective and efficient sales, marketing, and customer service. This requires some form of integrated marketing/sales/technical teams to manage marketing, selling, delivery and customer relationship, proactive market creation (business development) and proactive selling.
- Promote an integrative and collaborative working approach that enables seamless service delivery – breaking down the functional silos; this requires a move to matrix operational model; joint planning mechanisms; mechanisms to manage cross- functional (inter-divisional) delivery and optimisation thereof; mechanisms to manage intra-functional (within a division) delivery and optimisation thereof.
- Reflect a head office/regional mode but with strong central co-ordination and control.

Figure 9: SABS Operating Model

SABS Operating Model: 2020



3.3 Organisational Success Factors

Critical Success Factors	Origin of Critical Success Factors	Key Industry Requirements
Active participation of diverse stakeholder representation in SABS Technical Committees for the development of South African national standards	Standards Division	<ul style="list-style-type: none"> Ability to participate and represent the interests of the country in delivering technical solutions (SANS) and related publications aligned to national priorities and industrialization opportunities Openness, Transparency, and consensus during the standards development process in SABS Technical Committees
Skilled Workforce	Human Capital	<ul style="list-style-type: none"> Knowledgeable and accredited auditors and lab technicians with deep industry knowledge Auditors who are accredited across more than one management system Reliable planning for audit dates
High Technology Laboratories	Laboratories Services	<ul style="list-style-type: none"> State of the art testing equipment High degree of automation Develop new testing methodologies to stay current with new technology
Efficient operations	Laboratories Services	<ul style="list-style-type: none"> Quick testing turn-around times High levels of accuracy Automation of equipment & systems Remote digital sensors for product auditing Energy efficiency and waste management control
Customer Experience (CX)	Customer Services and Marketing	<ul style="list-style-type: none"> Rising customer expectations for a single channel to deliver all services Industry has moved to delivery through single omni-channel
Industry leadership	Certification and Testing	<ul style="list-style-type: none"> Certification and Testing divisions that are leading technological developments, which understand the components of 4IR and can communicate of these through thought leadership, colloquiums, white papers, etc.

3.4 Stakeholder Needs Analysis

Segment Description	Current Customer Needs	Future Customer Needs
National Government	<ul style="list-style-type: none"> • Promulgates safety legislation and regulations • Authorises the establishment of professional or industry bodies • Effects supply side policies • Issues SCM and tender rules • Third party testing or consignment inspections 	<ul style="list-style-type: none"> • Actively market conformity assessment services with national bodies • Provision of outsourced conformity assessment services for national authorities • Work with customs authorities to offer inspection services for import and export of goods
Local Government	<ul style="list-style-type: none"> • Promulgates safety and health bylaws and regulations • SCM and tender rules • Anti-bribery standard and training 	<ul style="list-style-type: none"> • The request for specific scheme requirements
Regulators	<ul style="list-style-type: none"> • Establishes industry rules and pricing • Develops industry norms 	<ul style="list-style-type: none"> • The introduction of globally accepted standards
Wholesalers & Retailers	<ul style="list-style-type: none"> • Comply to government safety standards • Third party testing or consignment inspections 	<ul style="list-style-type: none"> • Remote audits and quality assurance models • Access the information in real-time
Certification Bodies	<ul style="list-style-type: none"> • Require partnerships with the SABS so that one party does consulting, and other party does the certification • Opportunity for medium sized global CBs to outsource certification services to SABS 	<ul style="list-style-type: none"> • Possible partnerships on resources in certification and testing portfolios • SABS digital platform that integrates with their technology
Customers	<ul style="list-style-type: none"> • Safe products with recognisable SABS Mark of Approval 	<ul style="list-style-type: none"> • On-demand and virtual verification of SABS Approved products • Market surveillance of products with the SABS Mark
Industry Associations	<ul style="list-style-type: none"> • Require standards development for industry specific purposes • SABS should be able to test to international standards for which there is no SANS in their industry vertical 	<ul style="list-style-type: none"> • SABS to be at the cutting edge of international standards development and to play a leading role • Highly efficient WTO/TBT early warning system
Export Councils	<ul style="list-style-type: none"> • Rely on the SABS for WTO TBT notification of new standard being introduced by other countries 	<ul style="list-style-type: none"> • Highly efficient WTO TBT early warning system • Conformity assessment services that assist with market access and mutual recognition of certifications

3.5 Strategic projects

Critical Issue	What Must We Achieve in The Next Year	What Must We Achieve in The Next 3 Years
Implement the operating model and fit for purpose structure	<ul style="list-style-type: none"> • Finalise and communicate the SABS strategy • Implement SABS operational model and structure • Map and optimise detailed processes • Develop and implement Human Capital plan • Implement the outcomes of the skills audit • Fill all critical posts • Develop and implement the culture change programme • Introduce and implement an organisation-wide change management framework 	<ul style="list-style-type: none"> • An enabling organisational culture • Competent workforce • Performance management • Fill vacant posts with requisite skills and competencies • Optimised operational processes • Integrated work mode
Improve customer engagement process	<ul style="list-style-type: none"> • Implement the CRM system • Conduct training and capacitation • Conduct interventions to increase customer retention 	<ul style="list-style-type: none"> • A customer centric SABS • Customer satisfaction targets achieved
Information & Communication Technology	<ul style="list-style-type: none"> • Establish ICT governance structures – including ICT Steering committee • Conduct risk assessment on operational software and systems • Revise ICT strategy to ensure alignment with SABS strategy • Implementation of a new ERP system • Renew critical system licences and conduct updates • Implement the E-commerce platform • Implement the Enterprise Customer Portal • Enhance finance and resource planning • Rollout and integrate key operational systems 	<ul style="list-style-type: none"> • Integrate all operational systems • Introduce new technologies for process improvements

Critical Issue	What Must We Achieve in The Next Year	What Must We Achieve in The Next 3 Years
Facilities	<ul style="list-style-type: none">• Develop medium and long-term facilities management strategy• Implement energy efficient solutions• Develop medium to long term property strategy• Conduct mission critical maintenance on the facilities as well as laboratory equipment	<ul style="list-style-type: none">• Save on energy consumption• Fund and monitor maintenance programme
Knowledge management	<ul style="list-style-type: none">• Develop and implement Knowledge management strategy• Develop a plan to manage the institutional knowledge of the SABS• Implement a knowledge database• Records management• Increase participation in industry gatherings	<ul style="list-style-type: none">• Knowledge management processes working effectively• Increased contribution of SABS to the sector (SA and global)
Impact Standardisation	<ul style="list-style-type: none">• Develop a model for assessing the impact of national standards and pilot at least one study.	<ul style="list-style-type: none">• Compilation of case studies that demonstrate the economic benefits of standardisation

PART C: STRATEGIC FOCUS

4 Strategy

4.1. Core Aspirational Description and Analysis

A business' core values are those highest aspirational values that guide a firm's actions, unite its employees, and define its brand

VISION				
We are the trusted standardisation and business assurance solution provider of choice				
CORE VALUES				
Excellence <ul style="list-style-type: none"> I will continuously improve how I deliver on my expected outputs I will be the best at what I do I will always pay attention to detail I will do it right the first time, every time 	Customer Centricity <ul style="list-style-type: none"> I will exceed the expectations of my customers I will respond timeously to customers I will always look for the best solutions for my customers I will keep my customers informed at all times I will always put the customer first 	Accountability <ul style="list-style-type: none"> I will own up to my actions and commitments I will hold my colleagues answerable to their actions and commitments I will take timeous decisions I will admit when I am wrong and self-correct 	Integrity <ul style="list-style-type: none"> I will honour my word I will perform in the best interest of SABS and other stakeholders I will do the right thing even when no one is looking I will respect, maintain, and observe the confidentiality of information I will walk the talk I will treat everyone fairly I will be consistent in the application of policies and procedures 	Innovation <ul style="list-style-type: none"> I will continuously seek new opportunities and solutions I will lead change I will be agile and lead self I will continuously learn new ways of doing things and embrace technology
Strategic Objectives			SABS Value Proposition	
<ul style="list-style-type: none"> Develop, promote, and increase the use of standards Provide integrated conformity assessment service solutions Achieve and maintain financial sustainability Continuous improvement in internal systems and process Creating and maintaining a high-performance culture 			<p>The SABS maintains over 7,400 South African National Standards (SANS), we have the largest pool of accredited management system auditors in Southern Africa, we have 33 testing laboratories with technical experts and technical signatories operating to SANS including adoptions of ISO and IEC International standards and all laboratories are accredited by the SA National Accreditation System (SANAS), who in turn, is a member of the International Accreditation Forum (IAF) and International Laboratory Accreditation Cooperation (ILAC)</p>	

4.2. SABS portfolio of services

The SABS provides services across the standards development and conformity assessment services value chain. The diagram below illustrates the assorted services as well as key sectors supported.

Figure 10: The SABS value chain



4.3. Supporting National Development Plan

As an organ of state and reporting to the Department of Trade, Industry and Competition, it is important that the activities of the SABS are closely aligned in support of the Government's National Development Plan (NDP), Medium Term Strategic Framework and industrialisation effort.

Figure 11: The role of the SABS in supporting the NDP objectives








NDP Outcome	Role of the SABS
An inclusive and integrated rural economy	●
Building a capable and developmental state	●
Building safer communities	●
Create an economy that will create more jobs	●
Environmentally resilience & transition to sustainable growth	●
Fighting corruption	●
Improving the quality of education, training and innovation	●
Investing in economic infrastructure	●
Quality healthcare for all	●
Social protection	●
South Africa in the region and the world	●
Transforming human settlement	●
Transforming society and uniting the country	●


● Direct through the provision of various conformity assessment services as well as targeted intervention programmes including the SMME support programme and support to the Black Industrialist Programme
 ● Indirect through the development and promotion of standards as well as training. The SABS currently manages more than 7 400 SANS.

4.4. Alignment to the Medium-Term Strategic Framework

The diagram below illustrates the role of the SABS in supporting the Medium-Term Strategic Framework (MTSF) objectives. Although the SABS indirectly supports all priorities through the development and promotion of standards, its direct role is mainly in support of priorities 2 and 7.

Figure 12: SABS Alignment to the MTSF

MTSF priorities	SABS' role	MTSF outcome directly supported	Initiatives in support of MTSF
Priority 1: Capable, Ethical and Developmental State		<ul style="list-style-type: none"> Functional, efficient, and integrated government Professional, meritocratic, and ethical public administration 	Various organisational improvement initiatives focusing on: <ul style="list-style-type: none"> Reducing financial losses Improving operational efficiencies and employee engagement
Priority 2: Economic transformation and job creation		Industrialisation, localisation, and exports	<ul style="list-style-type: none"> Support the development of sector master plans as part of the standards development process Local content verification Provision of conformity assessment service to enterprises ranging from SMMEs to large enterprises, including government's black industrialist programme As separate Advisory services unit has been established to elevate the maturity of the management systems of these businesses to enable them to improve the quality of their products or services Develop and promote standards which enables South African enterprises to compete in the global market and gain access to new markets
Priority 3: Education, Skills, and Health			<ul style="list-style-type: none"> Development and promotion of standards System certification services Product certification on regulated products, including health (condoms, radiation, pharmaceutical), local government, construction Consignment inspection on behalf of various departments Ongoing training & skills development of staff
Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services			
Priority 5: Spatial Integration, Human Settlements and Local Government			
Priority 6: Social Cohesion and Safe Communities			
Priority 7: A better Africa and World		Increase intra-Africa trade - implementation of the African Continental Free Trade Agreement (AfCFTA) and other trade agreements	Participate in the standards harmonisation project forums on the African continent

Cross cutting focus areas: women, youth, and people with disabilities		Cross cutting: Economic participation of women, youth, and people with disabilities	<ul style="list-style-type: none"> • Ongoing focus of appointing of women, youth, and people with disabilities into the SABS • Implementation of a learnership programme
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 Direct

 Indirect

4.5. Supporting the National Industrial Policy

Government's industrial strategy will seek to unlock private investment and secure a collaborative agreement with the private sector and labour to boost economic growth and inclusion. This is an essential part of building investor confidence and the platform for job-creation. The strategy will prioritise the following industrial sectors identified in **the dtic's** Master Plans:

- Automotives
- Poultry
- Sugar
- Furniture
- Steel & Metal Fabrication
- Clothing & Textiles sectors

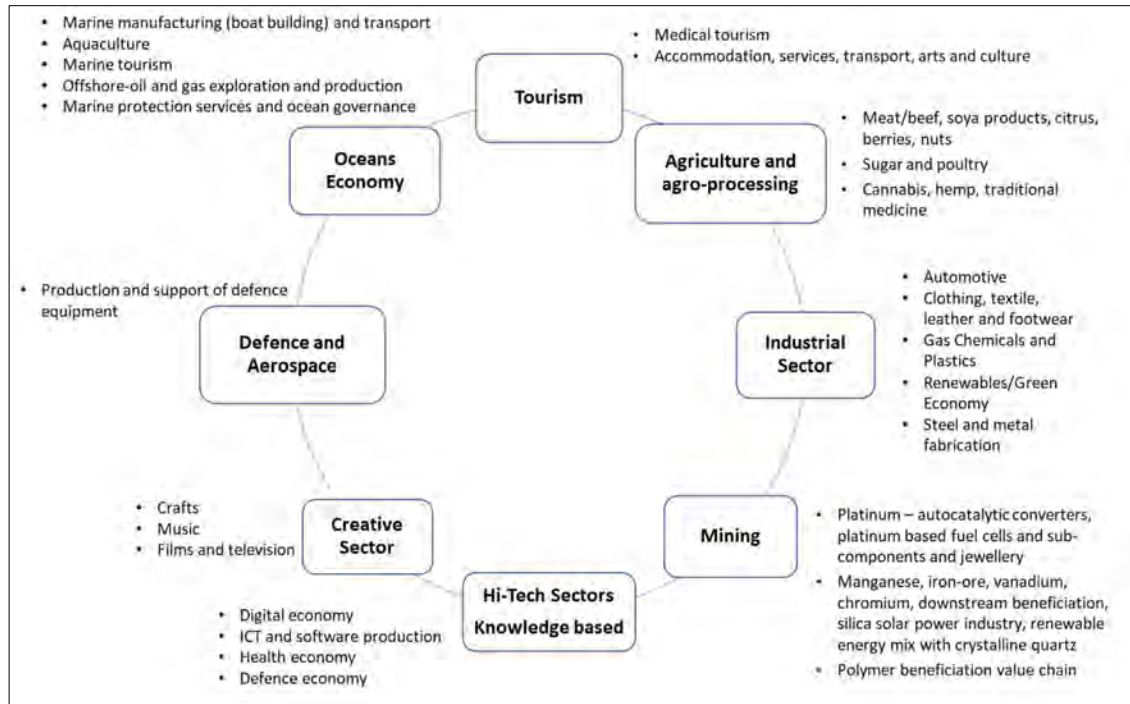
The SABS will also focus on other priority sectors including:

- Aerospace and Defence
- Agro-processing and Resource
- Electrotechnical Industries and White Goods
- Chemicals, Cosmetics, Plastics and
- Pharmaceuticals
- Capital and Rail Transport Equipment
- Construction

The masterplans will be export-oriented and target labour-intensive sectors. This industrial effort will seek to diversify the economy and facilitate the participation of Black people and women in the economy.

The SABS will be expected to support the Master Plans and industry with relevant standards as well as provide effective and efficient conformity assessment services.

Figure 13: National Industrial Policy Sectors



The Standards Division has aligned its standards development work to support the reimagined industrial priority sectors thereby developing relevant South African National Standards through governance of SABS technical committees and enabling effective stakeholder engagement processes aligned to international best practices. The below figure represents the catalogue of Standards deliverables published and SABS technical committees that publish technical solutions aligned to the priority sectors.










Figure 14: Catalogue of Standards & SABS technical committees

Industrial Priority Sector	Standards published	SABS TCs/SCs
Digital Economy	2,360	44
Construction	805	30
Gas Chemicals, Rubber and Plastics	675	36
Textiles, Clothing Footwear and Leather	545	12
Health Economy	512	18
Steel and Metal Fabrication	372	3
Agriculture and Agro processing	279	19
Automotive	200	10
Green Economy	159	13
Tourism	99	8
Other Manufacturing	83	0
Oceans Economy	79	2
Mining – Minerals and Beneficiation	71	6

4.6. Delivering the Sustainable Development Goals

Following on from the Millennium Development Goals (MDGs), the United Nations adopted 17 Sustainable Development Goals (SDGs) to shape a new development agenda up to 2030.

Figure 15: Standards adopted in South Africa to support the various SDG goals

SDG outcome	Examples of standard adopted in South Africa
 <p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> SANS/ISO 9001 – Quality management systems SANS/ISO 14000 family of standards for environmental management SANS/ISO 37001 - Anti-bribery management systems
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> SANS/ISO 22000 – Food safety management SANS/ISO 26000 - Social responsibility SANS 10049 & SANS 10330- Food Safety Management systems
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> SANS/ISO 13485 – Medical devices SANS/ISO 11137 series for the sterilisation of healthcare products by radiation
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> SANS/ISO 21001 – Educational Organisations – Management Systems for Educational Organisations SANS/ISO 14000 family of standards for environmental management SANS/ISO – Quality management systems
 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> SANS/ISO 26000 - Social responsibility
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> SANS/ISO 14000 family of standards for environmental management SANS/ISO 5667 – Water quality SANS/ISO 24521 – Guidelines for management of basic domestic wastewater services SANS/ISO 30500 - Guidelines for safety performance requirements for Non Sewered Sanitation Systems
 <p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	<ul style="list-style-type: none"> SANS/ISO 50001 – Energy management systems
 <p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	<ul style="list-style-type: none"> SANS/ISO 45001 - Occupational health and safety management systems
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<ul style="list-style-type: none"> SANS/ISO 9001 – Quality management systems SANS/ISO 10002 – Customer satisfaction SANS/ISO 14000 family of standards for environmental management

SDG outcome		Examples of standard adopted in South Africa
		<ul style="list-style-type: none"> SANS/ISO 55001 – Asset Management Systems SANS/ISO 19011 -Auditing management systems SANS/ISO 28000 - Security management systems for the supply chain
	Reduce inequality within and among countries	<ul style="list-style-type: none"> SANS/ISO 26000 - Social responsibility SANS/ISO 9001 – Quality management systems
	Make cities and human settlements inclusive, safe, resilient, and sustainable	<ul style="list-style-type: none"> SANS/ISO 5667 – Water quality SANS/ISO 55001 – Asset Management Systems SANS 1752 – Strategic Facilities Management Systems SANS/ISO 37001 - Anti-bribery management systems
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> SANS/ISO 14020 – Environmental labelling SANS/ISO 9001 – Quality management systems SANS/ISO 14000 family of standards for environmental management
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> SANS/ISO 14000 family of standards for environmental management SANS/ISO 18606 - Packaging and the environment: organic recycling
	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	<ul style="list-style-type: none"> SANS/ISO 9001 – Quality management systems SANS/ISO 26000 - Social responsibility SANS/ISO 14020 – Environmental labelling
	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation	<ul style="list-style-type: none"> SANS/ISO 14000 family of standards for environmental management SANS/ISO 5667 – Water quality
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions	<ul style="list-style-type: none"> SANS/ISO 31000 – Risk management SANS/ISO 45001 - Occupational health and safety management systems SANS/ISO 37001 - Anti-bribery management systems
	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	The SABS recognises the importance of partnerships. SANS are developed with the collaboration and consensus of a wide range of stakeholder including representatives from Government and industry

Source: ISO website (<https://www.iso.org/sdg01.html>)

PART D: MEASURING PERFORMANCE

5 Measuring impact and outcomes

Impact statement	Outcome	SABS strategic objective	Outcome indicator	Baseline FY2023	Target FY2024
Support domestic and international trade, improve company competitiveness and enhance product performance to keep consumers safe and encourage innovation	Develop, promote, and maintain South African National Standards, including services, which are aligned to Government's industrialisation strategies or plans	Develop, promote, and increase the use of standards	South African Standards supporting reimagined industry priority sectors as defined by the dtic	Eighty percent (80%) of standards published	Eighty percent (80%) of standards published
			Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4 Reports on Joint KPIs & or other Ministerial Directives	4 Reports on Joint KPIs & or other Ministerial Directives
			Government, SOE, regulatory and related public sector engagements	7	10
	Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Provide integrated conformity assessment services solution	Customer Satisfaction Survey	Not measured	75%
			Number of new products, services, solutions launched	<ul style="list-style-type: none"> Introduce two (2) new online courses Two (2) new certification schemes Two (2) new tests methods 	<ul style="list-style-type: none"> Introduce three (3) new online courses One (1) new certification scheme Two (2) new tests methods
	Build a capable and efficient SABS: <ul style="list-style-type: none"> Reduce financial losses Improve operational efficiencies Improve employee engagement Increase economic participation of designated groups 	Achieve and maintain financial sustainability	Net profit of SABS Group	Loss below R7.7 million	Profit of R1.6 million
		Continuous improvement in internal systems and process	Cost-to-income ratio	104%	103.7%
		Creating and maintaining a high-performance culture	Employee engagement survey	Minimum rating of 3 out of 5	Minimum rating of 3 out of 5
			Designated groups appointed as % of total headcount	Women: 46.0%	Women: 48.0%
				Youth: 20.0%	Youth: 23.0%
				People with disabilities: 1.8%	People with disabilities: 2.0%

It should be noted that the activities of the SABS may indirectly contribute to impact or outcomes such as job creation, GDP and/or export growth or safeguarding of natural assets, to name a few. Growth, as an example, is dependent on many various factors working together. SABS would not be able to reliably make claim to its contribution to broad impact indicators.

5.1 Annual performance plan for FY2023/24 to FY2025/26

Outcome	Indicator	Actual		MTEF Period			Key organisational initiatives
		FY2021/22	YTD FY2022/ 23	FY2023/24	FY2024/25	FY2025/26	
Develop, promote, and maintain South African National Standards, including conformity assessment services, which are aligned to Government's industrialisation strategies or plans	South African Standards supporting reimagined industrial priority sectors as defined by the dtic	79%	Sixty-five percent of (65%) Standards published	Eighty percent (80%) of Standards published	Eighty percent of (80%) Standards published	Eighty percent of (80%) Standards published	<ul style="list-style-type: none"> Publications of South African standards aligned to reimagined industrial priority sectors
	Government, SOE, regulatory and related public sector engagements	11	9	10	12	14	<ul style="list-style-type: none"> Public sector stakeholder engagement programme
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4	2	4	5	5	<ul style="list-style-type: none"> Quarterly update on interventions supporting initiatives such as Sector Master Plans and the African Continental Free Trade Area
Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Customer Satisfaction Survey	Not measured	Not measured	75%	Five percent (5%) above the FY2023/24 baseline	Ten percent(10%) above the FY2024/25 actual	<ul style="list-style-type: none"> Organisational infrastructure upgrade Digitisation programme Operational efficiency
	Number of new products, services, solutions launched	<ul style="list-style-type: none"> Introduced five (5) new online courses One (1) new certification scheme launched Six (6) new tests methods 	<ul style="list-style-type: none"> Introduced one (1) new online course One (1) new test method introduced 	<ul style="list-style-type: none"> Introduce four (4) new online courses One (1) new certification scheme Two (2) new tests methods 	<ul style="list-style-type: none"> Introduce four (4) new online courses Two (2) new certification schemes Two new tests methods 	<ul style="list-style-type: none"> Introduce four (4) new online courses One (1) new certification scheme Two (2) new tests methods 	<ul style="list-style-type: none"> New product, solutions, and service development Marketing programme

Annual performance scorecard for 2023/24 to 2025/26 (continued)

Outcome	Indicator	Actual		MTEF Period			Key Organisational initiatives
		FY2021/22	YTD FY2022/23	FY2023/24	FY2024/25	FY2025/26	
Build a capable and efficient SABS: <ul style="list-style-type: none"> • Reduce financial losses • Improve operational efficiencies • Improve employee engagement • Increase economic participation of designated groups 	Net profit of SABS Group	Surplus of R50.8 million	Surplus of R79.9 million	*Profit of R1.6 million	Profit of R2.2 million	Profit of R2.9 million	<ul style="list-style-type: none"> • Revenue generation initiatives as detailed above • Prudent cost management • Productivity enhancement programme
	Cost-to-income ratio of SABS Group	98.0%	92.0%	*103.8%	103.6%	103.5%	<ul style="list-style-type: none"> • Review of key operational processes • Digitisation programme • Testing infrastructure upgrade • Productivity enhancement programme
	Employee engagement rate	Not measured	To be completed in FY22/23	Minimum rating of 3 out of 5	Minimum rating of 3 out of 5	Minimum rating of 4 out of 5	<ul style="list-style-type: none"> • Employee and leadership development programmes • Flexible working arrangements • Reward & Recognition Programme • Completion of the staff placement programme
	Economic participation of women, youth, and people with disabilities as a % of total headcount						
	• Percentage (%) of women supported	48.5%	48.1%	48.0%	48.0%	50.0%	• Targeted recruitment
	• Percentage (%) of youth supported	21.7%	21.7%	23.0%	24.0%	26.0%	• Targeted recruitment
	• Percentage (%) of people with disabilities supported	1.8%	1.6%	2.0%	2.0%	2.0%	• Targeted recruitment

Quarterly breakdown of performance targets FY2023/24

Indicator	Annual target	Quarterly target			
	FY2023/2024	Quarter 1	Quarter 2	Quarter 3	Quarter 4
South African Standards supporting reimagined industrial priority sectors as defined by the dtic	Eighty percent (80%) of standards commitments	Eighty percent (80%) of standards published	Eighty percent (80%) of standards published	Eighty percent (80%) of standards published	Eighty percent (80%) of standards published
Government, SOE, regulatory and related public sector engagements	10	1	4(YTD)	7(YTD)	10(YTD)
Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4	1	2(YTD)	3(YTD)	4(YTD)
Customer Satisfaction Survey	75%	60%	65%	70%	75%
Number of new products, services, solutions launched	<ul style="list-style-type: none"> • Introduce four (4) new online courses • One (1) new certification scheme • Two (2) new tests methods 		<ul style="list-style-type: none"> • Two (2) new online courses • One (1) new test method 	<ul style="list-style-type: none"> • Three (3 YTD) new online courses • One (1 YTD) new test method 	<ul style="list-style-type: none"> • Four (4 YTD) new online courses • One (1 YTD) new certification scheme • Two (2 YTD) new tests methods
Net profit of SABS Group	Profit of R1.6 million	Profit of R0.1 million	Profit of R1.1 million	Profit of R1.6 million	Profit of R1.6 million
Cost-to-income ratio of SABS Group	103.7%	104.3%	103.5%	103.8%	103.7%
Employee engagement rate	Minimum rating of 3 out of 5				Minimum rating of 3 out of 5
Economic participation of women, youth, and people with disabilities					
<ul style="list-style-type: none"> • Percentage (%) of women supported 	48.0%	48.0%	48.0%	48.0%	48.0%
<ul style="list-style-type: none"> • Percentage (%) of youth supported 	23.0%	23.0%	23.0%	23.0%	23.0%
<ul style="list-style-type: none"> • Percentage (%) of people of disabilities supported 	2.0%	2.0%	2.0%	2.0%	2.0%

6 Joint Performance Indicators with the Executive Authority

The following Joint Indicators set out areas of focus that the SABS will report to on a quarterly basis to the Executive Authority. The areas of focus represent key priorities of government that are set out in more detail in the Annual Performance Plan for 2023/24 for **the dtic**.

The SABS will contribute to the achievement of the Joint indicators and the output required is a report (as part of the quarterly report) to the Executive Authority that sets out the actions taken by the SABS highlighting the contribution of the entity to the overall outcomes of **the dtic**.

Preamble:

The SABS has a legislated mandate enacted through the Standard Act, No, 8 of 2008, with the objectives to develop, promote and maintain South African National Standards; promote quality in connection with commodities, products and services; and render conformity assessment services and matters connected therewith. The SABS aims to support the attainment of **the dtic APP Outcomes** as articulated by the Ministry in the document. However, SABS's contribution and definition of its output and output indicators may not directly impact the numerical output as defined in the Outcomes. The output and output indicators as proposed by the SABS in the APP is based on its legislative mandate, its capabilities and capacity including work programmes within the organisation.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R40 bn additional local industrial output: in manufacturing and productive services output, measured on a gross basis, from projects that are championed by the dtic family or through social compacting; which will include three categories: actual increased output in the financial year, based on commitments and investments made in	Local Content Verification (LCV) Audits	Percentage of LCV projects that are submitted by government entities to the SABS to be completed	70 - LCV Audits	26 - LCV Audits	6 - LCV audits	15 - LCV Audits,	80% of LCV projects that are submitted by government entities to the SABS to be completed	80% of LCV projects that are submitted by government entities to the SABS to be completed	90% of LCV projects that are submitted by government entities to the SABS to be completed
		Percentage of LCV projects tender value that are submitted by government entities	R56 (b) value of LCV tender	R268 (m) value of LCV tender	R373 (m) value of LCV tender	R2 (b) value of LCV tender	80% of LCV projects tender value that are submitted by Government entities to the	80% of LCV projects tender value that are submitted by Government entities to the	90% of LCV projects tender value that are submitted by Government entities to the SABS to be completed

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
the current or prior years; and new projected increased output in the following five financial years, based on commitments secured in the current financial year		to the SABS to be completed					SABS to be completed	SABS to be completed	
New jobs created through interventions a. 65 job opportunities (not permanent)	SABS Annual Internship Programme (Employment for a 12 month period only)	Number of non-permanent jobs created for an annual period only (12 months) through the SABS internship programme	ND	ND	ND	60 Interns employed for the 2022/23 period only (12-month period)	65 Interns employed for the 2023/24 period only (12-month period)	70 Interns employed for the 2024/25 period only (12-month period)	75 Interns employed for the 2025/26 period only (12 month period)
Invest in black industrialist (BIS)	Promotion of the SABS standardisation and quality assurance services to Black Industrialists	Host an open day for Black Industrialists to promote SABS standardisation and quality assurance services	ND	ND	ND	ND	Host the SABS Open Day for Black Industrialist	Host the SABS Open Day for Black Industrialists and provide Testing/ Certification/ Inspection/ Training/Advisory services to 5 Black Industrialists	Host the SABS Open Day for Black Industrialists and provide Testing/ Certification/ Inspection/ Training/Advisory services to 10 Black Industrialists

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Support programmes in areas outside the 5* main metros	Outreach and advocacy initiatives on Standardisation and Conformity Assessments	Conduct 5 outreach initiatives to promote standardisation and quality assurance in specific districts outside of the 5 metros	ND	ND	ND	ND	5 Outreach initiatives completed	7 Outreach Initiatives completed	10 Outreach Initiatives completed
Support programmes for SMMEs	SMME support on standardisation and conformity assessments	R2 million worth of certification/inspection testing/training/ advisory services provided to SMMEs	ND	ND	ND	ND	R2 million SABS services provided	R2.5 million SABS services provided	R3.0 million SABS services provided
	SMME support through procurement spend	Rand value of annual procurement spend in support of SMMEs	R66.1 million	R57.4 million	R80.4 million	R72.9 million	R74.3 million procurement spend in support of SMMEs	R75.8 million procurement spend in support of SMMEs	R79.6 million procurement spend in support of SMMEs
Support programmes in labour absorbing sectors	Publication of standards to support the Agricultural and Mining Sector	Number of standards published in the Agricultural and Mining Sectors	ND	ND	ND	3 Standards	4 Standards published	6 Standards published	7 Standard published
	Conformity Assessment	Number of certificates/permits issued in the LCV/ Energy Management/	ND	ND	ND	5 certificates/ permits issued in the LCV/ Energy	10 certificates/ permits issued in the LCV/ Energy	15 certificates/ permits issued in the LCV/ Energy	20 certificates/ permits issued in the LCV/ Energy Management/ Environmental

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	certificates/permits in the Mining sector	Environmental Management/Product certification scheme in the Mining Sector				Management/ Environmental Management/ Product certification scheme	Management/ Environmental Management/ Product certification scheme in the Mining Sector	Management/ Environmental Management/ Product certification scheme in the Mining Sector	Management/ Product certification scheme in the Mining Sector
Market Inquiries	Management of the WTO Technical Barriers to Trade (TBT) Agreement	48-Hour Turnaround time on the WTO/TBT enquiries enquiry point (e.g., Access to standards or regulations)	ND	ND	ND	48- Hour Turnaround time to respond to requests for information achieved	48- Hour Turnaround time to respond to requests for information	48-Hour Turnaround time to respond to requests for information	24-Hour Turnaround time to respond to requests for information
SEZs: 2 new SEZs designated	Collaboration with SEZs for the provision of standardisation/ conformity assessment services	Agreement (MoU) concluded between SABS and SEZs on the provision of standards/conformity assessment services	ND	ND	ND	MoU concluded with one SEZ on the provision of standardisation / conformity assessment services	MoU concluded with one SEZ on the provision of standardisation / conformity assessment services	Provision of Standardisation or testing or certification or inspection services to one SEZ	Provision of Standardisation or testing or certification or inspection services to two SEZs
Hosting of Black Industrialist Conference	Promotion of SABS Quality assurance and conformity assessment services to Black Industrialists	Participate in the Black Industrialist Conference through the SABS exhibition stand or other marketing/promotional opportunities	N/A	N/A	N/A	N/A	SABS exhibitions stand or other marketing/ promotional opportunities at the Black Industrialist Conference	SABS exhibitions stand or other marketing/ promotional opportunities at the Black Industrialist Conference	SABS exhibitions stand or other marketing/ promotional opportunities at the Black Industrialist Conference

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Hosting of BRICS Ministerial meeting	Collaboration of BRICS national Standards Bodies on Standardisation and Conformity Assessment services	<p>Hosting of the BRICS Heads of National Standards Body (NSB) Forum 2023</p> <p>Finalise the content of the BRICS MOU on Standardisation</p>	N/A	N/A	N/A	Participated in the BRICS Heads of NSB forum in 2022	<p>Hosting of the BRICS Heads of NSB Forum</p> <p>Draft MOU on cooperation between the BRICS NSBs</p>	<p>Signing of the BRICS MOU on standardisation</p> <p>Establish the BRICS working group to implement the BRICS MOU on Cooperation in the field of Standardisation</p>	Implement at least one project within the BRICS working group mechanism
Hosting of AGOA Forum	Participate in the dtic coordinating committee/working group for hosting of the AGOA Forum 2023	Convene a standardisation/ quality infrastructure event at the AGOA Forum 2023	N/A	N/A	N/A	N/A	Convene a Standardisation / quality infrastructure event at the AGOA Forum 2023	TBD	TBD
Energy a. Establishment of Energy One-Stop Shop projects supported	Standardisation services in support of Energy Sector	Number of standards published annually within the scope of energy efficiency	ND	ND	ND	ND	5 Standards published	7 Standards published	10 Standards published

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		(new, revised standards).							
Trade Agreements: TBA (UK, EU, SADC, AFCFTA)	Support the implementation of the AfCFTA agreement through active participation in regional standards bodies i.e., ARSO and AFSEC	Participation in ARSO Technical Harmonisation Committees to develop African Regional Standards and conformity assessment guidelines	N/A	N/A	Participated in 13 Technical Harmonization Committees of ARSO	Participation in 30 Technical Harmonization Committees of ARSO	Participation in 35 Technical Harmonisation Committees of ARSO	Participation in 37 Technical Harmonisation Committees of ARSO Submit an application to ARSO on the African Ecomark scheme	Participation in 40 Technical Harmonization Committees of ARSO Achieve at least one ARSO EcoMark Label
Climate initiatives: TBA (White Paper on EV, and Carbon tax border adjustment measures)	Support the EV industry through the publication of national standards & establish conformity assessment services within the scope of EVs	No of standards published on EVs and supporting technologies	N/A	N/A	N/A	N/A	10 Standards published	15 Standards published	20 Standards published
		Establish testing/certification/Inspection capabilities for EVs and supporting technologies	N/A	N/A	N/A	N/A	Complete a feasibility study on conformity assessment services on EVs	TBD – The feasibility study will define the conformity assessment services to be introduced	TBD – The feasibility study will define the conformity assessment services to be introduced

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		Establishment of a Technical Committee and publish standards in support of Hydrogen Technology	N/A	N/A	N/A	N/A	Establish a technical committee on Hydrogen Technology and finalise the Standard Development Business Plan on Hydrogen Technology	6 Standards published on hydrogen technology	10 Standards published on hydrogen technology
Red tape reduction interventions	Digital enablement of SABS operations	Implement digital solutions to improve operational efficiency	N/A	N/A	N/A	Implementation of the Laboratory Information Management Systems (LIMS)	Implement 2 digital solutions to improve operational efficiency	Implement 2 digital solutions to improve operational efficiency	Implement 3 digital solutions to improve operational efficiency
	Improve the time for the development of standards	Average number of days to publish standards	ND	ND	320	325	320 average days to publish standards	310 average days to publish standards	300 average days to publish standards

Output Indicators: Annual and Quarterly Targets for 2023/24

Output Indicators	Annual Target	Quarterly Targets			
		Q1	Q2	Q3	Q4
Percentage of LCV projects that are submitted by government entities to the SABS to be completed	80% of LCV projects that are submitted by government entities to the SABS to be completed	-	-	50% of LCV projects that are submitted by government entities to the SABS to be completed	80% of LCV projects that are submitted by government entities to the SABS to be completed
Percentage of LCV projects tender value that are submitted by government entities to the SABS to be completed	80% of LCV projects tender value that are submitted by government entities to the SABS to be completed	-	-	50% of LCV projects tender value that are submitted by government entities to the SABS to be completed	80% of LCV projects tender value that are submitted by government entities to the SABS to be completed
Number of non-permanent jobs created for an annual period only (12 months) through the SABS internship programme	65 Interns employed for the 2023/24 period only (12 month period)	-	50 Interns employed for the 2023/24 period only (12 month period)	-	65 Interns employed for the 2023/24 period only (12 month period)
Host an open day for Black Industrialists to promote SABS standardisation and quality assurance services	Host a SABS Open Day for Black Industrialist	-	-	SABS Open Day for Black Industrialist hosted	-
Conduct 5 outreach initiatives to promote standardisation and quality assurance in specific districts outside of the 5 metros	Complete 5 Outreach initiatives outside of 5 metros	-	-	2 Outreach initiatives completed	5 Outreach initiatives completed
R2 (m) worth of certification or inspection or testing or training or advisory services provided to SMMEs	R2.0 (m) worth of SABS services provided	-	-	R1.0 (m) on SABS services spent	R2.0 (m) on SABS services spent
Rand value of annual procurement spend in support of SMME's	R74.3M procurement spend in support of SMMEs	R15M procurement spend in support of SMMEs	R30M procurement spend in support of SMMEs	R50M procurement spend in support of SMMEs	R74.3M procurement spend in support of SMMEs

Output Indicators	Annual Target	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of standards published in the Agricultural and Mining Sectors	4 Standards published	-	1 Standards published	2 Standards published	4 Standards published
Number of certificates/permits issued within the LCV/ Energy Management/ Environmental Management/Product certification scheme in the Mining Sector	5 certificates/ permits issued in the LCV/ Energy Management/ Environmental Management/ Product certification scheme	-	1 certificates/ permits issued in the LCV/ Energy Management/ Environmental Management/ Product certification scheme	3 certificates/ permits issued in the LCV/ Energy Management/ Environmental Management/ Product certification scheme	5 certificates/ permits issued in the LCV/ Energy Management/ Environmental Management/ Product certification scheme
48-Hour Turnaround time on the WTO/TBT enquiries enquiry point (e.g., Access to standards or regulation)	Achieve 48- Hour Turnaround time to respond to requests for information achieved	48- Hour Turnaround time to respond to requests for information achieved	48- Hour Turnaround time to respond to requests for information achieved	48- Hour Turnaround time to respond to requests for information achieved	48- Hour Turnaround time to respond to requests for information achieved
Agreement (MoU)concluded between SABS and SEZs on the provision of standardisation and conformity assessment services	MoU concluded with one SEZ on the provision of standardisation and conformity assessment services	-	-	-	MoU concluded with one SEZ on the provision of standardisation and conformity assessment services
Participate in the Black Industrialist Conference through an SABS exhibition stand or other marketing/promotional opportunities	SABS Exhibition stand or other marketing/ promotional opportunities at the Black Industrialist Conference	-	-	SABS Exhibition stand or other marketing/ promotional opportunities at the Black Industrialist Conference	-
Hosting of the BRICS Heads of National Standards Body (NSB) Forum 2023	Host the BRICS Heads of NSB Forum	-	-	-	Hosting of the BRICS Heads of NSB Forum completed
Finalise the content of the BRICS MOU on Standardisation	Draft MOU on cooperation between the BRICS NSBs	-	-	-	MOU on cooperation between the BRICS NSBs drafted

Output Indicators	Annual Target	Quarterly Targets			
		Q1	Q2	Q3	Q4
Convene a standardisation/Quality Infrastructure event at the AGOA 2023 forum	Standardisation/Quality Infrastructure event convened at the AGOA Forum 2023	-	-	-	Standardisation/Quality Infrastructure event convened at the AGOA Forum 2023
Number of standards published annually within the scope of energy efficiency (new, revised standards).	Publish 5 – Standards on energy efficiency	-	-	3 energy efficiency Standards published	2 energy efficiency Standards published
Participation in ARSO Technical Harmonisation Committees to develop African Regional Standards and conformity assessment guidelines	Participation in 35 Technical Harmonisation Committees of ARSO	-	Participation in 33 Technical Harmonisation Committees of ARSO achieved	-	Participation in 35 Technical Harmonisation Committees of ARSO achieved
No of standards published on EVs and supporting technologies	10 Standards on EVs published	-	-	5 Standards on Evs published	10 Standards on EVs published
Establish testing or certification or inspection capabilities for EVs and supporting technologies	Complete a feasibility study on conformity assessment services on EVs	-	-	-	Feasibility study on conformity assessment services on EVs completed
Establishment of a Technical Committee and publish standards in support of Hydrogen Technology	Establish a technical committee on Hydrogen Technology and finalise the Standard Development Business Plan on Hydrogen Technology	-	-	Technical committee on Hydrogen Technology established and the Standard Development Business Plan on Hydrogen Technology completed	-
Implement digital solutions to improve operational efficiency	Implementation of 2 digital solutions	-	-	1 digital solution implemented	2 digital solutions implemented

Output Indicators	Annual Target	Quarterly Targets			
		Q1	Q2	Q3	Q4
Average number of days to publish standards	320 average days to publish standards	-	-	-	320 average days to publish standards

PART E: OPERATING DIVISIONS

7 STANDARDS DEVELOPMENT

Developing, maintaining, promoting and the dissemination of South African National Standards (SANS) and other publications is the primary function of the SABS Standards Division which is the designated National Standards Body of South Africa.

National Standards provide solutions, knowledge and information that support national industrial objectives, socio-economic and environmental priorities, contributing to sustainable growth, thereby improving the lives of South African citizens.

National Standards further catalyse economic activity by providing technical tools to support local industries access domestic, regional, and global markets. National, regional, and international collaboration of a diverse stakeholder representation provides the foundation for the development of state-of-the-art technical solutions that support the United National Sustainable Development goals, the National Development Plan and Re-imagined Industrial Strategy.

The key objectives of the National Standards Body include the development and maintain of relevant National Standards that address market needs, support, and enable socio-economic and environmental objectives, industrial policy, innovative and competitive industries.

- **Inclusive and efficient standards development system**

Maintain a credible, inclusive, and efficient national standards development system and processes underpinned by international standardisation principles and digital enablement.

- **Stakeholder Diversity**

Acquire, develop, and retain skills to drive strategic and thought leadership, achieve stakeholder diversity amongst the pool of professional standardisers and meet the changing needs of society.

- **Promotion and impact of National Standards**

Promote the widespread use of SANS through enhancing the public understanding of the value of SANS and related conformity assessments and demonstrate the benefits and positive impacts to the public and private sector.

- **Regional and International Collaboration**

Strategic collaboration and leadership in regional and international standardisation forums; active participation in the harmonisation of standards and conformity assessment tools to support the implementation of the AfCFTA.

- **Dissemination of National Standards**

Enhance the access, distribution, and uptake of national standards by all stakeholders.

- **Process and Systems**

The governance and process integrity of the development of South African National Standards including the adoption of international best practice principles are importance for the development and publishing of standards. These principles include openness, transparency, consensus, coherence, stakeholder engagement and due process. The Standards Act expressed the requirements of standards setting processes in Part 4, Section 23 and 24 of the Act which underpins process integrity.

- Section 23 - National Norm for setting and amending of South African National Standards
23. (1) The SABS must, through a national consensus-building process, develop and maintain a National Norm for the development of South African National Standards.
- Section 24 – Issuing of South African National Standards – notice in the Government Gazette
(3) In setting, issuing, approving, and amending a South African National Standard in terms of subsection (1), the SABS must ensure as far as possible that the processes detailed in the Norm contemplated in section 23(1) is complied with.

In meeting the Process and Systems requirements of the Standards Act the national standards body has implemented a quality management system aligned to the principles of SANS/ISO 9001 to provide international best practices whilst adopting ISO and IEC good standardisation guidelines.

The National standards body continues to enhance its processes and systems to ensure continuous improvement and meet customer expectations. Projects that are underway include the review of the end-to-end process maps; review of the quality management system including policies, procedures, and templates; review of the SABS Norm and the rules for the structure and drafting of national standards.

7.1 Technology

Embracing digital technologies is a fundamental pillar for the effective and efficient development of national standards and its distribution to the market. The national standards body has implemented digital collaboration tools within the SABS technical committees that enables the process of developing national standards through a diverse and inclusive stakeholder engagement process.

The continuous assessment of these technologies is important in ensuring that we meet our stakeholder expectations whilst enhancing operational efficiencies.

The access of standards through e-commerce platforms (webstores) is a further digitization initiative of the national standards body. Our customer base requires the option of electronic versions of standards as opposed to hard copy standards and this model of access to standards has been recently implemented and presenting evidence enhanced uptake of digital solutions.

The focus of digital enhancement projects includes the exploration of XML tools for the development of smart standard deliverables, the enhancement of the recently commissioned e-commerce tool for the sales of standards to our customers including the upgrading of functionalities of the standards development collaboration tool.

7.2 People

A key factor that drives the development of national standards is the acquisition, development, and retention of skills to drive strategic and thought leadership in the organisation. In addition, our stakeholders participating in the development of national standards need to be capacitated and trained on the rules and processes for the development of national, regional, and international standards.

In addition, gender equity continues to be a focus of the national standards body as we aim to enhance the participation of women in the development of national standards through improving the gender representation in our technical committees.

We are also mindful of the aging group representation in our technical committees and the need to expand our stakeholder diversity which include the next generation of standardisers.

The following initiatives will continue to be implemented to ensure that the national standards body is capacitated with staff and stakeholders that have the requisite skills and competencies to achieve the divisional objectives:

- continuous development of skills and qualifications through a variety of internal and external courses,
- implementation of capacity building activities to equip stakeholders to actively participate in our technical committee,
- design and implement a programme on the next generation of standardisers, and
- continued activities on the implementation of the gender responsible standards and standards development project.

7.3 Key Industry Economic Features

Economic Features	Score	Industry Characteristics	Implication for the SABS
Legislated mandate as per the Standards Act	High	The SABS is the only body legislated to develop, maintain, publish, and distribute SANS in South Africa	<ul style="list-style-type: none"> The promotion and marketing of SANS provides access to technical solutions to industry and government in support socio-economic and environmental priorities.
Industry Life Cycle	Medium	Standards are live documents and undergo a 5-yearly review process	Ensure that SANS remains relevant and meet market and stakeholder requirements
Competitive Rivalry	Low	Ensure that SANS remains relevant and meet market and stakeholder requirements	Establish efficient processes and systems to engage stakeholders and timely publication of national standards
Opportunities for Partnerships	High	The SABS has concluded several bi-lateral agreements that underpin various standardisation opportunities	<ul style="list-style-type: none"> Capacity building opportunities Access to relevant publications for adoption Establish new distribution channels for access to publications
Oversupply or Undersupply	Medium	Efficient access to SANS and related publications	Access to standards through digital and e-commerce platforms
Entry/Exit Barrier	Low	Limited barriers to entry as all SANS are developed by stakeholders that require and implement the technical publications	<ul style="list-style-type: none"> Effective marketing and promotions of SANS Effective stakeholder engagements
Product Standardisation	High	Adoption of standards published by ISO, IEC, ARSO, AFSEC in compliance to the WTO/TBT agreement and the AfCFTA agreement	Active participation in regional and international standards development forums to influence and adopt state of the art technical solutions

8 CERTIFICATION SERVICES

Certification is the provision of assessment services, by an independent body of written assurance (or a certificate), that the product, service, or system in question meets specific standard requirements of a scheme. Certification can be a useful tool to adding quality and credibility, by demonstrating that a product or service meets companies' expectations. For some industries, certification is a legal or contractual requirement. The SABS Certification, a division of the SABS, provides independent third-party certification services, assuring that products, systems, and services comply with pre-defined standards and customer specifications.

Although certification scheme is voluntary by nature, however, for several products compliances to SABS Mark is made compulsory by the regulators under various considerations viz. public interest, protection of human, animal or plant health, safety of environment, prevention of unfair trade practices and national security. For such products, the regulators including government departments directs mandatory use of SABS Mark of Approval, under a Licence arrangement.

Operating in an environment dominated by large multinational certification bodies, the Certification division will continue to focus its efforts on enhancing customer value, underpinned by several strategic initiatives. Core to this strategy is aligning the division with **the dtic's** industrialisation agenda and unlocking the opportunities of operational excellence through optimisation of processes and digital transformation of the business which will continue into the new fiscal year.

Procurement of locally manufactured products is one of the key demand side industrial policy levers identified by Government to support industrial development in South Africa. The objective is for local manufacturers, including black-owned companies and black industrialists to benefit from a substantial share of public sector procurement.

The SABS has built the requisite capacity to conduct local content verification (LCV) to support the developmental agenda of the country, this is for both public and private sector. The division provides its services across all 39 European Accreditation Codes (EA Codes) whilst the SABS Mark Scheme has a presence in thirty-three countries.

8.1 Certification – System Certification

The purpose of a quality management system is to ensure that every time a process is performed, the same information, methods, skills, and controls are used and applied in a consistent manner. Where there are process issues or opportunities, this is then fed into the quality management system to ensure continuous improvement.

8.2 Certification - Product Certification

Product certification is a *'procedure by which a third party, such as the SABS, gives written assurance that a product, process or service conforms to specified requirements'*. In the case of the SABS product certification, referred to as the *SABS Approved* mark scheme, it mostly entails the certification against a South African National Standard although the Bureau, in certain instances, is accredited to test a product against a different standard or product scheme.

8.3 Local Content Verification

Local content verification in terms of the implementation guidelines of the recently published Mining Charter as well as fulfil the verification requirements of designated products and sectors for local procurement in line with the amended regulations to the Preferential Procurement Policy Framework Act (PPPFA)

8.4 Consignment Inspection

Inspection is a form of conformity assessment that has a long history, which covers the following aspects

- inspection in line with testing activities
- inspections associated with certification activities (product certification)
- inspection as an independent activity with no relation to testing or certification

The SABS Consignment Inspection services provides inspection of commodities before consignment to the purchaser as per the requirements of SANS 17020.

8.5 Business Process and Systems

The Certification division has identified there need to source a fit-for-purpose digital platform that will provide a robust and effective management of its operational activities.

Critical to the system it will to be to ensure ease of doing business with customers, while enhancing efficiency and collaboration between audit administration activities and customer management during a life cycle of permits and certificates issued to customers.

This realisation will culminate to faster innovation, higher quality with improved reliability and ensure the reduction of quality costs while improving a quality control.

8.6 People

The Certification division has adopted a hybrid system for the onboarding of auditors. This implies that internally there is a team of permanent employees who forms part of the critical mass to ensure business continuity, while complemented by a panel of external contractors who will be ready to be deployed as an when required.

This presents the division to maximise its capacity and broaden competencies in critical sectors while continues to have access to a wider talent pool of external resources.

This arrangement has a potential of unlocking new areas of revenue growth while simultaneously advance capacity building where there is internal shortage of competencies.

9 LABORATORY SERVICES

The SABS' laboratory (or testing) activities provide an extensive array of testing, calibration, inspection, and evaluation capabilities across a diverse range of technologies. The SABS testing capability is the most extensive and comprehensive service of its kind in Southern Africa.

Priority is given to the accreditation of test laboratories. The most widely implemented accreditation is by SANAS in terms of SANS/ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories). Some of the laboratories are accredited to SANS/ISO 17043 for the proficiency testing activities. Other laboratories are also recognised for good laboratory practice (OECDGLP) compliance.

In many cases, specific activities are approved testing and/or inspection authorities for the Department of Labour, Department of Health, South African Pharmaceutical and Health Authority as well as the National Nuclear Regulator. Operations are split across five business clusters: electrotechnical, automotive and mechanical, mining and minerals, food, and health, as well as chemicals and materials.

The SABS' laboratory services have in recent years been challenged by aging infrastructure and equipment, process, and productivity challenges as well as difficult trading conditions.

Furthermore, ever increasing competition in the commercial testing space and difficulties associated with skills retention have left many laboratories at a point of marginal capability to operate, eventually rendering several operating at a loss. Backlogs have also had a negative impact on our certification business.

The financial sustainability of most Laboratory Services business units has been impacted negatively by Covid-19 pandemic. Slow economic activities in various sectors and industries have resulted in low sample volumes submitted to SABS for testing. The division will in the medium to long term focus on four areas as part of the turnaround initiatives namely, Process and Systems, people, technology, and external factors.

9.1 Business Process and Systems

The LSD division is embarking on initiatives to improve the efficiency of its laboratories. There are key initiatives that are already established in this regard, which include but not limited to LIMS systems upgrade, process mapping, planning, and scheduling and internal drive to establish service level agreements with internal stakeholders.

There are other projects that are initiated by different division within SABS which will positively impact the operations which include but not limited to data management and SABS CIMS.

9.2 Technology

In response to the ageing equipment and infrastructure, the division is undertaking an operational technology assessment that is aimed at assessing the vulnerability of the test equipment and improvement of the equipment reliability and availability. The division is investing on replacement of the key equipment in the laboratories which will results in efficiency improvement and improved turnaround times.

The division is also working with internal departments, to centralise the calibration and maintenance of the equipment, which will also improve the equipment availability and prolong lifespan of the equipment.

9.3 People

The LSD division has lost number of resources to the VSP/ER initiative that was initiated, plans were put in place to minimise the impact of the departure of the employees. The plans include but not limited to capacitating of employees in all critical roles to increase the technical depth and management capabilities this will be done through partnership with manufactures, universities, and other relevant stakeholders. The LSD division will also be embarking on a drive to encourage multi-skilling in the laboratories, to increase capacity and effect succession planning.

9.4 External factors

The LSD division is impacted by the external factors such as low sales and increase in the number of competitors. The division has implemented initiatives with internal departments to minimise the impact of the external factors. The initiatives include but not limited to customer engagements and creating awareness about customer specific requirements (CSR) testing (partial testing).

The customer engagements give the division the opportunity to understand the customer pain points which provides the division with insights to improve its operation and the customer experience.

10 CUSTOMER PARTNERING

Customer Partnering consists of the Marketing and Communications, Sales and Customer Services departments and seeks to create an awareness of the SABS products and solutions, to improve the customer experience, and to enhance the financial sustainability of the Bureau through customers retention and acquisition. The SABS turnaround strategy is underpinned by effective execution of customer retention and acquisition plans.

10.1 Customer Engagement

Develop and implement customer engagement plans to improve the customer experience (both new and existing customers) and to drive operational excellence. Areas to be prioritised in FY2023 are:

- State-Owned Entities and Government departments.
- Collaboration with universities.
- Collaboration with existing clients.
- Local Content Scheme (new and existing clients).
- Engagements with key industry associations and participation in strategic events.
- Engagement with industry thought leaders (sector focused) to improve value proposition
- Other areas prioritised by Certifications, Laboratory Services and Standards Sales.

10.2 Marketing and Communications

Develop and implement Marketing and Communication plans which are aligned with the prioritised business areas to create awareness of the SABS' products, services and solutions and improve the SABS brand equity.

This business unit will conduct industry wide workshops and other engagements to improve awareness of the National Standards, SABS conformity assessment services and the SABS Approved Mark Scheme. The main channel of deliver for this area will be through Digital Marketing, Product, Solution, Client, and Market innovation.

10.3 Product, Solution, Customer and Market innovation

All new assessment scheme, SABS products, services and solutions that will be taken to market will drive the Divisional strategic objectives and action plans with the intent to drive market demand of the SABS products and services.

10.4 People

The key focus will be on the recruiting of competent and experienced personnel to drive the implementation and attainment of Divisional objectives in support of organisational goals.

10.5 Business Process

Mapping and further refinement of Divisional macro and micro processes to improve operational excellence and customer satisfaction.

10.6 Technology

Implementation of Customer Relationship Management system and automation of prioritised processes.

11 ADMINISTRATION

11.1 Human Capital

The strategic plan for SABS gives recognition to the role and value of employees in successfully delivering on its institutional mandate. The emphasis is placed on ensuring that the SABS can attract dedicated and competent professional employees, develop the existing employees and free their potential, retain employees whose competencies are critical to the institution and create an environment that enables excellent performance.

Consequently, the SABS Human Capital strategy is anchored on the following human capital strategic objectives:

11.1.1 Create an enabling environment to provide the leadership required to move the organisation to a high-performance organisation

Activity 1: Development of Leadership Competency framework

Activity 2: Implementation of “High impact” targeted leadership development programmes

11.1.2 Facilitate the SABS transition towards a service and client centric culture

Activity 1: Development and Implementation of a culture transformation programme

11.1.3 Drive integrated Performance & Talent Management practices

Activity 1: Implementation of Performance Management Training

Activity 2: Development of an Integrated Talent Management Strategy & Framework

11.1.4 Develop an integrated organization wide learning strategy

Activity 1: Conducting a skills audit and closing the skills gaps

Activity 2: Introducing and implementing a Youth Development Programme (graduate placement, Internships, Learnerships, Apprenticeships)

11.1.5 Develop and Implement a “fit for purpose” Remuneration & Reward philosophy and Framework

Activity 1: Revising Remuneration and Reward policies

Activity 2: Conducting a remuneration harmonisation exercise

11.2 Information and Communication Technology

The SABS's Information and Communication Technology (ICT) strategy will focus on enabling the Bureau's business strategy and being able to leverage world-class technology to deliver a modern-day Standards, Testing, and Certification ecosystem.

A fundamental aspect of the ICT Strategy is to build a 'Future SABS' which is grounded on a solid technology base. In our case this is a hybrid-approach of cloud-based and on-premises platforms which will put in place and implemented on solid first principles, i.e., refreshing the SABS ICT infrastructure. Our new infrastructure functionality will be built to provide for both existing SABS systems, as well as newly developed products and services.

11.2.1 Activity: ICT Infrastructure

- Upgrade the network access layer switches, to ensure reliable connectivity
- IT Security upgrade to enable zero-trust network access

11.2.2 Activity: Business Application

- Enhance the SABS Certification Information Management System (CIMS) to cover all certification processes
- Implementing a uniform Laboratory Information Management System (LIMS) across all laboratories.
- Implement an efficient Enterprise Resource Planning system (ERP) that is fit for SABS business operations
- Deliver a SABS Enterprise Mobile Platform (SABS Mobile Apps)
- Develop an improved SABS e-Learning platform
- Improve SABS e-commerce platform to incorporate more digitally enabled functionalities for our customers

11.2.3 Activity: ICT Support

- Replacement of old laptops and desktops PCs
- Rolling out the current Microsoft supported Windows Operating System in all laboratories.
- Provide level 1, level 2, and level 3 ICT support to the organisation to enable effective and efficient operating platforms for each business area.

11.3 Finance

The focus of the Finance Division is to ensure sound financial governance and controls as well as drive financial sustainability at the SABS. The procurement function secures efficiency in the context of maintaining good governance particularly within contracts and cost management and on maintaining compliance with the Public Finance Management Act (PFMA), 2016 (Act 921 of 2016), other supply chain management regulations such as the Preferential Procurement Policy Framework Act (PPPFA), 2000 (Act 5 of 2000) and the Treasury Regulations.

11.3.1 Activity: Supply Chain Management

To manage the procurement and ensure that the strategic requirement of the SABS is met in an efficient and cost-effective manner, by ensuring that:

- Request for Proposal (RFP) and Request for Quotation (RFQ) – reduce the turnaround times

The future demand planning approach is to implement strategies that improve the annual demand planning process. This can be achieved by formulating integrated processes aligned to the corporate and financial planning cycles.

Continuous reviews of the demand plan as well as regular reporting will also drive improvement in the actioning of the demand plan.

11.3.2 Activity: Financial Reporting

Financial reporting ensures the effective function of the SABS's billing, credit management, payables, and financial accounting functions. Activities revolve around ensuring financial governance and controls.

11.3.3 Activity: Financial Strategy

The activities relating to financial strategy including driving financial strategies in support of the SABS Corporate strategy as well as ensuring decision enabling reporting.

11.4 Facilities

The focus of the facilities function is to ensure the effective and efficient running of the SABS and all its campuses.

11.4.1 Activity: Facilities Management Strategy

Drive the strategic direction of the SABS facilities and property operations.

11.4.2 Activity: Preventative Maintenance

Implement preventative maintenance on an ongoing basis to ensure smooth running of operations

PART F:
ACHIEVING FINANCIAL SUSTAINABILITY

12 FINANCIAL PLANS

The financial plan considers the economic environment and its impact on the organisation, the turnaround strategy. The SABS is in the process of implementing the new organisational structure, which has resulted in short-term saving from employee benefits. As the structure is populated, the SABS is expected to continue to generate net profit over the MTEF period.

The SABS has an aging infrastructure, which require extensive investment. The capital expenditure budget allocated for the MTEF period will be funded from internal fund and additional funding from **the dtic** however, the allocation is significantly not enough to meet the capital expenditure requirement from laboratories, facilities, and ICT.

The financial projections for the group over the next three years, as presented below, are premised on the following assumptions:

The challenging economic conditions exacerbated by the impact by the effect of negative global event such as the war in Ukraine, fluctuations in the international oil market, turmoil in the British economy amongst others.

- The SABS applied a general inflation rate of 4.22% in the preparation of the Corporate Plan except where specific adjustments or a budget for non-recurring expenses was done.
- Overall, administration and operating expenditure is budgeted to increase by 15.2% reflecting the increase in costs driven by market conditions.
- Over the MTEF, the grant allocations to the SABS are R276.5 million, R289.3 million and R302.7 million for FY2023/24, FY2024/25, and FY2025/26 financial years respectively (ex VAT).
- Additional allocations of R30 million over MTEF (R10 million per financial year (ex VAT)) in favour of the SABS has been factored for sector local content verification.
- The Group is projected to record a net profit of R1.6 million, R2.2 million and R2.9 million in FY2023/24, FY2024/25, and FY2025/26 respectively.

The dtic has invested funds in the SABS Group to help support the turnaround strategy by providing investment in infrastructure and this will assist in achieving financial sustainability in the long term. The remaining funds have been allocated to projects, which some of the projects are underway while other projects are yet to start.

The financial projections for the SABS Commercial SOC (SABS' conformity assessment services) are presented in Annexure A to this Corporate Plan.

12.1 Statement of group financial performance

Figure 16: Statement of group financial performance

SABS GROUP	Actual R'000 2019/20	Actual R'000 2020/21	Actual R'000 2021/22	YTD R'000 Dec-22	Budget R'000 2022/23	Forecast R'000 2022/23	Budget R'000 2023/24	% Growth	Budget R'000 2024/25	Budget R'000 2025/26
Revenue	444 813	415 891	448 383	332 266	487 126	448 616	491 757	9.6%	514 575	538 616
Laboratory Services	128 117	102 200	113 811	97 436	125 146	123 444	140 347	13.7%	146 592	153 160
SMME	248	708	1 063	145	3 118	145	-	-100.0%	-	-
Certificate of compliance	12 807	11 486	19 475	10 072	14 001	11 155	14 001	25.5%	14 624	15 279
Training	12 115	5 149	8 629	7 488	13 270	12 992	13 431	3.4%	14 029	14 657
Product and system certification	259 101	263 877	274 787	192 118	292 991	266 093	287 328	8.0%	300 114	313 559
New Business - Consulting	-	-	-	-	5 000	-	-	0.0%	-	-
Design Institute services	761	217	-	-	-	-	-	0.0%	-	-
Sale of publications	31 665	32 254	30 618	25 006	33 601	34 786	36 650	5.4%	39 216	41 961
Other Income	30 503	54 909	44 129	26 955	33 450	37 901	38 395	1.5%	40 104	41 901
Rental income	16 161	16 970	17 930	14 225	12 973	17 296	12 899	-25.4%	13 473	14 076
Rental income - NCC	-	-	-	-	-	-	-	0.2%	-	-
Sundry income	22 953	23 722	15 219	10 827	13 699	13 827	15 122	9.4%	15 795	16 502
Other income Recognised	-	-	-	-	-	-	-	0.2%	-	-
Sundry income - NCC	-	-	-	-	-	-	-	0.2%	-	-
Grant income	1 315	-	-	-	-	-	-	0.0%	-	-
Gain / Loss on Investments	(9 927)	14 216	10 980	1 903	6 778	6 778	10 375	53.1%	10 837	11 322
Government Grant	270 622	227 428	280 229	207 613	292 321	285 492	295 844	3.6%	308 654	321 998
Core Funding-Baseline	245 559	214 706	267 064	204 374	273 099	273 099	276 497	1.2%	289 306	302 650
Other income	20 285	7 997	10 773	3 239	19 221	12 392	19 348	56.1%	19 348	19 348
Grant income	-	-	-	-	-	-	-	-	-	-
Government grants in respect of operating expenditure	4 777	4 725	2 392	-	-	-	-	0.0%	-	-
Total income	745 937	698 228	772 741	566 834	812 897	772 008	825 997	14.7%	863 333	902 515
Administrative and operating expenses	(780 503)	(756 633)	(672 117)	(473 058)	- 753 751.6	(665 525)	(766 547)	15.2%	(800 659)	(836 528)
Employee benefits	(553 250)	(562 823)	(451 439)	(297 649)	(471 568)	(407 240)	(439 331)	7.9%	(458 881)	(479 439)
Contract Services	(61 040)	(70 349)	(62 696)	(46 140)	(75 306)	(65 766)	(73 681)	12.0%	(76 960)	(80 408)
Design Institute services cost	209	(1 304)	-	-	-	-	-	0.0%	-	-
Premises costs	(3)	(73)	319	(3)	(3 999)	(601)	(2 811)	367.7%	(2 936)	(3 067)
Marketing & Communication	(11 056)	(970)	(1 148)	(1 799)	(4 268)	(2 832)	(5 399)	90.6%	(6 639)	(5 892)
Consulting & Technical Fees	(14 273)	(11 391)	(6 093)	(3 058)	(15 742)	(8 058)	(15 907)	97.4%	(16 615)	(17 359)
Consumables	(13 429)	(8 196)	(12 646)	(8 534)	(16 130)	(15 521)	(16 982)	9.4%	(17 737)	(18 532)
Travel foreign	(13 585)	(173)	(1 656)	(2 036)	(15 191)	(5 846)	(19 749)	237.8%	(20 628)	(21 552)
Travel local	(18 704)	(7 687)	(12 046)	(17 568)	(19 094)	(21 164)	(20 318)	-4.0%	(21 222)	(22 173)
Municipal services	(47 621)	(59 024)	(69 925)	(55 599)	(66 036)	(75 922)	(84 835)	11.7%	(88 611)	(92 580)
Other operating expenses	(47 542)	(35 947)	(54 786)	(40 672)	(66 417)	(62 574)	(87 535)	39.9%	(91 430)	(95 526)
Profit/(loss) from operations	(34 566)	(58 405)	100 624	93 776	59 145	106 483	59 450	-44.2%	62 674	65 987
Depreciation	(52 156)	(50 445)	(52 403)	(37 060)	(74 766)	(50 207)	(66 692)	32.8%	(69 660)	(72 781)
Government grants in respect of assets	7 697	12 918	21 739	14 073	17 757	16 373	16 818	2.7%	17 567	18 354
Profit/(loss) before other income/expenses, interest and tax	(79 025)	(95 931)	69 960	70 789	2 136	72 650	9 576	-86.8%	10 581	11 560
Other income	7 469	4 662	2 639	1 477	219	1 707	-	-100.0%	-	-
Foreign exchange gains	5 962	3 392	2 383	1 488	-	1 488	-	-100.0%	-	-
Disposal Of Prop.Plant & Equip	-	(120)	46	(11)	-	-	-	0.0%	-	-
Inter Co Dividend	1 507	1 390	210	-	219	220	-	-100.0%	-	-
Other non-operating expenses	(38 650)	(17 108)	(21 011)	(18 613)	(23 115)	(24 207)	(26 917)	11.2%	(28 115)	(29 374)
Forex losses	(3 220)	(8 179)	(543)	(1 045)	-	(1 045)	-	-100.0%	-	-
Loss on disposal of property, plant and equipment	(2 278)	-	-	-	-	(13)	-	-100.0%	-	-
Post-Retirement Medical Aid	(8 566)	(7 931)	(6 133)	(4 730)	(8 248)	(6 307)	(6 367)	1.0%	(6 650)	(6 948)
Long Service Leave Award	(1 171)	5 874	2 136	(1 398)	-	(1 864)	(1 897)	1.8%	(1 981)	(2 070)
Prior year adjustments	(148)	45	91	-	-	-	-	0.0%	-	-
Income statement losses	-	(1)	0.6	-	-	110	-	-100.0%	-	-
Royalties	(367)	(345)	(846)	(346)	(356)	(335)	(374)	11.3%	(390)	(408)
Performance bonus	131	353	-	(5 144)	-	-	-	0.0%	-	-
Bad debts	(17 205)	(1 640)	(9 691)	(1 313)	(6 896)	(8 609)	(9 920)	15.2%	(10 361)	(10 826)
Audit fees	(5 826)	(4 127)	(6 244)	(4 638)	(7 615)	(5 924)	(8 360)	41.1%	(8 732)	(9 123)
Other expenses	-	(1 158)	217	-	-	-	-	0.0%	-	-
Profit/ (loss) before interest, corporate charges and tax	(110 205)	(108 378)	51 587	53 652	(20 760)	50 150	(17 341)	-134.6%	(17 534)	(17 815)
Finance income/ (costs)	48 630	27 551	17 640	23 261	13 020	29 543	18 940	-35.9%	19 783	20 669
Profit/ (loss) before corporate charges and tax	(61 576)	(80 827)	69 228	76 913	(7 740)	79 692	1 598	-98.0%	2 249	2 854
Taxation	-	37 270	(18 411)	-	-	-	-	0.0%	-	-
Net profit/ (loss) for the period	(61 576)	(43 557)	50 817	76 913	(7 740)	79 692	1 598	-98.0%	2 249	2 854

** The profit reflected in the Statement of group financial performance, above, is an accounting surplus and does not represent a cash profit

Commercial revenue

Commercial revenue of R491.8 million in the first year of the planning period is projected to have an overall increase of 9.6% from the FY2022/23 forecast. The growth in revenue is expected to reach R538.6 million in FY2025/26.

The growth assumptions consider the current economic conditions, competitive landscape as well the anticipated impact of new initiatives to grow the conformity assessment business. Revenue consists of Certification, Laboratory Services, Standard Sales, Certificate of Compliance, Business Solutions and Advisory Services (BSAS) which comprises of Training, SMME and new business in the form of consulting.

Certification revenue is the largest contributor to revenue at 58.4% followed by Laboratory services at 28.5%. The Local Content Verification scheme is expected to contribute positively to the certification revenue in the FY2023/24.

The revenue growth of R16.9 million is expected from forecasted revenue for FY2022/23 financial year to R140.3 million in FY2023/24 representing an increase of 13.7% for Laboratory. The revenue for Laboratory service is expected to increase to R153.2 million in FY2025/26 financial year and the revenue will be driven by the replacement and improvement in testing Infrastructure.

Sale of publications is expected to increase by 5.4% from FY2022/23 to R36.7 million in FY2023/24, revenue is projected at R39.2 million for the FY2024/25 while growing to R42.0 million in FY2025/26.

The BSAS projected revenue is R13.4 million in FY2022/23 growing to R14.7 million in FY2025/26.

Other income

Rental income, sundry income and realised gains from investments are included as part of other income. The rental income generated from the optimisation of SABS property will be partly allocated to fund infrastructure.

Government grant

The MTEF government grant funding allocation in FY2023/24 is anticipated at R276.5 million. The grant funding allocation is expected to increase by 4.63% and 4.61% leading to grant amount of R289.3 million and R302.7 million in FY2024/25 and FY2025/26 respectively.

Expenditure

Administrative and operating expenses are expected to grow from R766.5 million to R836.5 million over the three-year planning period from FY2023/24 to FY2025/26. The growth in these expenses is driven mainly by employee benefit costs which constitute 57.3% of the budgeted administrative and operating expenses over the MTEF period.

Employee benefit expenses is expected to increase from R439.3 million in FY2023/24 to R479.4 million in FY2025/26 due to filling of critical positions as well as the upward cost of living adjustments. The increase in employee benefits is due to the filling of critical positions and is expected to be partly offset by stringent recruitment practices in terms of resignations and retirements and a possible organisation structure review. In addition, the SABS has made a provision for the graduate and youth development.

The budgeted contract services are expected to increase by 12.0% from the forecasted FY2022/23 financial year, while consulting costs are expected to increase driven by various activities that the SABS is involved in which require consultant.

Marketing and communications costs are expected to increase in line with the proactive marketing plan that the SABS will embark on. The marketing budget is of strategic importance to the SABS considering the mandate and competitive environment.

Marketing of SABS brand and product offerings is critical to the success of the turnaround strategy. The SABS will continue to drive the message to the market to re-institute the quality brand that the SABS stands for and create awareness both at customer and consumer level using digital platforms.

Consumables are forecasted to grow by 9.4% in FY2023/24 when compared to the FY2022/23 forecast. The increase in consumables is driven by the expected increase in revenue from LSD as more revenue generated will result in higher consumable and the upgrading of laboratories which is expected to increase the capacity in the laboratories.

Local and foreign travel costs are expected to increase significantly specifically foreign travel as there was limited foreign travel in the past financial year. The ongoing international event including the volatile oil market is expected to have a negative impact on travel cost.

Concerted cost containment measures are ongoing and will continue over the three-year planning cycle, hence the inflationary increase projected for other expenses. A cost containment plan in line with the National Treasury Instruction No. 02 of 2016/2017 is being implemented.

Profitability

The SABS is projecting a net profit position of R1.6 million, R2.2 million and R2.9 million in FY2023/24, FY2024/25 and FY2025/26 respectively considering the budgeted revenue, grants, and expenditure.

12.2 Statement of group financial position

Figure 17: Statement of group financial position

	Actual 2019/20 R'000	Actual 2020/21 R'000	Actual 2021/22 R'000	Forecast 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
ASSETS							
Non-current assets	821 167	915 391	919 305	982 373	1 143 075	1 214 481	1 251 539
Fixed Assets	691 545	717 240	726 912	780 708	874 017	922 908	962 376
Intangible Assets	13 413	14 175	15 416	15 817	64 918	92 794	87 440
Right of use assets	15 749	23 022	15 865	12 573	26 000	17 233	10 734
Deferred tax	-	40 619	28 374	27 761	27 261	27 261	27 261
Investments at FVTPL	100 460	120 335	132 738	145 514	150 879	154 286	163 728
Current assets	686 253	634 672	567 540	605 483	407 766	302 464	233 070
Inventory	3 947	4 618	3 962	4 246	4 347	4 255	4 354
Trade and Other receivables	150 418	172 438	157 388	150 329	111 178	83 439	69 194
Cash and cash equivalents	531 888	457 616	406 190	450 908	292 241	214 770	159 522
Total assets	1 507 420	1 550 063	1 486 845	1 587 856	1 550 841	1 516 945	1 484 609
EQUITY AND LIABILITIES							
Equity and reserves	815 677	782 675	834 879	916 150	919 035	921 284	924 138
Accumulated profit/(loss)	736 872	696 792	747 609	827 301	828 900	831 149	834 003
Capital and Reserves	78 805	85 883	87 270	88 848	90 135	90 135	90 135
LIABILITIES							
Non-current liabilities	463 946	483 701	454 408	457 018	477 763	490 158	504 979
Employment benefit obligations	85 336	73 717	70 552	70 210	69 094	70 283	71 528
Deferred income	367 282	395 100	381 605	386 104	402 668	418 442	433 395
Deferred tax	2 324	-	-	-	-	-	-
Lease liability	9 004	14 884	2 251	704	6 002	1 433	56
Current liabilities	227 797	283 687	197 558	214 689	154 042	105 503	55 492
Trade and Other payables	145 342	243 564	159 388	186 248	116 047	71 142	25 922
Provisions	353	-	1 436	-	-	-	-
Employment benefit obligations	10 123	9 091	8 574	8 555	9 380	9 755	10 145
Lease liability	7 575	9 527	9 816	3 068	11 048	6 250	245
Deferred income	64 404	21 505	18 344	16 818	17 567	18 356	19 180
Total equity and liabilities	1 507 420	1 550 063	1 486 845	1 587 856	1 550 840	1 516 946	1 484 608

The SABS anticipates total assets to decline by R0.1 billion to R1.5 billion during the planning period. Property, plant, and equipment is expected to increase to R862.4 million at the end of the MTEF resulting from the digitisation strategy, infrastructure upgrades as well as the capital expansion in the Laboratory Services division as per the capex programme.

The capital expansion will be funded through a combination of grant funding from the fiscus and own funds. The SABS will set aside R197.5 million from the operational cash flow over the MTEF period for capital expansion.

12.3 Group capital expenditure

Figure 18: Group Capital Expenditure

CAPEX BUDGET 2023/24 - 2025/26 (R'M)				
Description	2023/24	2024/25	2025/26	GRAND TOTAL
Investment in infrastructure and digitization	199.1	136.0	96.0	431.1
GRAND TOTAL	199.1	136.0	96.0	431.1

The SABS expects to investment in infrastructure and digitization utilising a budget of R431.1 million over the MTEF period. The investment includes R130.4 million (R150 million including VAT) received from **the dtic** earmarked for ageing testing infrastructure over the three-year period.

In addition, the SABS will allocate R142.3 million from its internal fund for capital expenditure over the MTEF period to cover upgrading of the laboratories in support of the SABS Mark scheme and agreements with regulators, upgrading of current aged infrastructure and digitising the SABS to improve operational efficiencies.

The earmarked capital investment is not enough to address the capital expenditure requirement of the SABS. The SABS requires over a billion to capitalise the laboratories, upgrade the aging infrastructure and digitising the SABS.

The need to capitalise the business has increased as SABS is faced with the Health and Safety risk due to the ageing infrastructure.

12.4 Projected group cash flow statement

Figure 10: Projected group cash flow statement

	Actual 2019/20 R'000	Actual 2020/21 R'000	Actual 2021/22 R'000	Forecast 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
Cash inflow from operating activities	29 260	10 033	15 625	133 163	8 162	26 737	9 484
Cash received from customers	541 551	453 672	498 014	494 563	569 383	582 057	593 937
Cash received from Government	245 559	214 706	267 064	273 099	276 497	288 745	302 650
Cash paid to suppliers and employees	(810 315)	(688 769)	- 767 507	(652 149)	(852 464)	(861 221)	(898 886)
Cash generated from/(utilised by) operations	(23 205)	(20 391)	(2 429)	115 513	(6 584)	9 580	(2 299)
Net finance income	52 465	30 424	18 054	17 650	14 746	17 156	11 782
Cash (outflow)/ inflow from investing activities	251 879	(73 917)	(50 411)	(75 133)	(155 621)	(92 500)	(52 500)
Purchase of PPE	(39 474)	(67 063)	(49 895)	(92 779)	(145 093)	(102 978)	(95 978)
Purchase of intangible assets	(1 282)	(1 195)	(5 074)	(4 094)	(54 006)	(33 000)	-
Proceeds on disposal of PPE	3	-	210	-	-	-	-
Purchase of available for sale investments	(5 804)	(5 659)	-	-	-	-	-
Disposal of available for sale investments	208 000	-	-	-	-	-	-
Infrastructure grant funding received	90 436	-	4 348	21 739	43 478	43 478	43 478
Cash inflow/(outflow) from financing activities	(8 412)	(10 388)	(16 640)	(13 312)	(11 209)	(11 708)	(12 232)
Payment of lease liability	(8 412)	(10 388)	(16 640)	(13 312)	(11 209)	(11 708)	(12 232)
Funding of Government specific projects	-	-	-	-	-	-	-
Increase in cash and cash equivalents	272 727	(74 272)	(51 426)	44 718	(158 667)	(77 471)	(55 248)
Cash and cash equivalents at beginning of year	259 161	531 888	457 616	406 190	450 908	292 241	214 770
Cash and cash equivalents at end of year	531 888	457 616	406 190	450 908	292 241	214 770	159 522

The SABS' cash and cash equivalents comprise of the infrastructure funds, the investment portfolio, and the net working capital. The balances include R130.4 million additional funding support over the planning period for ageing testing infrastructure from the shareholder excluding R21.7 million funding expected to be received in the last quarter of 2022/23 financial year.

Cash and cash equivalents of R159.5 million is projected for 31 March 2026. This represents a decrease of R246.7 million since 31 March 2022, mainly due to fund capital replacements and/or expansions totalling R431.1 million over the MTEF period as well as operational requirements.

The turnaround strategy as well as a property development strategy is key to ensure revenue and cash generation, to prevent the SABS from running out of cash.

The SABS will continue with requesting the core funding payments in advance to assist with the cash flow management to enhance return on cash invested.

Borrowing plan

Currently the SABS does not envisage borrowing any funds over the MTEF period.

Dividend policy

No dividends are declared by the SABS Group to the Shareholder (Government of South Africa).

Procurement policy

In line with the requirements of the PFMA, the SABS has developed and implemented a procurement policy that also addresses the B-BBEE requirements set out in Government policy and relevant legislation.

12.5 Aligning the SABS strategic objectives to budget allocations

In line with the Framework for Managing Programme Performance Information (FMPPi), the SABS has linked the organisation's strategic objectives and budget to outcomes, as reflected in the table below. It should be noted that certain activities form part of day-to-day activities of the SABS employees and are executed across the organisation. Funding or budget allocation of these activities will in some instances thus form part of the broader budget line items.

Outcome	Indicator	Actual		Budget					
		FY2021/22		FY2023/24		FY2024/25		FY2025/26	
		Income (m)	Expenses (m)	Income (m)	Expenses (m)	Income (m)	Expenses (m)	Income (m)	Expenses (m)
Develop, promote, and maintain South African National Standards which are aligned to Government's industrialisation strategies or plans	SANS supporting reimagined industrial priority sectors as defined by the dtic	R72.6	R74.0	R59.6	R59.1	R62.3	R61.8	R65.1	R64.5
	SANS referenced in public policy and procurement/legislative / regulatory instruments								
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directive								
Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Customer Satisfaction Survey	R450.0*	R362.8*	R473.0*	R424.8*	R493.2*	R443.7*	R514.4*	R463.6*
	Number of new products, services, solutions launched								
Business Solutions and Advisory Services offering		R14.3	R11.9	R13.5	R10.9	R14.1	R11.9	R14.7	R11.9
Administration: Build a capable and efficient SABS: <ul style="list-style-type: none"> Reduce financial losses Improve operational efficiencies Improve employee engagement Increase economic participation of designated groups 	Net profit of the SABS Group	R325.7	R363.0	R311.6	R361.2	R326.9	R377.3	R342.9	R494.2
	Cost-to-income ratio of SABS Group								
	Employee engagement rate								
	Supporting the economic participation of women, youth, and people with disabilities								
TOTAL		R862.6	R811.7	R857.7	R856.1	R896.4	R894.2	R937.1	R934.2

Note: The divisional income and expenses exclude intercompany sales and purchases. *Exclude BSAS (SMME and Training Academy)

PART G: RISK AND FRAUD MANAGEMENT

13 RISK MANAGEMENT AND FRAUD PLANS

The SABS has both a legislative mandate and a commercial interest to ensure its long-term sustainability. Section 51(1)(a)(i) of the PFMA requires the Accounting Authorities to ensure that their Institutions have and maintain effective, efficient, and transparent systems of risk management.

Enterprise risk management is an integral part of the SABS' effort towards opportunity maximisation. The Accounting Authority is ultimately responsible to manage risk in pursuit of organisational goals and objectives.

The Accounting Authority also recognises that the realisation of its mandate depends on the leadership team being able to take calculated risks without compromising the SABS' legislative mandate and delivery of quality service to all stakeholders.

13.1 Risk Management

The SABS adheres to the risk policies and processes aligned to the King Code of corporate governance. The Risk Committee of the Board provides responsibility for risk management oversight. The organisation has adopted an enterprise-wide risk management (ERM) approach to the management of risks impacting the strategic and operational objectives of the organisation.

The risk and compliance department headed by the Chief Risk Officer is responsible for the ERM portfolio and is tasked to implement effective and efficient systems of risk, ethics, and compliance management in the SABS in line with the PFMA and relevant prescripts. The risk management portfolio includes:

- Risk management
- Strategic risk management
- Operational risk management
- Project risk management
- Anti-corruption, fraud prevention and awareness
- Business continuity management
- Compliance management
- Ethics management

13.2 SABS Risk Management Framework

Figure 19: SABS' risk reporting approach



Below is the Risk Management Plan that is being followed, and which is aligned to the framework within which risks are identified, assessed, and effectively managed.

Figure 20: Risk Management Plan

Operational objective	Activity	Outcomes / outputs
Effective management of organisational risks through implementation of effective and transparent system of Enterprise Risk Management (ERM)	Develop and implement effective system of Enterprise Risk Management (ERM) Programme	Implementation of Risk Management that provides informed decision making and improved opportunities of achieving the SABs objectives
Implement systems to prevent, detect and respond to fraud and corruption	Develop and drive the implementation of the Anti-Corruption and Fraud Prevention Programme	Proactive management of Fraud and Corruption through improved Governance
Improve organisational ethics	Develop and Implement Ethics Management Programme	Implementation of Ethics Management plan that supports the desired ethical culture and values
Ensure risk management capacity enhancement	Develop risk management competencies through training and awareness	Enhanced risk management capacity
Entrench the compliance control environment	Develop and drive the implementation of the Compliance Management Programme	Proactive compliance management environment
Ensure effective implementation of Business Continuity Plans (BCPS)	Develop and Implement Business Continuity Management Programme	Proactive management of Business Interruption events and incidents

13.3 Strategic risks register

Strategic risks affect the company's long-term positioning, performance, and achievement of strategic objectives. The following strategic risk themes have been identified by the SABs management, and if not managed effectively, may hinder the attainment of the Corporate Plan targets.

Strategic Objectives 1: Achieve and maintain financial sustainability

Risk Theme	Risk Contributors	Inherent Risk Rating	Current Controls	Control Effectiveness	Residual Risk Rating	Due Dates	Responsible Person
Inadequate revenue and profitability performance	<ul style="list-style-type: none"> High Operational Costs High Employee costs Inability to develop and implement new products. Cancellations by clients Loss of clients Inability to pay by clients 	High	<ul style="list-style-type: none"> Cost containment Go to Market Strategy Client Engagement Sales Sectoral plans Cash flow Management Debtors Collection 	Satisfactory	High	31 Mar FY24	CFO
						31 Mar FY24	CFO
						31 Mar FY24	Exec: HC
						31 Mar FY24	Customer Partnering
						31 Mar FY24	Exec: Lab Services
						31 Mar FY24	SABS Execs
						31 Mar FY24	Revenue Generating BUs
						31 Mar FY24	CFO
						31 Mar FY24	BSAS
						31 Mar FY24	GM: Procurement & GM HC
						31 Mar FY24	Exec: Lab Services
						31 Mar FY24	Customer Partnering

Strategic Objectives 2: Develop, promote, and increase the use of standards

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Due dates	Responsible official(s)
Standards development, Governance & Promotion	<ul style="list-style-type: none"> Overdue projects and overdue reviews of publications TCs governance and performance Inadequate understanding of contributing stakeholders 	High	<ul style="list-style-type: none"> Standards Norms Standards Review/Dev Project Plan Procedure for appointing the chair on technical committees and sub-committees (SOP 605) 	Good	Medium	31 Mar FY24	Exec: Standards
						31 Mar FY24	Exec: Standards
						31 Mar FY24	Exec: Standards
						31 Mar FY24	Exec: Standards
						31 Mar FY24	Marketing

Strategic Objectives 3: Provide integrated conformity assessment service solutions

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Due dates	Responsible official(s)
Loss of stakeholder confidence and customer dissatisfaction	<ul style="list-style-type: none"> Inadequate Client service and delivery Inadequate stakeholder engagement Inadequate client data management 	Good	<ul style="list-style-type: none"> Stakeholder Engagement initiatives. Customer Journey Procedure Customer queries management and feedback Customer Survey 	Good	Medium	Monthly	Exec: Standards
						31 Mar FY24	Execs: Cert and Lab Services
						31 Mar FY24	Group Manager: Strategy
						31 Mar FY24	Execs: Cert and Lab Services
						31 Mar FY24	ICT: Management
						31 Mar FY24	Customer Partnering
						31 Mar FY24	ICT Management

Strategic Objectives 4: Creating and maintaining a high-performance culture

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Inadequate management of talent and performance	<ul style="list-style-type: none"> Poor delivery of Human Capital services Loss of skills to deliver quality outputs Non-compliance with HC Policies SABS Financial Performance Relationship and trust issues with stakeholders including Labour Section 189 Impact 	High	<ul style="list-style-type: none"> Performance Management Policy and Procedure Section 189 Plan Learning and Development Policy and Procedure 	Satisfactory	High	Develop and implement Talent Management Strategy	31 Mar FY24	Exec: Human Capital
						Review Succession Management and Retention Procedure	31 Mar 2024	Exec: Human Capital
						Implementation of the L&D strategy	31 Mar 2024	Exec: Human Capital
						Implantation of the reviewed organisation structure	31 Mar 2024	Exec: Human Capital
						Develop and implement Employee Value Proposition (EVP) Model	31 Mar 2024	Exec: Human Capital
						Develop and implement SABS transformation and culture programme	31 Mar 2024	Exec: Human Capital
						Development and implementation of productivity matrix and tools	31 Mar 2024	Exec: Human Capital & Executive STDs

Strategic Objectives 5: Provide integrated conformity assessment service solutions

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Due dates	Responsible official(s)
Loss of Accreditation	<ul style="list-style-type: none"> • Lack of ICT Tools • Loss of technical signatories or competent staff • A breakdown of the organisational management system • Failure to clear non-conformances within agreed timelines 	High	<ul style="list-style-type: none"> • Documented of Approvals Board (AB) • Approvals Board (AB) materiality framework • Internal compliance audits • Re-enforcement of the certification rules 	Satisfactory	High	31 Mar 2024	GM: Accreditation
						31 Mar 2024	GM: Accreditation
						31 Mar 2024	GM: Accreditation
						31 Mar 2024	GM: Accreditation
						31 Mar 2024	GM: Accreditation
						31 Mar 2024	GM: Accreditation

Strategic Objectives 6: Continuous improvement in internal systems and process

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Due dates	Responsible official(s)
Inadequate modernisation integration of systems and ICT Security	<ul style="list-style-type: none"> Insufficient automation and integration of systems and processes ICT Security Environment 	High	<ul style="list-style-type: none"> ICT Policies and Procedures ICT Recovery plan ICT Security awareness Systems enhancement and monitoring 	Satisfactory	High	31 Mar 2024	ICT Senior Management
						31 Mar 2024	ICT Senior Management
						31 Mar 2024	ICT Senior Management
						31 Mar 2024	ICT Senior Management
						31 Mar 2024	ICT Senior Management
						31 Mar 2024	ICT Senior Management

Strategic Objectives 7: To provide conducive working environment and ensure safety and well-being of staff and stakeholders

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Due dates	Responsible official(s)
Health & Safety (Covid-19 Impact)	<ul style="list-style-type: none"> Employees and Contractors Conduct Compliance with safety protocols 	High	<ul style="list-style-type: none"> Business Continuity Policy and Procedure Covid-19 Response Plan Oversight by Emergency Response Team 	Good	Medium	31 Mar 2024	HSE Manager
						31 Mar 2024	HSE Manager
						31 Mar 2024	HSE Manager
						31 Mar 2024	Head of Security
						31 Mar 2024	HSE Manager

13.4 Fraud prevention plan

The SABS is committed to “zero tolerance” of any fraudulent behaviour. An Anti-Corruption and Fraud Prevention Policy and Strategy (as depicted below) has been implemented considering the following legislation, amongst others:

- Public Sector Risk Management Framework
- Public Finance Management Act, No. 1 of 1999 (PFMA)
- Prevention of Organised Crime Act, No. 121 of 1998 (POCA)
- Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 (PCCA)
- Promotion of Administrative Justice Act, No. 3 of 2000 (PAJA)
- Protected Disclosures Act, No. 26 of 2000
- King Code of Governance (King IV of 2016)

Figure 8: Elements of the Corruption and Fraud Management Strategy



All reasonable suspicions of fraud, corruption and maladministration are investigated and then verified, and legal recourse is taken against perpetrators to the full extent of the law, including but not limited to:

- Disciplinary action
- Institution of criminal proceedings
- Civil litigation
- Recovery of losses

Whistleblowing

The SABS Internal Audit has been mandated to coordinate the SABS Whistle-Blowing hotline. The hotline is managed by an independent service provider, Deloitte. On receipt of a whistle-blowing report from Deloitte, the Internal Audit Services department reviews the reports and classifies the reports according to the nature of the allegations, i.e., customer complaint, the SABS copyright infringement (Mark abuse) or unethical or unlawful conduct.

Classification of whistle-blowing cases assists the Internal Audit Services to either investigate the allegations or disseminate the cases to relevant SABS department to be addressed. The statistical information on calls from the hotline is analysed and outcomes are used to improve controls in the organisation to mitigate against fraud incidents.

Key focus areas of the fraud prevention plan are summarised below.

Figure 21: SABS Integrated Anti-Corruption and Fraud Prevention Plan

Control Focus	Control area		
	Prevention Controls	Detection & Investigation Controls	Resolutions & Recoveries
Code of conduct			
Corruption risk assessment & ethics management			
Custodianship			
Disciplinary action			
Fraud & corruption register/database			
Fraud/corruption prevention policy/strategy			
Implementation plan			
Information security			
Internal controls			
Investigations			
Leadership commitment			
Management action			
Managing conflicts of interest			
Physical security controls			
Recruitment checks			
Resolution (Referring to law enforcement agencies and recovery)			
Review and reporting			

ANNEXURES

ANNEXURE A: FINANCIAL PROJECTIONS OF SABS COMMERCIAL SOC

14 Statement of financial performance: SABS Commercial SOC

SABS COMMERCIAL	Actual R'000 2019/20	Actual R'000 2020/21	Actual R'000 2021/22	YTD R'000 Dec-22	Budget R'000 2022/23	Budget R'000 2023/24	Budget R'000 2024/25	Budget R'000 2025/26
Revenue	412 387	383 419	417 765	299 626	432 137	441 676	461 331	481 998
Laboratory Services	128 117	102 200	113 811	97 436	125 146	140 347	146 592	153 160
SMME	248	708	1 063	-	-	-	-	-
Certificate of compliance	12 807	11 486	19 475	10 072	14 001	14 001	14 624	15 279
Training	12 115	5 149	8 629	-	-	-	-	-
Product and system certification	259 101	263 877	274 787	192 118	292 991	287 328	300 114	313 559
Other Income	19 395	6 805	19 092	-	16 221	19 348	19 348	19 348
Other income Recognised	19 395	6 805	19 092	-	16 221	19 348	19 348	19 348
Government Grant	123 565	93 687	10 773	-	20 000	-	-	-
Grant Income	123 565	93 687	10 773	-	20 000	-	-	-
Total income	555 347	483 910	447 630	299 626	468 359	461 024	480 678	501 346
Administrative and operating expenses	(384 220)	(355 831)	(311 104)	(208 962)	(298 899)	(318 284)	(332 447)	(347 341)
Employee benefits	(313 888)	(318 401)	(257 910)	(164 751)	(233 416)	(239 718)	(250 385)	(261 602)
Contract Services	(15 609)	(11 556)	(13 534)	(11 148)	(13 592)	(14 622)	(15 273)	(15 957)
Premises costs	(163)	93	48	753	-	-	-	-
Marketing & Communication	(66)	(10)	(15)	(12)	(190)	(3 982)	(4 160)	(4 346)
Consulting & Technical Fees	(1 036)	(87)	(10)	(3)	(153)	(1 518)	(1 585)	(1 656)
Consumables	(10 311)	(6 656)	(10 266)	(6 757)	(10 035)	(10 840)	(11 323)	(11 830)
Travel foreign	(9 393)	(173)	(1 652)	(1 566)	(10 192)	(11 919)	(12 449)	(13 007)
Travel local	(17 287)	(7 416)	(11 986)	(16 088)	(15 895)	(16 935)	(17 688)	(18 481)
Municipal services	(1 727)	(1 432)	(1 482)	(1 366)	(1 977)	(2 151)	(2 247)	(2 348)
Other operating expenses	(14 741)	(10 193)	(14 296)	(8 024)	(13 449)	(16 598)	(17 337)	(18 113)
Profit/(loss) from operations	171 127	128 079	136 526	90 664	169 460	142 740	148 231	154 005
Depreciation	(61 782)	(58 856)	(54 155)	(40 496)	(66 245)	(57 159)	(59 703)	(62 378)
Government grants in respect of assets	3 666	5 603	8 975	6 174	2 719	5 291	5 527	5 774
Profit/(loss) before other income/expenses, interest and tax	113 011	74 827	91 346	56 342	105 935	90 872	94 055	97 402
Other income	14 211	13 008	7 701	4 875	6 667	6 667	6 963	7 275
Foreign exchange gains	5 879	2 201	570	1 154	-	-	-	-
Disposal Of Prop.Plant & Equip	(816)	(69)	(119)	(7)	-	-	-	-
Sundry income	9 148	10 877	7 251	3 728	6 667	6 667	6 963	7 275
Other non-operating expenses	(23 864)	(13 567)	(13 585)	(8 720)	(10 636)	(15 350)	(16 033)	(16 751)
Forex losses	(2 266)	(5 941)	(469)	47	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Post-Retirement Medical Aid	(3 202)	(3 208)	(2 244)	(1 829)	(2 343)	(2 539)	(2 652)	(2 771)
Long Service Leave Award	1 786	3 229	1 520	(919)	-	(1 248)	(1 304)	(1 362)
Income statement losses	-	137	1.0	-	-	-	-	-
Royalties	(2 503)	(3 228)	(2 166)	(28)	-	-	-	-
Performance bonus	139	353	-	(3 249)	-	-	-	-
Bad debts	(16 073)	(2 196)	(9 214)	(1 300)	(5 658)	(8 873)	(9 268)	(9 684)
Audit fees	(1 823)	(1 922)	(1 320)	(1 443)	(2 635)	(2 690)	(2 809)	(2 935)
Other expenses	-	(834)	306	-	-	-	-	-
Profit/ (loss) before interest, corporate charges and tax	103 358	74 267	85 462	52 498	101 966	82 189	84 985	87 926
Finance income/ (costs)	(17 521)	(28 126)	(23 020)	(6 898)	(28 911)	(10 117)	(10 567)	(11 040)
Profit/ (loss) before corporate charges and tax	85 836	46 141	62 442	45 600	73 054	72 072	74 418	76 885
Corporate services	(38 273)	(23 926)	(0)	-	(23 926)	(23 926)	(24 991)	- 26 110.29
Group service recoveries	15 423	14 380	-	-	14 380	-	-	-
Group service costs	(53 696)	(38 306)	(0)	-	(38 306)	(23 926)	(24 991)	(26 110)
Profit/ (loss) before tax	47 564	22 215	62 442	45 600	49 128	48 146	49 428	50 775
Taxation	-	37 270	(18 411)	-	-	-	-	-
Net profit/ (loss) for the period	47 564	59 486	44 032	45 600	49 128	48 146	49 428	50 775

15 Statement of financial position: SABS Commercial SOC

	Actual 2019/20 R'000	Actual 2020/21 R'000	Actual 2021/22 R'000	Forecast 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
ASSETS							
Non-current assets	276 192	279 488	229 639	163 409	169 631	121 134	127 282
Fixed Assets	100 463	102 072	110 402	78 049	69 640	50 060	40 241
Deferred tax	-	40 619	28 374	28 389	28 404	28 420	28 437
Right of use assets	175 729	136 798	90 863	56 972	71 587	42 654	58 604
Current assets	264 597	265 362	244 109	268 336	372 981	510 125	613 772
Trade and Other receivables	126 445	150 385	134 813	155 260	167 656	184 252	171 566
Cash and cash equivalents	138 152	114 977	109 296	113 076	205 325	325 873	442 207
Total assets	540 789	544 850	473 748	431 745	542 612	631 259	741 055
EQUITY AND LIABILITIES							
Equity and reserves	39 023	105 193	149 188	198 279	269 061	342 132	417 610
Share capital	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Accumulated profit/(loss)	(70 001)	(7 039)	36 992	86 120	156 942	230 055	305 576
Other components of equity	9 024	12 232	12 196	12 158	12 119	12 077	12 034
LIABILITIES							
Non-current liabilities	322 735	239 924	190 927	198 243	176 303	139 164	143 222
Employment benefit obligations	36 276	30 700	30 109	32 764	34 803	37 118	39 537
Deferred income	24 756	66 467	59 484	59 491	53 964	48 190	42 157
Loans from Group companies	94 153	17 220	19 299	-	-	-	-
Deferred tax liability	2 325	-	-	-	-	-	-
Lease liabilities	165 225	125 537	82 035	105 989	87 535	53 856	61 528
Current liabilities	179 031	199 733	133 633	35 223	97 249	149 962	180 222
Trade and Other payables	73 305	122 989	79 337	14 100	45 511	87 987	111 802
Provisions	353	-	-	-	-	-	-
Employment benefit obligations	3 266	3 151	2 958	1 379	1 625	1 698	1 774
Lease liabilities	26 164	37 004	35 609	4 106	30 786	31 043	33 601
Tax Payable			6 152	6 152	6 152	6 152	6 152
VAT payable	20 640	30 759	1 560	4 195	7 648	17 307	20 860
Deferred income	55 303	5 830	8 017	5 291	5 527	5 774	6 033
Total equity and liabilities	540 789	544 850	473 748	431 745	542 612	631 259	741 054

16 Projected cash flow statement: SABS Commercial SOC

	Actual 2019/20	Actual 2020/21	Actual 2021/22	Forecast 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash inflow from operating activities	287 316	269 762	182 376	89 645	185 930	196 116	207 352
Cash received from customers	496 151	413 467	406 201	446 162	500 191	521 812	544 546
Cash received from holding company	123 565	93 687	19 092	-	-	-	-
Cash paid to suppliers and employees	(338 152)	(239 270)	(247 175)	(361 943)	(318 760)	(330 395)	(342 103)
Cash generated from/(utilised by) operations	281 564	267 883	178 118	84 219	181 431	191 417	202 443
Net finance income/(cost)	5 752	1 879	4 258	5 426	4 499	4 699	4 909
Cash (outflow)/ inflow from investing activities	(17 466)	(24 768)	(25 804)	-	(21 050)	(11 190)	(22 330)
Purchase of property, plant and equipment	(17 056)	(24 768)	(29 116)	-	(21 050)	(11 190)	(22 330)
Purchase of intangible assets	(410)	-	(1 036)	-	-	-	-
Grant Funding	-	-	4 348	-	-	-	-
Cash inflow/(outflow) from financing activities	(204 126)	(268 169)	(162 253)	(85 864)	(72 631)	(64 378)	(68 688)
Repayment of capital contribution	(136 482)	-	-	-	-	-	-
Repayment of loan from group companies	(65 518)	(265 000)	(158 000)	(82 421)	(69 327)	(62 000)	(66 340)
Lease liability payment	(2 125)	(3 169)	(4 253)	(3 443)	(3 304)	(2 378)	(2 348)
Increase in cash and cash equivalents	65 724	(23 175)	(5 681)	3 780	92 249	120 548	116 334
Cash and cash equivalents at beginning of year	72 427	138 152	114 977	109 296	113 076	205 325	325 873
Cash and cash equivalents at end of year	138 152	114 977	109 296	113 076	205 325	325 873	442 207

ANNEXURE B: MATERIALITY STATEMENT

In accordance with the Public Finance Management Act, the SABS has agreed to a framework of acceptable levels of materiality and significance with our executive authority, **the dtic**. In terms of Treasury Regulations 28.1.5 issued in terms of the Public Management Finance Act, 1999 (Act 1 of 1999), the accounting authority of the SABS must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors. This is the materiality framework for the SABS Consolidated Group Financial Statements.

Figure 22: Materiality Framework

Section	Requirement	SABS framework
Section 50(1) The accounting authority for a public entity must:	a) Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity. b) Act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity. c) On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature; and d) Seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interest of the state.	The SABS is committed to have an open and transparent culture and to disclose any relevant information to its stakeholders. Materiality can only be determined if the nature of the information is known.
Section 55(2) The annual report and financial statements referred to by PFMA Subsection 55 (1)(d) must:	a) Fairly present the state-of-affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned	Qualitative: Any such matter that the Board believes it will influence the users of the statements. Quantitative: As per guideline issued by National Treasury, materiality is calculated at 0.75% of total income: R5.98 million (based on 2021/22 total income of R797.3 million as per annual financial statements)
	b) Include particulars of – (i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year (ii) Any criminal or disciplinary steps taken because of such losses or irregular expenditure or fruitless and wasteful expenditure (iii) Any losses recovered or written off (iv) Any financial assistance received from the state and commitments made by the state on its behalf (v) Any other matters that may be prescribed	Disclose as prescribed Disclose as prescribed Disclose as prescribed Grants are agreed with the executive authority and declared in full

Section	Requirement	SABS framework
		Disclose as prescribed
	c) Include the financial statements of any subsidiaries.	All subsidiaries are consolidated
Section 54(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.	a) Establishment of participation in the establishment of a company	For the establishment of a company in terms of the Companies Act: Each transaction separately approved
	b) Participation in a significant partnership, trust, unincorporated joint venture, or similar arrangement	For transaction not entailing incorporation in terms of the Companies Act: Materiality is calculated at 1.5% of total assets: R22.3 million (based on 2021/22 total assets of R1 486.85 million as per annual financial statements)
	c) Acquisition or disposal of a significant shareholding in a company	<ul style="list-style-type: none"> Any transaction where ownership control is affected Where the SABS has the right to pass or block as special resolution is affected Change in ownership of at least 20.0% For an acquisition, any transaction that results in a shareholding of at least 20.0% in a company
	d) Acquisition or disposal of a significant asset	All asset acquired or disposed, other than: <ul style="list-style-type: none"> Those mention in 54(2)(a) and (b) above or Assets classified at current assets according to generally accepted accounting practise: <ul style="list-style-type: none"> Materiality is calculated at 1.5% of total assets R22.3 million (based on 2021/22 total assets of R1 486.85 million as per annual financial statements)
	e) Commencement or cessation of a significant business activity; and	<ul style="list-style-type: none"> A business activity that falls within the SABS core business, including standards development and the provision of conformity assessment services, do not require approval A business activity that falls outside the SABS core business: A business activity that falls outside the SABS core business: materiality is calculated at 1.5% of total assets: R22.3 million (based on 2021/22 total assets of R1 486.85 million as per annual financial statements) Qualitative (both core and non-core): Consider whether the cessation of business activity will likely result in large-scale retrenchments

Section	Requirement	SABS framework
	<p>a) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture, or similar arrangement.</p>	<p>Only be considered if the participation in the partnership, trust, unincorporated joint venture, or similar arrangement was originally regarded as significant per 54(2)(b) above. The following is considered significant:</p> <ul style="list-style-type: none"> calculated at 1.5% of total assets: R22.3 million (based on 2021/22 total assets of R1 486.85 million as per annual financial statements) Any change in the nature of the vehicle (partnership, trust, unincorporated joint venture, or similar arrangement) Any transaction that results in a cumulative interest of at least 20% in the vehicle Any subsequent transaction that results in an increase of the cumulative interest by at least 10% in the vehicle
Section 66(1)	<ul style="list-style-type: none"> An institution to which this Act applies may not borrow money or issue a guarantee, indemnity, or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security, or other transaction- <ul style="list-style-type: none"> Is authorised by this Act; and In the case of public entities, is also authorized by other legislation not in conflict with this Act; and In the case of loans by a province or a provincial Government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act 48 of 1996). 	Section 66(1)

ANNEXURE C: ANNUAL PERFORMANCE INDICATOR PROFILES

Indicator title	South African Standards supporting reimagined industrial priority sectors as defined by dtic	Government, SOE, regulatory and related public sector engagements Stakeholder engagements	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives
Definition	Publication of South African standards within the scope of reimagined industrial sectors	Engagement with government, SOE, Regulatory and related public institutions on standardisation matters	The SABS is required to provide feedback/report on its support on various developmental policy interventions or Ministerial Directives.
Purpose / importance	To publish South African standards that will support the reimagined industrial sectors	To promote the uptake and implementation of SANS and conformity assessment by the public sector to support policy and regulatory objectives	To ensure that the SABS provide regular feedback on its support to key developmental policy interventions or Ministerial directives
Source of data	Report from Standard division	All Divisions	Report or information from division
Method of calculation / assessment	Count the number of South African Standards supporting reimagined industrial priority sectors published as per the list in Annex D and calculate the percentage	Count the number of engagements conducted with government departments, SOEs, regulatory and related public institutions	Count number of quarterly reports submitted to the dtic and/or Minister. The information may be submitted as part of the quarterly performance report to the dtic or be a standalone report.
Means of verification	Count the number of South African standards published and calculate the percentage	Count of the number of engagements supported by proof of engagement which may include minutes/report of meetings, attendance register, presentations, email correspondence, etc.	Count of the number of reports submitted
Assumptions	No limitations	No limitations	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Cumulative at year end	Cumulative year-to-date	Cumulative year-to-date
New indicator	Partly (Refined with changes to industrial policy)	No	No
Reporting cycle	Quarterly to Exco, Board and to the dtic	Quarterly to Exco, Board and to the dtic	Quarterly to Exco, Board and to the dtic
Desired performance	Equal or higher performance than targeted performance is desirable	Equal or higher performance than targeted performance is desirable	Equal or higher performance than targeted performance is desirable
Indicator responsibility	Divisional Head: Standards	All Divisional Head	All Divisional Heads (As it may depend on directives issued)

Indicator title	Customer Satisfaction Survey	Number of new products, services and solutions launched
Definition	Customer Satisfaction Survey	Number of new online courses launched, number of new certification schemes launched, and number of new test methods introduced
Purpose / importance	To gauge how the SABS is perceived by its customers and to understanding the expectations and requirements of the SABS' customers and customer's loyalty to the brand	Diversify SABS revenue sources and generate new revenue
Source of data	SABS BI system	Evidence of new product, services, solution launched/made available to customers
Method of calculation / assessment	Weighted average score calculated of Certification, Laboratory Services and Training	Count of new products, services, solutions launched to customers New: Product/service/solution did not exist before
Means of verification	Weighted average score of Certification, Laboratory Services and Training, as reflected on the BI system	Proof that new products, services, solutions has been launched
Assumptions	No limitations	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Cumulative year-to date	Cumulative year-to-date
New indicator	No	Yes
Reporting cycle	Quarterly to Exco, Board and to the dtic	Quarterly to Exco, Board and to the dtic
Desired performance	Higher performance than targeted performance is desirable	Higher performance than targeted performance is desirable
Indicator responsibility	Divisional Head: Customer Partnering	All Divisional Heads

Indicator title	Net profit of SABS Group	Group Cost-to-Income Ratio
Definition	Profit/loss after tax for the year	Operating expenses as percentage of operating income
Purpose / importance	The SABS must have enough income to cover its operational costs to remain financially sustainable	To measure how SABS' operating costs are changing compared to income
Source of data	Quarterly Management Accounts Reports prepared in accordance with the SABS Financial Management Policies	Quarterly Management Accounts Report of Group SABS prepared in accordance with the SABS Financial Management Policies
Method of calculation/ assessment	Net profit/(loss) of the SABS Group for the year	$CTI = A/B * 100$, where A = Administrative and operating expenses, plus depreciation and amortisation less government grant in respect of assets. (Excludes other non-operating expenditure such as impairments, bad debt provision and foreign exchange adjustments) B = Commercial revenue plus core funding plus LCV grant plus opex grant in respect of capex (excludes other, sundry, and rental income)
Means of verification	Extracted from Quarterly management accounts prepared in accordance with the SABS Financial Management Policies	Calculated based on quarterly management accounts prepared in accordance with the SABS Financial Management Policies
Assumptions	No limitations	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Cumulative year-to-date	Ratio based on year-to-date numbers
New indicator	No	No
Reporting cycle	Quarterly to Exco, Board and to the dtic	Quarterly to Exco, Board and to the dtic
Desired performance	Lower net loss/higher profit is desirable	Lower actual ratio than targeted ratio is desirable
Indicator responsibility	Chief Financial Officer	Chief Financial Officer

Indicator title	Employee engagement rate	Number of women, youth and people with disabilities supported
Definition	An engaged employee is an employee who is fully absorbed by and enthusiastic about their work and so takes positive action to further the reputation and interest of an organisation	Number of women, youth and people with disabilities supported as % of total number of Employee Headcount
Purpose / importance	An engaged SABS employee will support the long-term objectives of the SABS	To measure the contribution of the SABS to the Economic Participation of Designated Groups by increasing support to individuals through appointing designated people into the SABS
Source of data	Annual survey conducted by SABS HC (could be internal or external)	Internal focus: Human capital records (head count at reporting date)
Method of calculation / assessment	Annual employee engagement survey which will be done using best practice methods with a scale to achieve a rating from 1 to 5	% Participation per designated category = $A/B * 100$, where A= Sum of the number of people appointed (headcount) per designated group B = Total SABS headcount All races are included
Means of verification	Proof of survey results	Report from Human Capital
Assumptions	No limitation	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: 48.0% in FY2023/2024 Target for youth: 23.0% in FY2023/2024 Target for people with disabilities: 2.0% in FY2023/2024
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Survey rating	Cumulative Year-To-Date
Reporting cycle	Annual to Exco, Board and the dtic	Quarterly to Exco, Board and to the dtic
New indicator	No	No
Desired performance	Higher rating than targeted rating is desirable	Higher performance than targeted performance is desirable
Indicator responsibility	Chief Corporate Services Officer	Chief Corporate Services Officer

ANNEXURE D: STANDARDS PROJECTS IN SUPPORT OF the dtic INDUSTRIAL PRIORITY SECTORS - FY2023-24

NO	STANDARD/PROJECT	STANDARD TITLE	PRIORITY SECTOR	TARGET DATE
1	SANS 62819	Live working - Eye, face, and head protectors against the effects of electric arc - Performance requirements and test methods	Electro-technical	Q1
2	SATS 19139-1	Geographic Information XML schema implementation – Part 1: encoding rules	Hi-Tech Sectors - Knowledge based	Q1
3	SANS 190-1	Expanded metal Part 1: Sheets and plates	Steel and metal fabrication	Q1
4	SANS 190-2	Expanded metal Part 2: Building products	Steel and metal fabrication	Q1
5	SANS 1825	Gas cylinder test stations - General requirements for periodic inspection and testing of transportable refillable gas pressure receptacles	Chemical/Gas	Q2
6	SANS 347	Categorization and conformity assessment criteria for all pressure equipment	Chemical/Gas	Q2
7	SANS 10234	Globally Harmonized System of classification and labelling of chemicals (GHS)	Chemicals	Q2
8	SANS/ISO TS 55010	Asset management — Guidance on the alignment of financial and non-financial functions in asset management	Hi-Tech Sectors - Knowledge based	Q2
9	SANS/ISO/IEC 15693-2	Cards and security devices for personal identification — Contactless vicinity objects — Part 2: Air interface and initialization	Hi-Tech Sectors - Knowledge based	Q2
10	SANS/ISO/IEC 15693-3	Cards and security devices for personal identification — Contactless vicinity objects — Part 3: Anticollision and transmission protocols	Hi-Tech Sectors - Knowledge based	Q2
11	SANS/ISO/IEC 27001	Information security, cybersecurity, and privacy protection — Information security management systems — Requirements	Hi-Tech Sectors - Knowledge based	Q2
12	SANS 19111	Geographic information – Referencing by coordinates	Hi-Tech Sectors - Knowledge based	Q2
13	SANS 26513	Systems and software engineering — Requirements for testers and reviewers of information for users	Hi-Tech Sectors - Knowledge based	Q2
14	SANS 26580	Software and systems engineering — Methods and tools for the feature-based approach to software and systems product line engineering	Hi-Tech Sectors - Knowledge based	Q2
15	SANS 21417	Recreational diving services — Requirements for training on environmental awareness for recreational divers	Tourism	Q2
16	SANS 15118-20	Road vehicles - Vehicle to grid communication interface - Part 1: General information and use case definition	Digital Economy	Q3
17	SANS 60079-10-1	Explosive atmospheres - Part 10-1: Classification of areas - Explosive gas atmospheres	Electro-technical	Q3
18	SANS 62056-31	Electricity metering - Payment systems Part 31: Particular requirements - Static payment meters for active energy (classes 1 and 2)	Electro-technical	Q3
19	SANS/ISO/IEC 15693-1	Cards and security devices for personal identification — Contactless vicinity objects — Part 1: Physical characteristics	Hi-Tech Sectors - Knowledge based	Q3
20	ISO/IEC/IEEE 14764	Software engineering — Software life cycle processes — Maintenance	Hi-Tech Sectors - Knowledge based	Q3
21	SANS 27002	Information security, cybersecurity, and privacy protection — Information security controls	Hi-Tech Sectors - Knowledge based	Q3

NO	STANDARD/PROJECT	STANDARD TITLE	PRIORITY SECTOR	TARGET DATE
22	SANS 4217	Codes for the representation of currencies and funds	Hi-Tech Sectors - Knowledge based	Q3
23	SANS 62282-3-201	Fuel cell technologies - Part 3-201: Stationary fuel cell power systems - Performance test methods for small fuel cell power systems	Hydrogen Technology	Q3
24	SANS 62282-7-2	Fuel cell technologies - Part 7-2: Test methods - Single cell and stack performance tests for solid oxide fuel cells (SOFCs)	Hydrogen Technology	Q3
25	SANS 1124-3	Syringes and needles (sterile packed for single use) Part 3: Syringes with a re-use prevention feature	Medical devices	Q3
26	SANS 373	Reprocessing of Flexible endoscopes and accessories	Medical devices	Q3
27	SANS10286	Code of Practice - Mine Residue	Mining	Q3
28	SANS 61215-1-1	Terrestrial photovoltaic (PV) modules - Design qualification and type approval - Part 1-1: Special requirements for testing of crystalline silicon photovoltaic (PV) modules	Renewable Energy	Q3
29	SANS 61215-1-2	Terrestrial photovoltaic (PV) modules - Design qualification and type approval - Part 1-2: Special requirements for testing of thin-film Cadmium Telluride (CdTe) based photovoltaic (PV) modules	Renewable Energy	Q3
30	SANS 61215-1-3	Terrestrial photovoltaic (PV) modules - Design qualification and type approval - Part 1-3: Special requirements for testing of thin-film amorphous silicon based photovoltaic (PV) modules	Renewable Energy	Q3
31	SANS 61215-1-4	Terrestrial photovoltaic (PV) modules - Design qualification and type approval - Part 1-4: Special requirements for testing of thin-film Cu(In,Ga)(S,Se) ₂ based photovoltaic (PV) modules	Renewable Energy	Q3
32	SANS 61215-2	Terrestrial photovoltaic (PV) modules - Design qualification and type approval - Part 2: Test procedures	Renewable Energy	Q3
33	SANS 432	Indelible marking ink for textile fabrics	Textiles	Q3
34	SANS 20344	Personal protective equipment - Test methods for footwear	Textiles/Clothing/PPE	Q3
35	SANS 20345	Personal protective equipment - Safety footwear	Textiles/Clothing/PPE	Q3
36	SATS 1690	Guide for the implementation of responsible tourism	Tourism	Q3
37	IEC 61851-25	Electric vehicle conductive charging system - Part 25: DC EV supply equipment where protection relies on electrical separation	Transport/Electric Vehicles	Q3
38	SANS 17409	Electrically propelled road vehicles — Conductive power transfer — Safety requirements	Transport/Electric Vehicles	Q3
39	SANS 61980-1	Electric vehicle wireless power transfer (WPT) systems - Part 1: General requirements	Transport/Electric Vehicles	Q3
40	SANS 63119-1	Information exchange for electric vehicle charging roaming service - Part 1: General	Transport/Electric Vehicles	Q3
41	SANS 10087-1	The handling, storage, distribution, and maintenance of liquefied petroleum gas in domestic, commercial, and industrial installations Part 1: Liquefied petroleum gas installations involving gas storage containers of individual water capacity not exceeding 500 L and a combined water capacity not exceeding 3 000 L per installation	Chemical/Gas	Q4
42	SANS 62832-2	Industrial-process measurement, control, and automation - Digital factory framework - Part 2: Model elements	Digital Economy	Q4
43	SANS 62832-3	Industrial-process measurement, control, and automation - Digital factory framework - Part 2: Model elements	Digital Economy	Q4

NO	STANDARD/PROJECT	STANDARD TITLE	PRIORITY SECTOR	TARGET DATE
44	SANS 60335-2-113	Household and similar electrical appliances - Safety - Part 2-113: Particular requirements for beauty care appliances incorporating lasers and intense light sources	Electro-technical	Q4
45	SANS 60335-2-115	Household and similar electrical appliances - Safety - Part 2-115: Particular requirements for skin beauty care appliances	Electro-technical	Q4
46	SANS 62271-4	High-voltage switchgear and control gear Part 4: Handling procedures for sulphur hexafluoride (SF6) and its mixtures	Electro-technical	Q4
47	SANS 2340	Seed/Vegetable Oils - Marula (Sclerocarya birrea)	Essential oils	Q4
48	SATR 19163	Geographic information — Content components and encoding rules for imagery and gridded data — Part 2: Implementation schema	Hi-Tech Sectors - Knowledge based	Q4
49	SANS 15962	Information technology - automatic identification and data capture techniques	Hi-Tech Sectors Knowledge based	Q4
50	SANS 241	Drinking water	Water	Q4