



Parliament Portfolio Committee on trade, industry & competition.

28 JANUARY 2025

Response to allegations against the SABS



- The purpose of the presentation is to provide explanations/context in response to the allegations that have been sent to the dtic and published on various media platforms about the SABS Board of Directors, Executives, and employees.
- Since August 2024, the SABS Board has been receiving anonymous whistleblower emails through the Department of Trade, Industry & Competition (the dtic) for them to provide responses. The Board has provided comprehensive responses to the dtic, but these anonymous emails continue unabated, causing havoc in the organisation.
- These allegations have been categorised under five (5) topics, namely:
 - Governance failures
 - Recruitment irregularities
 - Disciplinary matters
 - Temporary loss of Accreditation for the cement scheme
 - Ransomware attack incident

- The erstwhile Minister of the dtic, Minister Ebrahim Patel, appointed the current Board of Directors with effect from 01 December 2022, ending a period of almost five (5) years during which the SABS was under administration.
- In terms of the Standards Act, the prescribed number of the SABS Board members is a minimum of seven (7) and the maximum of nine (9) members.
- Eight (8) Board members were appointed, with the incumbent in the position of Chief Executive Officer being the 9th member of the Board.
- Since the appointment of the current Board, three (3) members have since resigned, with the last member leaving on 18 July 2024. However, the Honourable Minister Parks Tau appointed one additional member to the Board on 08 August 2024, so that the Board could quorate.
- The Board has three (3) Committees, namely:
 - Audit & Risk Committee (ARC)
 - Finance, Investment & Strategy Committee (FISCOM)
 - Human Capital, Social & Ethics Committee (HCSEC)
- The Board and its Committees meet quarterly as per their Charter, and there has not been any instance where the current Board could not perform its duties.

- The Minister has embarked on a process of recruitment to fill the current Board vacancies.
- The position of the Chief Executive Officer is vacant. However, the Board has made a temporary arrangement of rotating the current Executives in the position of CEO until the permanent appointment has been made.
- There is an Executive Committee that coordinates the management of operational matters under the leadership of the Acting CEO.
- The SABS complies with all governance requirements as prescribed by law, rules and regulations.
- The SABS has received Unqualified Audit Opinions in the past 4 financial years.
- The Board has begun a process of establishing a *Government Consultative Forum* consisting of representatives from relevant government departments who have an interest in the matters contemplated in the Standards Act No. 08 of 2008, to advise the Board on matters contemplated in the Act in respect of which the SABS could play a role and any other matter on which the Board requests advice.
- The Board has also begun a process of establishing an *Advisory Forum* consisting of representatives of organisations that have an interest in the matters contemplated in Standards Act No. 08 of 2008, to advise the Board on matters in respect of which the SABS could play a role; and any other matter on which the Board requests advice.

- The SABS recruitment practices are governed by the SABS recruitment policy and procedures. These policies and procedures are aligned to national legislation and the Constitution of the Republic of South Africa.
- The recruitment process at the SABS is conducted by selection panels, using objective best practice selection tools. This makes it impossible for any individual executive / manager to appoint candidates who do not meet the requirements of the job.
- Background checks are conducted on each new employee before they are employed at The SABS. These include, criminal records, qualifications verifications, citizenship, etc.
- Except for temporary appointments, all appointments are made against the organisational structure that was approved by the Co-Administrators in 2021 and endorsed by the dtic.

- The SABS has a disciplinary code and procedure that guides management and employees on the workplace discipline.
- In the event of a prima facie evidence being established against an employee, such an employee is subjected to a disciplinary process. The process is outlined in the SABS disciplinary code and procedure.
- In terms of the SABS disciplinary code and procedure, management is expected to place the accused employee on precautionary suspension when they have a reason to believe that such an employee might interfere with the investigation, and/or if his/her presence at the workplace might pose a danger to the safety of fellow employees.
- There have been instances where employees were taken through a disciplinary process for various transgressions, which include - gross negligence resulting in loss of revenue and reputational damage, fruitless and wasteful expenditure, dishonesty, fraud, malicious leaking of confidential information which opens the organisation up for litigation, assault, acts of unlawful conduct etc.
- Different sanctions have been imposed on different employees, ranging from dismissals, warnings, unpaid suspensions, etc.
- Employees have a right to appeal the outcome of the disciplinary process, through internal appeals, the Commission for Conciliation, Mediation and Arbitration (CCMA), or the Labour Court.

- In the recent past, the Board has been receiving investigation reports of alleged serious misconduct by the employees of the SABS.
- For accountability, consequence management has been instituted. Some employees have been placed on precautionary suspension pending the finalisation of either investigations and/or disciplinary hearings.

Temporary loss of Accreditation

SABS

- The SABS cement scope of accreditation was partially suspended by SANAS from 8 August 2024. This means that the SABS cannot issue permits bearing the SANAS logo for new clients, addition of scope or new products and renewals.
- The SABS was initially given a period of 3 months to put in place remedial actions. SANAS has since granted SABS an extension until April 2025 for the re-assessment. This extension is due to the recent ransomware attack incident.
- Monthly meetings are taking place between SABS and SANAS to track the progress.

Ransomware Attack Incident

SABS

- On 20 November 2024, the SABS suffered a significant cybersecurity incident involving a ransomware attack. This attack has had serious implications for SABS's operational capabilities and its ability to deliver essential services.
- Immediate actions have been taken to mitigate the impact and to ensure the recovery of systems.
- Management activated business continuity plans to ensure continuity of operations. The rebuilding of the virtual machines on the cloud was concluded on 29 December 2024, which would enable us to install any of the business applications.
- The re-installing of the applications is currently underway with some having been completely re-installed, which include the website.
- The delay with completing these tasks is attributed to the old technology and legacy systems.
- The SABS operations are ongoing – laboratory services, certification audits, training, accreditation, etc.
- Salaries are being paid. There is no month where salaries were not paid.

Impact of the allegations on the SABS

SABS

- The Board has observed with concern the publishing in the media of serious allegations about the SABS Board, Executives and some employees. These allegations have not been accompanied by any evidence.
- Despite the absence of evidence supporting the allegations, a narrative continued being peddled about poor governance and corruption at the SABS, making claims about the collapse of the organisation.
- These allegations and claims have not been verified with neither the Board nor Executives before they are published in the media.
- There are employees who have come forward to express pain and suffering due to their names being quoted in the media for alleged wrongdoing that has not been verified. They indicated that these articles have negatively affected their future career plans and personal relationships.
- This negative publicity has had a damaging effect on the image of the organisation and its employees.

