
SABS

Corporate Plan

2020/21 to 2022/23



Revised March 2021

ACRONYMS AND ABBREVIATIONS

ARSO	African Organisation for Standardisation
BSC	Balanced Scorecard
BU	Business Unit (lowest organisational unit in SABS)
CRM	Customer Relationship Management
CASCO	Conformity Assessment Standards Committee
COC	Certificate of Compliance
DoE	Department of Energy
ENE	Estimates of National Expenditure
ERP	Enterprise Resource Planning
FSAPP	Framework for Strategic and Annual Performance Plans
ICT	Information and Communications Technology
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IPAP	Industrial Policy Action Plan implemented by the dtic to achieve the NIPF
ISO	International Organization for Standardization
NDP	National Development Plan
NETFA	National Electrical Testing Facility
NHBRC	National Home Builders Registration Council
NIPF	National Industrial Policy Framework
NRCS	National Regulator for Compulsory Specifications
NTB	Non-Tariff Barriers
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
SASI	South African Standards Institute
SME	Small and medium enterprises
SOE	State-Owned Enterprise
SQAM	Standards, Quality Assurance, Accreditation and Metrology
the dtic	The Department of Trade, Industry and Competition
TTO's	Technology Transfer Organisations associated with Universities, Universities of Technology, Science Councils and other state funded research entities

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OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the South African Bureau of Standards (SABS) under the guidance of Minister of Trade, Industry and Competition
- Takes into account all the relevant policies, legislation and other mandates for which the SABS is responsible
- Accurately reflects the Impact, Outcomes and Outputs which the SABS will endeavour to achieve over the period 2020/21 – 2022/23



Tina Maharaj

Chief Financial Officer



Jodi Scholtz

On behalf of the Co-administrators
(Accounting Authority)

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

No	Description	Reference
1	Strategy	Section 3
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 8
5	Dividend policy	Par 8.7
6	Capital expenditure plan (covering the next three years)	Par 8.4
7	Borrowing programme (covering the next three years)	Par 8.6
8	Risk management plan <ul style="list-style-type: none">• Description of risk management process• Key operational risks	Section 9
9	Fraud prevention plan	Par 9.2
10	Materiality and significance framework	Annexure B
11	Other supporting frameworks/plans <ul style="list-style-type: none">• Procurement policy• Financial projections for SABS Commercial SOC Limited	Par 8.8 Annexure A

MINISTER'S FOREWORD



Mr Ebrahim Patel - Minister of Trade, Industry and Competition

The Revised Strategic Plan 2020/21, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

A handwritten signature in black ink, which appears to read 'Ebrahim Patel'. The signature is fluid and includes a long horizontal stroke at the end.

MR EBRAHIM PATEL

MINISTER OF TRADE, INDUSTRY AND COMPETITION

ACCOUNTING AUTHORITY STATEMENT

The Covid-19 global pandemic has resulted in massive disruption to all aspects of human interaction. The economic impact of managing this crisis as well as the significant public health challenges that have been exacerbated by this crisis has drawn global attention to the unequal and inequitable patterns of growth and uneven development. Social protests notably the Black Lives Matter movement has further highlighted racial inequalities that as South Africans, we are still working to eradicate. South Africa's growth has been unequal and this pandemic is an opportune time to rethink our collective economic response. This requires an agile and an organisational culture that is focussed on continuous improvement while at the same time ensuring that all stakeholders are keep updated and engaged in the strategic and evolving direction of the SABS.

The impact of the Covid-19 pandemic has been severe on families, economies and businesses across the world. SMMEs, which represents a large number of our customers, have been severely impacted and this impact is felt directly by the SABS. This has required the organisation to review and resubmit our 2020/21 Corporate Plan. In addition, the co-administrators, in conjunction with the management team, have put measures in place to return the organisation to integrated operational excellence. As such notable changes to the 2020/21 Corporate Plan include:

- SABS has refined its vision, mission, values, impact statement and desired outcomes
- A revised financial plan was prepared to include the estimated loss of R151 million in revenue due to COVID-19 and incorporate a reduction of R65 million in the annual grant allocation from the dtic. The SABS has identified other revenue generation opportunities as well as further cost reductions to close the gap, with cost savings of R119 million incorporated into the revised financial plan. The revised budgeted net loss for the 2020/21 year will increase from R51 million to R149 million. The SABS anticipates to break even in 2023/24.
- Performance indicators were reviewed and updated.
 - Introduced two new measures:
 - Support the promotion of standards to ensure that more South African National Standards are referenced in public policy and procurement, legislative and regulatory instruments
 - Increased diversification of SABS products, services and solutions
 - Updated financial targets to incorporate the changes to the financial plan
 - Reviewed all key performance indicators and targets to assess whether they are still appropriate and achievable. As a result, removed the indicators: Growth in number of customers, as economic predictions indicate a contraction in GDP for South Africa of 8% due to the corona virus pandemic.

Over the next three years, emphasis will be placed on the integration of excellence into key operational systems and processes, achieve operational and policy coherence, support

Government's industrialisation effort and provide the best customer experience and improve returns and performance. It also means that the SABS supports industries to become more competitive to secure entry into new markets; the public is kept safe through the provision of quality products and services; infrastructure is maintained and upgraded; systems and processes optimised; employees are engaged and that the highest levels of institutional governance are maintained. For more on key initiatives planned, please refer to the respective divisional sections (section 6).

The SABS has recently embarked on an organisational review, which will be completed in the second quarter of the 2020/21 financial year. The review at a high level seeks to:

- Perform a diagnostic review of the business landscape and SABS operating model in line with the strategic, operational plans, business objectives, and current SABS structure and compilation of an organisational capability assessment report.
- Review the SABS business value chain in order to identify bottlenecks, duplications or redefine areas of specialisation
- Analyse business processes, structures, systems in order to guide on the following principles:
 - Work specialisation and departmentalisation
 - Chain of command and span of control
 - Extent to which to centralise/decentralise
 - Authority and responsibility
- Propose a fit-for-purpose macro-level (group level) and micro-level (divisional level) organisational design solution inclusive of improvement processes and procedures within the organisation in line with SABS mandate, strategy, and best practice.

Standardisation is indispensable and supports a wide range of developmental outcomes. Without appropriate standards it will be impossible to address other multiple challenges at a global and national level since standardisation provides tools to achieve sustainable development, to counter the immediate threat posed by climate change and amongst others secure gender equality and optimal healthcare. In addition, quality assurance provides trust and confidence which enables global trade, supporting each element of the value chain, from sourcing, production to distribution and consequently enabling healthy competition while safeguarding users and consumers from sub-standard products and services.

Continental Africa is seen as the new frontier of global growth, abounding with huge mineral, natural and human resource endowments. There are both significant opportunities and challenges for Africa as it charts a shared vision of investment led social, economic, trade and industrial integration. These challenges are especially acute in the global circumstances described above.

In July 2019 the operational phase of the African Continental Free Trade Area (AfCFTA) was launched with implementation to commence in due course. The creation of the AfCFTA is

significant because it aims to harmonise rules between overlapping regional economic communities that emerged in the 1980s. Trade across borders in Africa has presented challenges for decades, partly because patterns of trade reflect those established during colonial periods, namely to facilitate the export of commodities to the developed countries and the import of value-added goods from these countries. Of immediate relevance, is the development and harmonisation of African standards which is aligned to ISO standards and best practices and which serve the needs of both African member countries and continental standards requirements.

South Africa's industrial policy is currently being implemented through a series of master Plans, targeting specific sectors and leading to specific interventions needed to redress structural economic imbalances. The industrial strategy will seek to unlock private investment and energise the state 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 ten industrial sectors, including: the automotive industry; clothing, textiles, leather and footwear; gas; chemicals and plastics; renewable energy; steel and metal fabrication; tourism; high-tech industries; the creative industry; the oceans economy; and agriculture and agro-processing. The strategy will be export-oriented and target labour-intensive sectors. It will also seek to diversify the economy and facilitate the participation of black people and women in the economy and create jobs. SABS will participate in the development of the respective master plans by clearly articulating the role of standardisation in the industrial effort as well as support industry with the relevant standards and efficient conformity assessment services.

Achieving and maintaining the long-term financial sustainability of the SABS Group is an important focus for the organisation. Investment in infrastructure and equipment will be guided by the ability of that investment to generate an acceptable market return. In areas identified as part of Government's priority sectors where an acceptable market return cannot be achieved, the funding model for the provision of public good services will be agreed with the Shareholder.

Over the past couple of months, the SABS has been involved in activities in supporting the national efforts to combat the impact of Covid-19:

- Supported various essential services industries as well as assisted manufacturers and distributors to prepare for licensing, approval of products and assisting government entities with procurement decisions
- Collaborated with Business for South Africa in verifying the products and documents that are uploaded by potential suppliers on the B4SA COVID-19 manager website. This ensured compliance with national and/or international requirements before possible procurement by the government and other interested organisations that are offering support to the government and the nation
- Supported local manufacturers with the certification of masks and hand sanitisers. The SABS introduced a quick mechanism for the issue of letters of conformance (LoC) in terms of the SABS Product Certification (Mark) Scheme. The LoC process allowed for the new manufacturers of masks and hand sanitisers to be audited, tested in part and issued with

a temporary license to supply their products into the market whilst the balance of the testing continues. The temporary license is valid for eight months, thereafter the second phase of certification would be completed and the permit issued for three years, subject to meeting compliance standards

- Provided free access to a limited set of standards, including four business continuity management standards and several standards for PPE available to domestic companies at no charge (the list of standards is available on our website)

The SABS continues to be an organisation with significant capacity and great potential. The services that the SABS provides are an indispensable part of a broader suite of the industrial policy measures at the disposal of Government to support the private sector in a collaborative effort to reindustrialise the economy and address race based inequality, unemployment and poverty.

I wish to express my gratitude to the dtic under the leadership of Minister Ebrahim Patel, Deputy Ministers Gina and Majola, DG October and the colleagues at the dtic for their support and guidance. A very special thanks to both the staff and management of the SABS for the co-operative spirit with which the difficult tasks facing SABS have been approached. The foundations have been laid but a sustained effort by all concerned over a long period will be required to return the institution to operational excellence.



Jodi Scholtz

Lead Co-administrator

PART A: SABS MANDATE

1. SABS MANDATE AND PRINCIPLE ACTIVITIES

1.1 Legislative mandate

The SABS is the apex national standardisation body 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 the 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 coordinates and leads engagements and processes involving a diverse range of relevant stakeholders to develop, promote and maintain a system of national standards for commodities, products and services in order to enhance the competitiveness of industry and protect the quality of life of citizens.

Certification

The SABS provides quality assurance for products, management systems and services through its numerous certification schemes. The SABS Mark has a long and distinguished history as the premium quality assurance symbol in the domestic 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 for number plates.

Consignment inspection

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

Local content verification

Local content is a Government initiative driven by the National Treasury, **the dtic** and the Department of Mineral Resources, aimed at stimulating the manufacturing industry with a view to improving South Africa's economic performance and increase job creation. This policy is premised on the impact the Government and Mining companies spending has on the economy of the country if directed at industrialisation and job creation.

This initiative was first introduced in the Preferential Procurement Framework Act in 2011, with an amendment that made provision for **the dtic** to designate certain sectors for local production and content, in line with national development and industrial policies for local production. **the dtic** 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).

In September 2018 the Department of Mineral Resources issued the Broad-Based Socio-Economic Empowerment Charter for the Mining Industry which were subsequently followed by its guidelines (December 2018). Both the Charter and the Guidelines affirms the SABS as an agency appointed by the Department of Mineral Resources to carry out local content verifications.

Laboratory services

The extensive national testing infrastructure at the SABS performs conformity assessment tests and produces test results that give important information about products' conformance to SANS and other technical regulations. 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 throughout the country with the majority of laboratories located in Pretoria. Certain specialist laboratories are strategically located across the country.

Training

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 implementing SANS. The Academy currently offers a diverse portfolio of training courses, focusing mainly on management system standards.

2. GOVERNANCE STRUCTURE

The SABS exists as a public entity in terms of the Standards Act, 2008 (Act 8 of 2008), under the Executive Authority of the Minister of Trade, Industry and Competition. In accordance with this Act, the appointment of the SABS Board is by the Executive Authority (the Minister of Trade, Industry and Competition). This Act also makes provision for the appointment of the Chief Executive Officer as well as the employees of the SABS. In order to achieve its objectives, the SABS may perform, in so far as it is not inconsistent 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 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.

2.1 Composition of Accounting Authority

In June 2018 the then Minister of Trade and Industry placed the SABS under administration, in terms of the provisions of Section 49(2) of the PFMA. The Minister designated three Co-administrators as the Accounting Authority of the SABS. The Co-administrators were charged with producing a diagnostic report and turnaround action plan for the SABS. Until such time as the appointment of a new Board, the Co-administrators will provide effective oversight and stewardship in line with leading governance practices, ensure that the SABS delivers on its fiduciary duties, is transparent and accountable and delivers on its legal and constitutional mandate.

Following the resignation of the previous CEO in July 2018, Mr Garth Strachan, the former Deputy Director General, Industrial Development Division **the dtic**, was appointed as Acting CEO and Co-administrator. He held this position until his resignation in February 2020. Ms Jodi Scholtz has been appointed as the Lead Co-Administrator. The remaining two Co-administrators are:

- Ms Jodi Scholtz – the Group Chief Operating Officer of **the dtic**
- Dr Tshenge Demana – the Chief Director, Technical Infrastructure Institutions **the dtic**

The table below reflects a summarised profile of the Co-administrators

Name	Age	Gender	Race	Qualifications	Areas of experience
Jodi Scholtz	47	F	Coloured	<ul style="list-style-type: none"> MBA 	Strategy, operations, risk management and governance, marketing and stakeholder engagement
Tshenge Demana	60	M	African	<ul style="list-style-type: none"> PhD (Chemistry) 	Quality management and laboratory services

Following the appointment of the Co-administrators, they established an Interim Audit and Risk Committee to undertake the necessary functions as set out in the law. The Social and Ethics Committee has been established by resolution. The terms of reference have been finalised and meetings have taken place. The Finance and Investment, HR and Remuneration as well as the Nominations committees will be re-established once the Board has been reconstituted.

Interim Audit and Risk Committee

The Interim Committee comprises of four non-executive members, two of whom are independent non-executives. All have the requisite financial skills and experience to fulfil the Committee's duties. The Committee's mandate is, amongst others, to review the effectiveness of internal controls, ensure satisfactory standards of governance and compliance, and maintain oversight of financial results and integrated reporting.

The table below reflects a summarised profile of the Interim Audit Committee members:

Name and designation	Gender	Race	Qualifications	Area of expertise
Sikkie Kajee (Independent non-executive chairman)	M	Indian	<ul style="list-style-type: none"> CD(SA) MBA Professional accountant (SA) Certified internal auditor BCompt (Hons) Accounting and Auditing 	Finance, auditing, internal auditing, compliance and business turnaround
Rene Van Wyk (Independent non-executive)	F	Coloured	<ul style="list-style-type: none"> CA(SA) MBA Diploma in Advanced Banking 	Finance, risk management and governance, human capital management, business turnaround
Jodi Scholtz (Lead administrator)	F	Coloured	<ul style="list-style-type: none"> MBA 	Strategy, operations, risk management and governance, marketing and stakeholder engagement
Shabeer Khan (Non-executive)	M	Indian	<ul style="list-style-type: none"> CA(SA) 	Finance, auditing, governance and risk

2.2 The Executive Committee

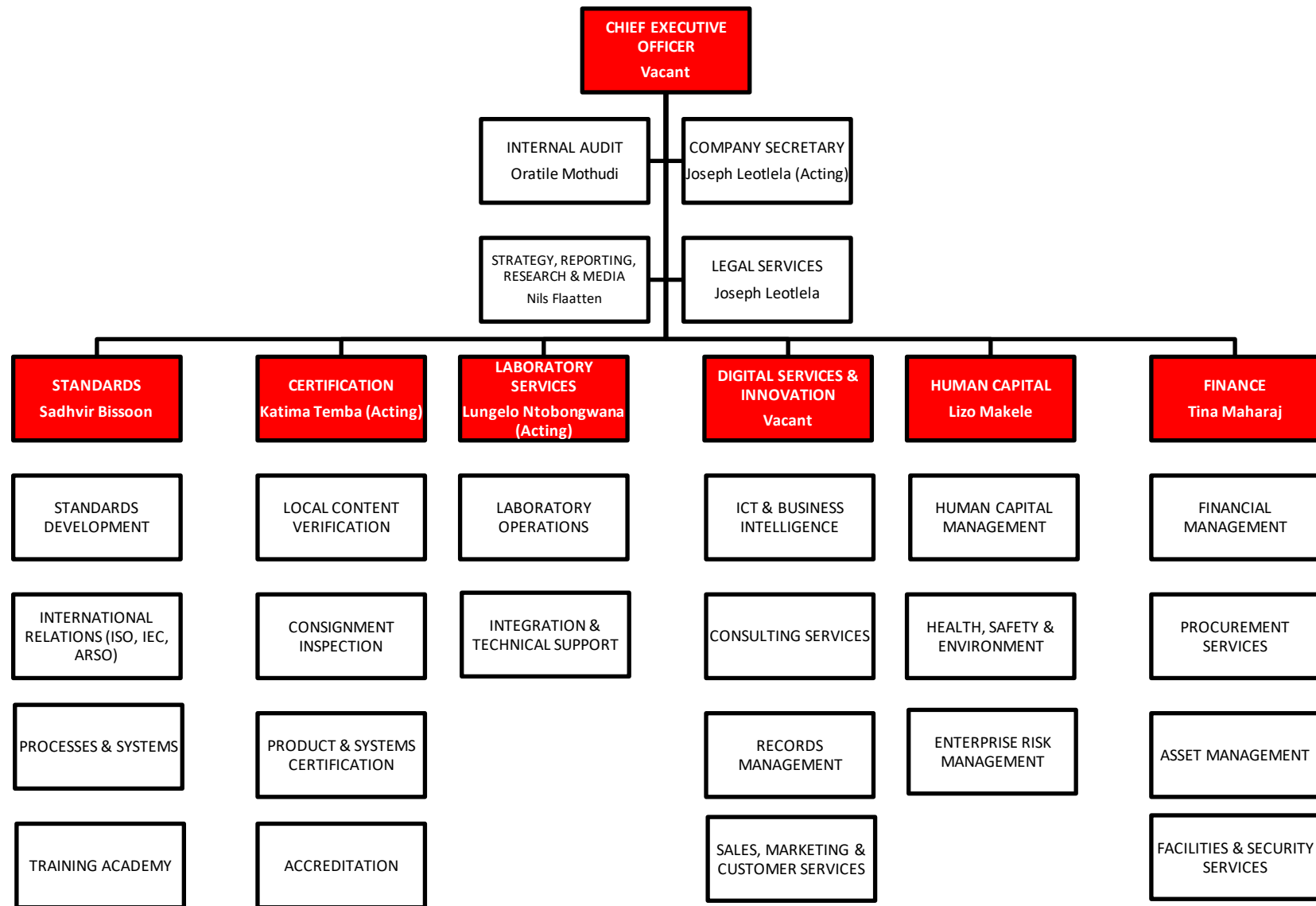
The Board has delegated a wide range of matters to the Executive Committee, including governance, financial, operational, risk and functional issues. A six-member Executive Committee (Exco) supports the Lead Co-Administrator with the day-to-day affairs of the organisation. It ensures that the relevant legislation, policy and regulations are adhered to and that 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 is evaluated against their agreed performance contracts which are aligned to the Organisational Scorecard and which is annually approved by the Accounting Authority.

The Executive Committee is comprised of the following members:

Name	Age	Gender	Race	Qualifications	Date of appointment as an executive
Jodi Scholtz Lead administrator	47	F	Coloured	<ul style="list-style-type: none"> • MBA 	-
Tina Maharaj Chief Financial Officer	39	F	Indian	<ul style="list-style-type: none"> • CA (SA) • MBA • MCom (Tax) 	15 Oct 2018
Sadhvir Bissoon Executive: Standards	47	M	Indian	<ul style="list-style-type: none"> • BSc Hons • MSc (Biotechnology) • D-Tech (Biotechnology) 	1 Aug 2011
Lungelo Ntobongwana Executive: Laboratory Services (Acting)	41	M	African	<ul style="list-style-type: none"> • MBA • MCom (Business management) • BTech (Project management) • Diploma: Analytical Chemistry 	19 Nov 2019
Katima Temba Executive: Certification Services (Acting)	41	M	African	<ul style="list-style-type: none"> • MBA • B.Tech: Electrical Engineering • Diploma: Electrical Engineering 	1 March 2020
Lizo Makele Executive: Human Capital	50	M	African	<ul style="list-style-type: none"> • MBA • BTech (Human Resources Management) • MDP 	1 July 2018

2.3 Organisation structure



PART B: STRATEGIC FOCUS

3. STRATEGY

3.1 Vision and mission

Vision
We are the trusted standardisation and business assurance solution provider of choice
Mission
The SABS provides knowledge and assurance solutions that support organisational excellence and competitiveness

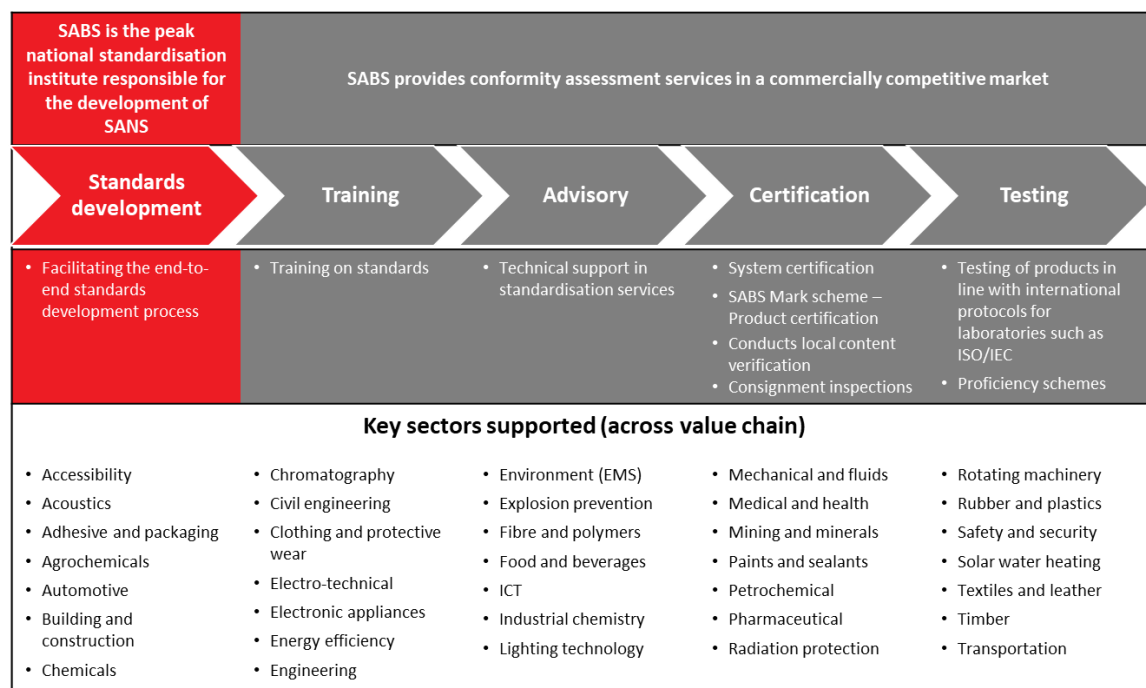
3.2 Values

What are the core values that must be embraced?	Behaviours that describe the core values
Accountability	Taking ownership for actions and outputs, not shifting the blame, delivering on time, with quality
Integrity	Being honest, treating everyone fairly, keeping your word, doing what you say you will do when you say you will do it, being dependable
Quality	Delivering to the highest standards set by the organisation, focusing on perfection, always exceeding stakeholder needs, no compromise
Customer Centricity	Focusing on customer needs, being proactive in providing solutions, Responding quickly and effectively to customer queries, having the customer top of mind in everything you do
Innovation	Finding creative ways of solving problems and providing solutions, doing things differently to produce better results, searching for the new ways of doing work, using best practice and leading edge approaches, not being afraid to try different things
High performance	Always delivering at the highest levels, being driven by being and doing the best in individual and team settings, not settling for mediocrity, always going above and beyond what is expected, striving to be the best in every dimension

3.3 Priority markets and activities

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

The SABS role in the standards value chain



3.4 Alignment to the dtic outcomes

The Department of Trade, Industry and Competition relies on a group of specialised technical infrastructure institutions, such as the SABS, to support the national industrial and economic growth, employment and equity objectives by delivering a range of products and services for the economic benefit of the country. Consequently, the key programmes of the SABS to fulfil its statutory mandate must be fully aligned with those of **the dtic** as its Executive Authority.

Alignment to dtic

Outcomes		SABS key initiatives/deliverables
SABS	The dtic	
<p>Desired outcome 1: Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services</p>	<ul style="list-style-type: none"> • Programme 2: Trade Policy, Negotiations and Cooperation. Build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development cooperation in line with the African Union Agenda 2063. • Programme 10: Economic research and coordination. Design and oversee socio-economic research, assess policy options and engage stakeholders to facilitate inclusive economic growth 	<ul style="list-style-type: none"> • Involved in the harmonisation of African standards as one of the key requirements for the success of the AfCFTA. • Collaboration with and influence in international and regional standardisation bodies • Support the development sector standards plans • Collaborative relationship and alignment with Government policies and programmes • Optimal development, promotion and use of the SABS Mark to support the industrial effort • Collaborative and supportive relationship with the private sector in the development and use of standards
<p>Desired outcome 2: Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions</p>	<ul style="list-style-type: none"> • Programme 3: Spatial Industrial Development and Economic Transformation. Drive economic transformation and increase participation in industrialisation • Programme 4: Industrial competitiveness and growth design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets. • Programme 6: Industrial financing. Stimulate and facilitate the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities. • Programme 7: Export development, promotion and outward investments. Increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade office • Programme 8: Inward Investment Attraction, Facilitation and Aftercare. Support foreign direct investment flows and promote domestic investment by providing a one- stop shop for investment promotion, investor facilitation and aftercare support for investors 	<ul style="list-style-type: none"> • Optimal development, promotion and use of the SABS Mark to support the industrial effort • Involvement in local content verification • Collaborative and supportive relationship with the private sector in the development and use of standards • Focusing on providing quality assurance across the value chain for public sector entities, including regulators, to secure agreements that will ensure sustainable income • Partnering with the private sector to provide relevant and value-adding solutions to enable businesses to be more effective and efficient • Support to black industrialist programme

Outcomes		SABS key initiatives/deliverables
SABS	The dtic	
Desired outcome 3: Improved organisational performance: <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	<ul style="list-style-type: none"> Programme 1: Administration. Provide strategic leadership, management and support services to the department. 	<ul style="list-style-type: none"> Modernisation of laboratory processes and technology, operations and stakeholder management to achieve and secure financial sustainability, financial controls and systems Transform the organisation into an efficient and effective institution utilising the integration of technology, business process optimisation and change management initiatives Implement the turnaround plan and conduct an organisational review Develop digital operating models that will enable the business through mobile and online capabilities and “paperless” transacting methods Support the economic participation of women, youth and people with disabilities Young professional programme Employee engagement survey

The following dtic programmes have no direct link to the activities of the SABS:














- Programme 5: Consumer and corporate Regulation.** Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.
- Programme 9: Competition policy and economic planning.** Develop and roll out policy interventions that promote competition issues, through effective economic planning, spatial implementation and aligned investment and development policy tools


3.5 Supporting NDP, Medium-Term Strategic Framework, Industrial Policy and SDGs


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, Medium Term Strategic Framework and industrialisation effort.

National Development Plan

The diagram below illustrates the role of the SABS in supporting the NDP objectives.

NDP outcome	SABS' role
Create an economy that will create more jobs	
Investing in economic infrastructure	
Environmentally sustainable and resilient: Transition to sustainable growth	
An inclusive and integrated rural economy	
South Africa in the region and the world	
Transforming human settlement	
Improving the quality of education, training and innovation	
Quality healthcare for all	
Social protection	
Building safer communities	
Building a capable and developmental state	
Fighting corruption	
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 7 000 SANS.

Medium-Term Strategic Framework (MTSF)

The diagram below illustrates the role of the SABS in supporting the 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. For more detail, refer to section 6 and 7 below.

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 SMME 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 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



Direct



Indirect

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:

- Clothing, textile, Leather and Footwear
- Automotive sector
- Poultry sector
- Furniture sector
- Sugar diversification
- Steel and metal fabrication
- Gas, chemical and plastics sector
- Tourism sector
- Mining and beneficiation
- Agriculture and agro-processing value chain
- Creative industries









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.

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. The diagram below illustrates examples of standards adopted in South Africa to support the various SDG goals.

SDG outcome	Examples of standard adopted in South Africa
 <p>1 NO POVERTY 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>2 ZERO HUNGER 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
 <p>3 GOOD HEALTH AND WELL-BEING 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>4 QUALITY EDUCATION 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>5 GENDER EQUALITY Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • SANS/ISO 26000 - Social responsibility
 <p>6 CLEAN WATER AND SANITATION 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 55001 – Asset management
 <p>7 AFFORDABLE AND CLEAN ENERGY 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>8 DECENT WORK AND ECONOMIC GROWTH 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>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 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 • SANS/ISO 55001 – Asset Management Systems • SANS/ISO 19011 -Auditing management systems • SANS/ISO 28000 - Security management systems for the supply chain

SDG outcome		Examples of standard adopted in South Africa
	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 and halt biodiversity loss	<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 at all levels	<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>)

4. 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.

4.1 External environment

Socio-economic

The global shock prompted by the COVID-19 pandemic, and unprecedented restrictions designed to protect public health, have led to a sharp contraction in the domestic economy. Government interventions have cushioned the impact on workers and businesses, but have not offset the full decline. South Africa's economic growth is forecast to fall significantly in 2020 as a result of the crisis, the March and April 2020 credit rating downgrades, and the compounding effects of weak investor confidence. The economic outlook is highly uncertain.

In response to the pandemic, governments worldwide have increased health spending, introduced restrictions on economic activity to limit the spread of the virus, and taken steps to alleviate the effects of lockdowns on households and businesses. Authorities have prioritised income support and wage subsidies for workers, alongside tax relief, lower interest rates and favourable loan schemes to support businesses.

Government's R500 billion fiscal relief package provides significant support to households and businesses. But government's weak fiscal position going into the crisis means that it cannot afford to fully offset the effects of the pandemic.

To protect South Africans and prevent the public health system from being overwhelmed, government restricted most economic activity from 26 March to 1 June. The lockdown has taken a severe toll on an already fragile economy. The data available suggests a steep contraction across all sectors over the past three months. Construction, retail and hospitality were particularly hard hit, and retail sales restrictions had significant knock-on effects across the economy. Reduced global demand and border closures, alongside uncertainty about the application of lockdown regulations, further hampered activity.

High levels of uncertainty about the spread of COVID-19, and its containment and treatment, have complicated decision-making for businesses, investors and households the world over. In addition, regular economic surveys have been disrupted and delayed, making policymakers more reliant on smaller, less representative surveys. As a result, estimating the economic impact over the period ahead is exceedingly difficult.

The National Treasury forecasts that the economy will contract by 7.2% in 2020. Business confidence will remain near historic lows, and investment and employment will drop below last year's levels. Household consumption will remain constrained by reduced income, from wages, commissions, bonuses and financial assets, as well as low job growth. Inflation will be contained in the near term due to the collapse in demand, low imported inflation and moderate food price pressures.

The 2020 outlook may deteriorate further if the global economy continues to weaken, or economic activity is curtailed again to protect public health. A failure to attract sufficient international capital to finance the current account deficit would also constrain growth.

In a scenario in which tough fiscal policy and broader economic reforms are not implemented, there would be further prolonged weakness in economic growth, currency depreciation and higher borrowing costs. To avoid these outcomes, Cabinet has endorsed an active approach that will adjust expenditure to a sustainable level and improve the efficiency of spending as well as bolster investment as significant economic reforms are implemented.

Implications for the SABS

It is imperative that the SABS is aligned with and proactively supports Government, in a close collaborative effort with the private sector, in the complex task of the re-industrialisation of the economy and the national effort to overcome deep-seated structural problems which characterise the economy. Such a scaled up effort requires a coherent and well-managed strategy for the institution to ensure that it achieves a greater level of financial sustainability; a cost effective and efficient delivery of services across the conformity assessment and standards spectrum as well as higher levels of investment in infrastructure and equipment to enable the SABS to deliver on its mandate in a close collaborative relationship with all its stakeholders in the public and private sector.

As part of Government's June 2020 supplementary budget, the annual allocation to the SABS was reduced by R65 million for the 2020/21 financial year. This will require the SABS to reassess its operations and activities to mitigate the impact of the reduction in income.

The weak economic conditions and outlook means the organisation is confronted with a very challenging business environment, which subdued growth anticipated in key sectors that utilises the SABS conformity assessment services. This will have an adverse impact on the organisation's revenue, which has already been under strain. Consequently, the commercial revenue budget for 2020/21 has been reduced by R151 million from the budget previously submitted. The organisation also anticipates that the commercial revenue for 2020/21 will be lower than the revenue achieved in 2019/20.

Increasingly, the SABS must focus on promoting and increasing awareness of standardisation amongst decision makers across the economy as well as rigorously focusing on cost cutting measures.

Competitive landscape

The conformity assessment industry is highly competitive and revenue opportunities and margins are increasingly constrained. The domestic market is made up of a few big players, including multinationals, who provide a broad range of conformity assessment services. Many have also started to offer their own mark schemes, in direct competition with the SABS Mark Scheme. In addition, there are also various small players who specialise in price competitive niche markets, offering specialised testing services.

Implications for the SABS

In order to maintain its relevance in a highly competitive conformity assessment market, it is imperative that the SABS develop a robust market intelligence function to keep abreast of changing market dynamics and customer expectations. The SABS must continue to focus on providing quality certification and conformity assessment services, continuously investing in new equipment, systems and processes, as it is a vital pillar of being recognised as a partner of choice by customers.

Technology factors

Globalisation and quantum leaps in technology will increasingly bring about significant disruptive impacts to the global and domestic economy. Digitisation and data utilisation, including connectivity, e-commerce and the internet of things (IoT), to name a few, have already and will increasingly drive economic disruption. Disruption is also flowing from agile, innovative competitors who, through access to global digital platforms for research, development, marketing, sales, and distribution, can displace well established incumbents faster than ever, by improving the quality, speed or price at which value is delivered.

Major shifts on the demand side are also occurring, as growing transparency, consumer engagement, and new patterns of consumer behaviour emerge which are increasingly built upon access to mobile networks and e-commerce which is forcing companies to adapt the way they design, market and deliver products and services.

Implications for the SABS

The SABS must embrace and adapt to the challenge of the digital revolution. This implies that SABS embraces new technology platforms to deliver a range of services in an increasingly digitised economy.

Environmental factors

Sustainable economic and industrial development is a key objective set out in a range of Government policy framework documents and as a requirement for South Africa to meet its commitments to COP17. This requires, amongst other considerations, a just transition to a less carbon intensive energy programme; policies and programmes to minimise environmental degradation including with respect to the use of water, measures to minimise air pollution as well as a wide range of waste management and recycling policies and systems across the industrial economy. Disruptive technologies and 'circular economies' in water recycling and sanitation; energy generation and efficiency; manufacturing processes; resource exploitation; transport and logistics; waste management and recycling and other factors - create enormous opportunities and pose certain risks.

Implications for the SABS

As a technical infrastructure institution, the SABS must play a key role, in developing standards that have a positive impact on the environment, and facilitate the exclusion of non-compliant and unsafe products from the economy.

Internally, the SABS is a significant energy and water consumer and will continue to focus on putting mechanisms in place to reduce its consumption of energy and water. The organisation also generates substantial amounts of hazardous and non-hazardous waste as part of its activities and processes. To mitigate the risk to the environment and society, the SABS will continue to implement an appropriate waste management programme to ensure that waste is collected, separated, stored, transported, recycled and/or disposed of, using environmentally responsible and legally compliant methods.

Legislative framework

In the global and domestic market, companies operate in a more challenging environment with increased geo-political uncertainty, uncertain trading conditions, increasing and complex regulatory requirements, including important environmental and societal challenges and expectations. Regulations relating to occupational health and safety, environmental protection, data privacy and localisation continue to evolve, contributing to increased obligations for all organisations. Failure to comply with these requirements could have an adverse financial, operational and new business impact on organisations, SABS included.

Implications for the SABS

It is anticipated that the regulatory environment will continue to be increasingly dynamic. This exposes the SABS to various and greater risks but also provides opportunities for greater and more competitive service provision to clients.

4.2 Internal environment

Over the past few years, the SABS has been confronted with various challenges that impacted on its ability to effectively execute its mandate and remain financially sustainable. Key amongst these were the inability to retain customers and the growing expenditure base, a high employee attrition rate, sub-optimal business process and systems and lastly, inadequate skills levels in certain business areas.

In the context of the governance, institutional, financial and operational failings, the SABS was placed under administration by the Minister of Trade, Industry and Competition in June 2018 and three co-administrators appointed. The administrators were mandated to stabilise the organisation, conduct a diagnostic analysis of the SABS and develop and implement turnaround plans, in consultation with the shareholder, for the institution. The term of the co-administrators will end with the appointment of a new board.

Following an in-depth analysis, turnaround planning and execution was implemented focusing on the following:

- Ensuring that the development of South African National Standards, the anchor point of the standards and conformity assessment value chain, is significantly upgraded.
- Undertaking urgent maintenance of long overdue and high risk critical SABS infrastructure.

- Revitalising testing protocols, operations and facilities in the laboratories; reinstating customer specific requirement testing; rolling out carefully sequenced and adequately designed investment in testing infrastructure, to overcome inefficiencies which, in some cases, resulted in a significant loss of capacity, capabilities and client services, confidence and revenue.
- Putting in place management and operational systems and consequence management to ensure that serious operational failures including the loss of accreditation and permit expiry processes do not re-occur.
- Ongoing cost containment, including assessment and reprioritisation of operating expenditure, review of all vacancies and only filling critical vacancies, implementing a new cost allocation and pricing model. No performance bonuses were paid for the 2018/19 financial year and executive salary increases for 2019/20 was limited to 2.8%.
- Strengthening institutional finance, governance, policy frameworks and operational plans for the entire institution. In so doing, pay particular attention to the implementation of a digital strategy to secure higher levels of integrated operational efficiency and productivity; increased stakeholder communication and engagement and client satisfaction

4.3 SWOT analysis

The strengths, weaknesses, opportunities and threats are listed in the table below:

Strengths	Weaknesses
<ul style="list-style-type: none"> • The SABS legislative mandate to develop and publish South African National Standards • Relationships with regional and international standards bodies • The integrity and standing of the SABS brand and Mark Scheme which continues to attract customers • Offer services across the conformity assessment value chain • Strong geographical presence across South Africa 	<ul style="list-style-type: none"> • Slow turnaround times due to: <ul style="list-style-type: none"> ○ Cumbersome processes ○ Lack of integration between front and back office ○ Loss of key, skilled staff ○ Ageing testing infrastructure • Legacy ICT technology that requires upgrading • Low staff morale and productivity • Poor culture of performance • Inadequate B-BBEE rating, placing the SABS at a disadvantage during tendering stage
Opportunities	Threats
<ul style="list-style-type: none"> • Targeted focus on servicing Government departments and entities • Expand local content verification services based on an appropriate funding model • Potential to expand services offering to the rest of Africa • Diverse services that can be formulated into value streams of targeted offerings for customers in public and private sectors 	<ul style="list-style-type: none"> • Uncertainty around the COVID-19 impact • Increased competition - Foreign and domestic conformity assessment companies targeting niche industries and market segments • Current financial constraints of the fiscus may impact future grant allocations further

PART C: MEASURING PERFORMANCE

5. INSTITUTIONAL PERFORMANCE INFORMATION

The SABS, as an organ of state and a Schedule 3B PFMA entity, has a clearly defined legislative mandate. As a business enterprise the organisation seeks to:

IMPACT STATEMENT

Improve the quality of life for our citizens and create shared value

DESIRED OUTCOMES

The outcomes (what we need to achieve) that enables the SABS to realise the impact are....

- Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services
- Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions
- Improved organisational performance:
 - Financial sustainability
 - Operational efficiencies
 - Employee empowerment and competence

On an annual basis, performance indicators are reviewed and updated to take into account any changes to the SABS' strategy or reflect key focus areas over the medium-term.

Given the SABS' role, it is recognised that the successful delivery on the respective targets as reflected below, is predicated on the following key factors:

- Continued financial support from **the dtic** in the form of an annual grant to support the SABS mandate
- Financial support from Government to support the local content verification programme
- Continued market demand for the SABS' conformity assessments services
- Ability of the SABS to adequately finance the aging testing infrastructure and to remain financially sustainable by generating sufficient returns to fund its activities and operational expenditure

Refer to Section 9 for key risks and mitigations plans and Annexure C for detailed definitions.

Measuring impact and outcomes

Impact statement	Outcome	Outcome indicator	Baseline (FY2020)	Three year target
Improve the quality of life for our citizens and create shared value	Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services	Standardisation commitments aligned to industrial priority sectors as per agreement with the dtic	Not applicable	80% standardisation commitments as per agreement with the dtic
		SANS referenced in public policy and procurement/legislative / regulatory instruments	1 180	1 210
	Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions	Customer satisfaction rating	69%	85%
		Number of new products, services, solutions launched	4 courses launched	<ul style="list-style-type: none"> Introduce 3 new online courses 2 new Certification Schemes 2 new Tests methods
	Improved organisational performance: <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	Net profit of SABS Group	R51.4 million loss	Loss below R61.1 million. breakeven in FY2025
		Cost-to-income ratio	119%	<116% by FY2023 and <100% by FY2025
		Employee engagement survey	Not measured	Minimum rating of 3 out of 5
		Designated groups appointed as % of total headcount	Women: 44.7%	Women: 50.0%
			Youth: 21.4%	Youth: 30.0%
			People with disabilities: 1.6%	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.

Annual performance plan for 2020/21 to 2022/23

Outcome	Indicator	Actual	Estimated performance	MTEF Period			Some key initiatives
		FY2018/19	FY2020	FY2020/21	FY2021/22	FY2022/23	
Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services	SANS supporting reimagined industrial priority sectors as defined by dtic	Not applicable	Not applicable	80% standardisation commitments as per agreement with the dtic	80% standardisation commitments as per agreement with the dtic	80% standardisation commitments as per agreement with the dtic	<ul style="list-style-type: none"> Participation in key regional and international standardisation bodies Strengthen technical committees Improve stakeholder engagement
	SANS referenced in public policy and procurement/legislative / regulatory instruments	Not measured	1 180	Conduct 5 government stakeholder engagements	1 190	1 210	<ul style="list-style-type: none"> Standards development programme Engagement programme
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	Not a measure	Not measured	4 reports	4 reports	4 reports	<ul style="list-style-type: none"> Quarterly update on interventions supporting initiatives such as Sector Master Plans and the African Continental Free Trade Area
Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions	Customer satisfaction rate	73%	69%	75%	80%	85%	<ul style="list-style-type: none"> Integrated customer service model Testing infrastructure upgrade Digitisation programme
	Number of new products, services, solutions launched	Not measured	4 courses	<ul style="list-style-type: none"> Introduce 1 new courses 1 new certification Schemes 1 new tests methods 	<ul style="list-style-type: none"> Introduce 2 new online courses 2 new certification schemes 2 new tests methods 	<ul style="list-style-type: none"> Introduce 3 new online courses 2 new certification schemes 2 new tests methods 	<ul style="list-style-type: none"> New product/service development Marketing programme

Annual performance scorecard for 2020/21 to 2022/23 (continued)

Outcome	Indicator	Actual	Actual performance	MTEF Period			Some key initiatives
		FY2018/19	FY2020	FY2020/21	FY2021/22	FY2022/23	
Financial sustainability	Net profit of SABS Group	Loss of R4.4 million	Loss of R51.4 million	Loss below R148.8 million	Loss below R78.9 million	Loss below R61.1 million	<ul style="list-style-type: none"> Revenue generation initiatives as detailed above Prudent cost management Productivity enhancement programme
Improve operational efficiencies	Cost-to-income ratio of SABS Group	111%	119%	132%	120%	116%	<ul style="list-style-type: none"> Review of key operational processes Digitisation programme Testing infrastructure upgrade Productivity enhancement programme
Improve employee empowerment and competence	Employee engagement rate	Not measured	Not yet measured	Rating of 3 out of 5	Rating of 3 out of 5	Rating of 3 out of 5	<ul style="list-style-type: none"> Review of key policies and procedures Review of health, safety and environment practises Targeted recruitment
	Economic participation of women, youth and people with disabilities <ul style="list-style-type: none"> % of women supported % of youth supported % of people of disabilities supported 	43.1% 25.0% 1.8%	44.7% 21.4% 1.6%	46% 24% 1.8%	48% 27% 1.9%	50% 30% 2%	<ul style="list-style-type: none"> Targeted recruitment

Quarterly breakdown of 2020/21 performance targets

Indicator	Annual target	Quarterly target			
	2020/21	Quarter 1	Quarter 2	Quarter 3	Quarter 4
SANS supporting reimagined industrial priority sectors as defined by dtic	As per agreement with dtic	As per agreement with dtic	As per agreement with dtic	As per agreement with dtic	As per agreement with dtic
SANS referenced in public policy and procurement/legislative / regulatory instruments	Conduct 5 Government Stakeholder engagements	-	1 (YTD)	3 (YTD)	5 (YTD)
Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4 reports	1 report (YTD)	2 reports (YTD)	3 reports (YTD)	4 reports (YTD)
Customer satisfaction rate	75%	75%	75%	75%	75%
Number of new products, services, solutions launched	<ul style="list-style-type: none"> • Introduce 1 new courses • 1 new certification Schemes • 1 new tests methods 	-	-	-	<ul style="list-style-type: none"> • Introduce 1 new courses • 1 new certification Schemes • 1 new tests methods
Net profit of SABS Group	Loss of R148.8 million	Loss below R20.4 million	Loss below R89.8 million	Loss below R119.8 million	Loss below R148.8 million
Cost-to-income ratio of SABS Group	132%	117%	120%	125%	132%
Employee engagement rate	Rating of 3 out of 5	N/A	N/A	N/A	Rating of 3 out of 5
Economic participation of women, youth and people with disabilities					
<ul style="list-style-type: none"> • % of women supported 	46%	46%	46%	46%	46%
<ul style="list-style-type: none"> • % of youth supported 	24%	24%	24%	24%	24%
<ul style="list-style-type: none"> • % of people of disabilities supported 	1.8%	1.8%	1.8%	1.8%	1.8%

PART D: SABS DIVISIONS

6. OPERATING DIVISIONS

6.1 Standards

Developing, maintaining, promoting and dissemination of South African National Standards (SANS) is the primary function of the Standards division of the SABS. Standards catalyse economic activity to secure societal benefits, support local manufacturers and priority industrial sectors to enable companies to compete in the domestic and overseas markets. Industry and consumers need standards to support innovation, provide protection against poor quality products and to lower the cost of production.

Product and services:

- Develop and maintain SANS, South African Technical Specifications (SATS), South African Technical Reports (SATR) and other relevant publications
- Represent South Africa and strategically influence international and regional standards organisations such as ISO, IEC, ARSO, SADCSTAN, AFSEC and PASC
- Market and sale of standards
- The SABS is the designated authority to the World Trade Organisation's "Technical Barriers-to-Trade" (WTO/TBT) enquiry point in South Africa

In the next three years there will be specific focus on:

- Development of standards
 - Support Government in the focussed development of standards linked to and prioritised in the various master plans as identified as part of Government's Industrial Strategy Master Plans
 - To date, the SABS has drafted two sector reports covering agro-processing and the fourth industrial revolution (4IR) currently under review by management
 - Develop a National Standardisation Strategy to improve alignment and prioritisation of the standards programme of work to national priorities and industrial sectors. This will also involve improving the interface with Government regulators and industry to ensure alignment of efforts, including to the identification of and work with all regulatory institutions where SANS can support industrial and economic development.
 - Continue to participate in international and regional standard development forums to stay abreast of latest development and ensure that a South African and African perspective is presented at these discussions
 - Adopt ISO and IEC standards as national standards where relevant in compliance to the WTO/TBT agreement
 - Improve productivity and efficiency of the standards development process
 - Sourcing of mission critical skills, including standard writers and technical specialist

-
- Refocus and strengthen Technical Committee outputs through the filling of vacant committee chairperson and general committee participation
 - Invest in the upgrade of key infrastructure, including refurbishment of committee rooms and upgrading of telecommunication tools. This will also include making better use of ISO platforms
 - Pay special attention to the harmonisation of African standards as one of the key requirements for the success of the AfCFTA. A regional engagement framework to support the implementation of the AfCFTA has recently been developed and will be discussed with the dtic in due in course
 - Promotion of standards
 - Review and improve systems, procedures and subscriptions models to improve access to standards
 - Forge new and strengthen existing regional and international stakeholder relationships (BRICS, ISO, IEC, SADC, ARSO) to increase standards harmonisation, trade relationships (market access) and strategic partnerships in line with national priorities
 - Promote SANS for utilisation and implementation by government to support their policy, procurement objectives and implement good practices in public administration. The management standards applicable to government, amongst others, include the following:
 - SANS 37001 – Anti-Bribery Management System
 - SANS 55001 – Asset Management system
 - SANS 22301 – Business Continuity Management System
 - SANS 41012 – Facility Management
 - SANS 1162 – Responsible Tourism
 - SANS 3000 – Railway Safety Management Systems
 - SANS 39001 – Road Traffic Safety Management System
 - SANS 17090 – Health Informatics
 - Engage regulators to reference SANS as solutions to achieve regulatory objectives
 - Standard sales
 - Focus on broader promotion and a sales and marketing drive to increase the uptake and implementation of standards.
 - The current e-commerce platform for Standards Publications is a legacy system that requires immediate upgrade with additional functionality. The ToR for the upgrade will be finalised by June 2020 followed by issuing of an RFP.

-
- WTO
 - Expand the WTO notification point to an information centre to further improve support to industry and regulators

6.2 Certification

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. The division provides its services across all 39 European Accreditation Codes (EA Codes) whilst the SABS Mark Scheme has a presence in 33 countries.

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 a number of strategic initiatives. Core to this strategy is aligning the division with **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 financial 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.

SABS has built the requisite capacity to conduct local content verification (LCV) although a funding model for LCV has yet to be developed by Government. Further pilot work is being undertaken to develop an item identification and standards tool to secure higher value addition in public and private sector procurement and supplier development.

Products and services includes:

- Certification including quality management system and product certification (Mark Scheme)
- 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)
- Consignment inspections

For the next three years the focus will be on:

- Third party management systems certification which is increasingly becoming a critical tool for market access globally. Certification by an accredited certification body demonstrates compliance to a standard, an industry specific code of practice or regulatory requirements, and is an important business improvement and sustainability tool. As South Africa continues to drive localisation as an industrial policy instrument, the provision of product and systems certification service, aligned with local content

verification in an efficient and globally competitive manner, will be a critical lever to support the industrialisation effort and the creation of a globally competitive industrial capacity in the country.

- Key initiatives planned include: introducing new industry focused certification schemes; localisation of technical certification schemes aimed at supporting designated sectors; roll out of local content verification in support of Mining Charter obligations as well as roll out of a proactive voluntary local content grading systems.
 - Preparing for expected increase in demand anticipated from mining companies to adhere to the Mining Charter (October 2020)
 - Training of auditors in local content verification methodology and processes has commenced. SABS is seeking to multi-skill and repurpose auditors and bolster internal capacity
- Consignment inspection services: Growth opportunity to support government and local industries, especially with the export of products to the rest of Africa
- To identify new opportunities early and build better relationships SABS will be engaging various industry associations, regulators, government departments and the trade desk at the dtic
- Rollout of the Siyakhula Scheme, a scheme to support SMMEs to improve their management systems to achieve certification.
- Implement various operational excellence initiatives to improve customer engagement and turnaround times:
 - Implement a new approved operating model which seeks to optimise resources by ensuring central planning and execution of key activities
 - Acquire a digital operating management system to improve operational efficiency. The SABS' management system service offering to be operationalised by the end of October 2020. Product certification services to then follow.
 - Process to define the end-to-end certification process, including customer feedback protocols, has recently been completed. The standardisation of processes across the division has commenced to ensure that consistent application of processes. This will be incorporated into the digital operating management solution

6.3 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 SABS/ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories). Where relevant, activities 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. Primary products and services include:

- Sampling, testing and analysis
- Environmental monitoring
- Proficiency testing
- Reference 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 certification. The financial sustainability of all Laboratory Services business units will be impacted negatively by Covid19 pandemic. Slow economic activities in various sectors and industries will result in low sample volumes submitted to SABS for testing.

To remain relevant the division will focus on the following over the next three years:

- Ongoing investment in new equipment and the maintenance of laboratory infrastructure. Key focus areas will include sectors identified as part of Government's industrialisation efforts, including but not limited to: electrotechnical (including energy efficiency and electromagnetic compatibility), chemicals and materials, mining and minerals, automotive and mechanical (mostly civil testing), as well as ventilators

Investment in infrastructure and equipment will be guided by the ability to generate an acceptable market return. In areas identified as part of Government's priority sectors where an acceptable return cannot be achieved, the funding model will be agreed with the Shareholder.

- To date nine laboratories have been refurbished. Subject to availability of funds, additional laboratories for refurbishment will be considered
- Investment in laboratory infrastructure and equipment to the value of R11.6 million spent in FY2020. R40 million committed at 31 March 2020 (in PO phase)
- Development of tacit testing knowledge through the upskilling of existing test officers or the appointment of people with the required skills to enable the division to adapt to changes in testing methodologies.

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- Focus on continuous improvement in key systems and processes such as sample management to improve asset utilisation and workflow to reduce bottlenecks, extract operational and cost efficiencies as well as improve customer engagement.
 - In conjunction with other SABS divisions, develop and implement an integrated mineral and minerals industry conformity assessment services support plan.
 - Focus on new business development opportunities as well as converting sales and marketing efforts
 - A strategic partnership is currently being finalised with a large company in the pump industry. The partnership and investment will open various opportunities in especially the broader pump industry
 - Repair of NETFA test infrastructure will open various opportunities in the testing of medium- to high voltage transformers
 - New opportunities in the testing of cold storage products are being pursued
 - Testing of personal protective equipment
 - Sector focused sales approach in collaboration with Business Development and Certification has been initiated to improve the pipeline of revenue opportunities

6.4 Training Academy

The SABS Training Academy seeks to enhance the skills of industry and government professionals to understand and implement SANS. Training is facilitated through the traditional classroom training model and is presented at training facilities in Gauteng, KwaZulu-Natal and Western Cape.

The Academy currently offers a diverse portfolio of training courses, focusing mainly on management system standards which includes ISO 9001: Quality Management System (QMS), ISO 14001: Environmental Management System (EMS), ISO 45001, Occupational Health and Safety Management (OHS), ISO 22001: Food Safety Management System standards and FSSC-accredited courses, amongst others.

In the next three years focus will be on:

- Investment in technology tools to improve engagement with trainees and enhance operational efficiencies
 - Process to acquire a digital learning management system for on-line learning has been approved. This will open new revenue generation opportunities for the SABS
 - Currently implementing one-day training courses via virtual platforms and we are reviewing training material to host 3-4 day training courses via virtual platforms.
- In the process of establishing advisory and consulting portfolio of services which includes the current provision of services to SMMEs i.e. development and implementation of management systems

-
- Implement various sales and marketing strategies, tailored value propositions that meet the unique needs of industries and clients
 - Promote and market training services to industry
 - The African region offers a significant market for the development of standardisation and technical skills of its people
 - Continue to develop partnerships with Government entities in support of the need to develop management and technical skills of public sector employees
 - Further develop and strengthen partnership with tertiary institutions to secure NQF accreditation for training

6.5 SMME support services

The SMME business unit focusses on guiding small- to medium enterprise as well as big cooperates and government departments to meet product and service requirements as per South African National Standards and ultimately certification. The greater objective of system certification is to elevate the maturity of the management systems of these businesses to enable them to improve the quality of the products and services that they offer. The SMME unit is currently supporting various programmes which will continue into the new financial year. New programmes will be also be targeted in the new financial year.

6.6 Marketing, sales and, customer services

The SABS has to reorient itself to be a marketing and sales led organisation in order to reach its revenue objectives. This requires the Marketing, Sales and Customer services business units to integrate with the operating divisions in order to provide SABS customers with a seamless customer experience which will result in customer growth, retention, new business development.

Over the next three years the focus will be on repositioning these business units as part of an overhaul of the SABS' operating model. Within Marketing, Sales and Customer Services the following key initiatives are planned:

- Marketing
 - Implement a market-led business development plan to support the revenue objectives
 - Reposition marketing to lead the effort to reclaim SABS as a thought leader on all matters relating to quality
 - Drive the SABS brand through digital and social media, assisting business to regain customer confidence and increase brand equity
 - Increase direct networking through outreach and presence at relevant events
 - Implement partnership model with sister entities to increase leverage e.g. Proudly SA

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- Sales
 - Optimise sales processes to improve the quantum of leads generated and conversion thereof to revenue
 - Increase response levels to tenders, bids and proposals
 - Establish and implement an integrated value proposition with particular emphasis on services to public entities, municipalities and regulators
 - Expand the service offerings with the establishment of a focused advisory service
 - Pursue sector focused sales approach in collaboration with Certification, Laboratory Services and Training.
 - Customer services
 - Improve customer experience through a single point of entry into SABS
 - Transform the call centre from a cost centre into a profit centre by repurposing it into a customer contact centre
 - Improve capturing, measurement and analysis of customer engagements, complaints and complaints resolutions.

7. SUPPORT SERVICES

The support services of the SABS play an important support and governance role. Reflecting briefly on some of the key functions:

7.1 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 is able to attract dedicated and competent professional employee's, 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, which the Human Capital division leads, is anchored on the following elements:

- **Talent acquisition**, including: recruitment, on-boarding and graduate placement
- **Learning and development**, including competency assessments as well as leadership and skills development
- **Performance management**, including contracting, tracking, evaluation and enhancement
- **Compensation and benefits**, including: terms and conditions, collective agreements, incentives and salary structures

Over the next three years, focus will continue to be on:

- Ensure that HC becomes an optimal, effective and enabling function
 - Revise the HC operating model and role profiles

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- Implement an upskilling programme to accelerate HC service delivery
 - Finalise the review and development of the full suite of internal policies
 - Drive integrated performance and talent management practices
 - Embed an optimal performance management system
 - Conduct performance management training
 - Develop an integrated talent management strategy
 - Develop leadership required to move the institution to the high performance institution
 - Complete a skills and culture audit. Develop talent acquisition plans to fill any gaps
 - Develop a targeted leadership development programme based on the outcomes of a leadership competency framework
 - Develop and implement a “fit for purpose” remuneration and reward philosophy and framework
 - Revise reward and remuneration policies
 - Develop an integrated institution-wide learning strategy
 - Build a team of the highest quality that represents the demographics of the country, employing staff in line with the country’s employment equity and gender requirements.
 - Review and updated all job profiles
 - Facilitate a SABS transition towards a service and customer-centric culture
 - Develop an Integrated Wellness Programme with the objective of improving the health and well-being of SABS employees

7.2 Information and communication technology

A SABS Digitisation plan will be implemented within the available budget to respond to business and to integrate the SABS business units. Subject to budget availability, the following initiatives will be completed over the corporate plan reporting period:

- Put in place a new certification system
- Further develop the laboratory management and financial management systems
- Update SABS Sales and CRM platforms and a digitally enabled e-commerce platform
- SABS e-Learning platform (capable of sales of online training material and courses)
- A facilities management system
- SABS Enterprise customer portal
- SABS Enterprise Mobile Platform (SABS Mobile Apps)
- Enhanced Finance and Resource Planning

-
- Upgrading the SABS datacentres to support current business requirements and enable future requirements

7.3 Finance

A key strategic objective of the Finance division is to ensure the financial sustainability of SABS and to ensure governance and compliance in all aspects. In the next three years to 2021/22, focus will be on:

- Following the qualified audit opinion for the last financial year, the finance division will continue to work closely with the Auditor-General South Africa (AGSA) to return SABS to unqualified audit status. Focus has been on closing the gaps identified in the 2019/20 audit
- Updating the current accounting system to create efficiencies through automation across the finance division (accounts payable, billing; credit management and management reporting)
- Ongoing review and implementation of new International Financial Reporting Standards (IFRS) accounting statements
- Finding innovative solutions to improve operational efficiencies in current processes (re design of current processes)
- Management of the working capital cycle of SABS and subsequent improvement of the cash flow position
- Strengthening the monitoring and compliance of the group-wide cost containment programme

Procurement

The focus of Procurement is to secure 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.

Significant positive outcomes have been secured over the last year with respect to compliance, productivity and outcomes in this business unit. These achievements create the basis for further positive outcomes.

In the next three years focus will be on:

- Ensuring efficiency and compliance by strengthening the internal control environment firstly through training staff on updated procurement policies and procedures, standardising of all procurement templates, enhancing quality reviews, stringent timeous demand planning and continuous auditing.
- Enhance operational efficiencies to enable business aided by the ICT systems that will focus on automating key processes to allow for quick turnaround, transparency and minimisation of human error - this will include implementing e-sourcing, a supplier

performance management system and service rating tools with procurement stakeholders.

- Continuous engagement with key stakeholders to create a cutting edge procurement function.

Facilities

The focus of the facilities function is to ensure the effective and efficient running of the SABS and all its campuses. In the next three years, the Facilities function will aim to:

- Ensure that all critical infrastructure is maintained to support revenue generation
- Maintain the SABS premises to quality standards
- The SABS will develop an appropriate short- and longer-term property development strategy, which will also include the sale of surplus property, aimed at maximising the value of SABS properties and securing additional revenue

PART E:

ACHIEVING FINANCIAL SUSTAINABILITY

8. FINANCIAL PLANS

The financial plan considers the economic environment and its impact on the organisation, the turnaround strategy and the impact as well as benefits of the proposed investment in digitisation and upgrading of the SABS facilities and laboratories.

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

- The SABS applied a general inflation rate of 5.1% in the preparation of the Corporate Plan except where specific adjustments or a budget for non-recurring expenses was done.
- Over the MTEF, the grant allocations have been made in favour of SABS are R203.1 million, R273.7 million and R283.7 million for 2020/21, 2021/22 and 2022/23 financial years respectively (ex VAT). The SABS funding has been reduced by R64.8 million (20.3%) from the original allocation for 2020/21 as a result of fiscal challenges that the government is experiencing given the COVID-19 pandemic.
- Additional allocations of R36 million over MTEF in favour of SABS has been factored for sector local content verification of R12 million per financial year (ex VAT).

The salient features of the plan for the financial years 2020/21 to 2022/23 is that the turnaround strategy of the Group SABS Group will only result in profitability in year three of the financial planning cycle.

The Group is projected to record a net loss of R148.8 million in 2020/21, R78.9 million in 2021/22 and R61.1 million in 2022/23. The net loss position is mainly due to the following:

- The subdued economic environment which results in additional pressure in revenue generation. The negative average growth rate of 2.8% over the past five years due to a number of unfavourable operating factors has also contributed to the slow turnaround.
- An increase of 31% in employee benefits from R422.9 million in 2014 to R553.8 in 2019 as a result of the bargaining unit wage agreement signed in 2013 and 2016 has distorted the base of the salaries of the SABS Group. The SABS is currently unable to generate enough profits to cover this cost and this has resulted in the organisation utilising its cash reserves to pay the bills.

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 Group's capital requirements far exceed the current funding available and as such the SABS is embarking on a property development strategy which will also see the sale of surplus property in the near future. The property development strategy and the sale of these properties will alleviate some of the cash challenges the SABS Group is experiencing and will enable further investment in revenue generating opportunities.

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

8.1 Statement of group financial performance

	Actual R'000 2016/17	Actual R'000 2017/18	Actual R'000 2018/19	Actual R'000 2019/20	YTD R'000 May-20	Budget R'000 2020/21	Budget R'000 2021/22	Budget R'000 2022/23
Revenue	500 574	516 361	513 291	444 602	44 451	411 219	435 612	484 258
Laboratory Services	162 016	176 598	156 162	130 477	5 230	120 039	124 240	136 664
SMME	7 516	4 329	1 356	248	63	273	282	302
Certificate of compliance	-	-	14 827	12 807	1 043	11 782	12 195	13 049
Training	11 709	12 459	10 228	12 115	-	12 721	13 166	15 799
Product and system certification	282 592	288 108	291 002	256 559	35 288	236 034	244 296	268 725
New Business - Consulting	-	-	-	-	-	-	10 000	12 000
Design Institute services	7 240	7 338	1 772	761	-	-	-	-
Sale of publications	29 500	27 529	37 944	31 635	2 827	30 370	31 433	37 720
Other Income	43 957	39 043	54 445	50 432	12 016	52 660	63 072	65 432
Government Grant	183 211	243 153	232 477	252 151	39 642	216 986	273 694	283 710
Core funding	183 211	243 153	232 477	252 151	39 642	203 050	273 694	283 710
Government grants in respect of operating expenditure	-	-	-	-	-	13 936	-	-
Total income	727 742	798 557	800 214	747 186	96 108	680 865	772 378	833 400
Administrative and operating expenses	(727 717)	(759 208)	(780 905)	(786 602)	(103 725)	(780 713)	(802 156)	(845 239)
Employee benefits	(507 957)	(529 995)	(553 818)	(553 474)	(91 389)	(543 474)	(543 365)	(573 250)
Contract services	(57 339)	(60 498)	(55 055)	(61 250)	(4 816)	(70 454)	(74 047)	(77 823)
Design Institute services cost	(2 414)	(1 733)	(4 671)	226	(379)	(764)	-	-
Premises costs	(4 399)	(4 231)	(3 181)	(163)	7 110	(3 645)	(3 831)	(4 026)
Marketing & Communication	(5 192)	(3 613)	(2 758)	(11 056)	(335)	(4 462)	(4 690)	(4 929)
Consulting & Technical Fees	(10 795)	(11 453)	(16 589)	(14 273)	(2 894)	(14 273)	(15 001)	(15 766)
Consumables	(12 930)	(14 232)	(12 817)	(13 429)	(680)	(14 068)	(14 785)	(15 539)
Travel foreign	(16 139)	(15 131)	(14 088)	(12 750)	(1)	(7 650)	(13 387)	(14 070)
Travel local	(17 974)	(19 177)	(20 597)	(19 539)	(573)	(14 851)	(20 516)	(21 562)
Municipal services	(47 651)	(50 036)	(49 031)	(47 455)	(5 692)	(52 200)	(54 863)	(57 660)
Other operating expenses	(44 927)	(49 109)	(48 300)	(53 440)	(4 077)	(54 873)	(57 672)	(60 613)
Profit/(loss) from operations	25	39 349	19 309	(39 416)	(7 617)	(99 849)	(29 778)	(11 839)
Depreciation	(38 597)	(42 630)	(43 871)	(50 668)	(14 177)	(55 735)	(55 735)	(55 735)
Government grants in respect of assets	8 016	8 925	8 715	7 897	1 512	9 144	9 144	9 144
Profit/(loss) before other income/expenses, interest and tax	(30 557)	5 644	(15 846)	(82 188)	(20 282)	(146 440)	(76 369)	(58 430)
Other income	1 086	8 024	5 939	7 469	766	-	-	-
Other non-operating expenses	(45 379)	(90 946)	2 351	(25 321)	(3 088)	(21 439)	(22 532)	(23 682)
Profit/ (loss) before interest, corporate charges and tax	(74 850)	(77 277)	(7 557)	(100 039)	(22 604)	(167 879)	(98 902)	(82 112)
Finance income/ (costs)	30 462	29 109	30 073	48 638	5 451	19 076	20 030	21 032
Profit/ (loss) before corporate charges and tax	-44 388	(48 168)	22 516	(51 401)	(17 153)	(148 803)	(78 872)	(61 080)

Revenue

Commercial revenue of R411.2 million in the first year of the planning period is projected to decline by overall 8% from 2019/20 driven by the current economic challenges exacerbated by COVID-19 pandemic. The decline is in line with current economic contraction projections by the International Monetary Fund (8%) and the National Treasury (7.2%). Thereafter revenue is expected to grow to R484.3 million by 2022/23. The growth assumptions takes into account the current economic conditions, competitive landscape as well the anticipated impact of new initiatives to grow the conformity assessment business. Commercial revenue consists of Certification, Laboratory Services, Standard Sales, Certificate of Compliance, Training and SMME and new business in the form of consulting.

Certification revenue is the largest contributor to revenue at 57% followed by Laboratory services at 29%.

The revenue growth from R120.0 million in 2020/21 to R136.7 million in 2022/23 of Laboratory services revenue will be driven by the replacement and improvement in testing Infrastructure.

Sale of publications is expected to decline by 4% from 2019/20 to R30 million in 2020/21, revenue is projected at R31.4 million for the financial year 2021/22, growing to R37.7 million in 2022/23.

The Training Academy projected revenue is R12.7 million in 2020/21 growing to R15.8 million in 2022/23.

SMME is projecting a revenue of R0.28 million in 2020/21 growing to R0.3 million in 2022/23.

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 2020/21 is anticipated at R203.1 million. The grant funding allocation will increase to R273.7 million and R283.7 million in 2021/22 and 2022/23 respectively.

Expenditure

Administrative and operating expenses are expected to grow from R780.7 million to R845.2 million over the three year planning period from 2020/21 to 2022/23. The growth in these expenses is driven mainly by employee benefit costs which constitute 70% of the budgeted administrative and operating expenses. Employee benefit expenses will increase from R543.5 million in 2020/21 to R573.3 million in 2022/23 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.

Contract services are expected to increase by 15% and consulting costs are expected to remain at the same level in 2020/21 with the cost incurred in the 2019/20 financial year. These costs will be actively negotiated with various service providers.

Marketing and communications costs are expected to decline over the planning period from the 2019/20 actuals. The marketing budget is of strategic importance to 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 4.8% in 2020/21 when compared to the 2019/20 actuals due to the upgrading of laboratories which is expected to increase the capacity in the laboratories.

Local and foreign travel costs are expected to decline in the 2020/21 financial year given the lockdown and restriction of local and international travel.

Municipal services costs of R52.2 million are projected to increase due to anticipated energy cost escalations anticipated from Eskom.

Concerted cost containment measures are ongoing and will continue over the three year planning cycle, hence the minimal 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

SABS is projecting a net loss position of R148.8 million in 2020/21 driven by the insufficient revenue and grants to cover the cost base of the Group.

8.2

Aligning the SABS strategic objectives to expenditure allocations

In line with the Framework for Managing Programme Performance Information (FMPPI), the SABS has linked the organisation strategic objectives and budget 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	Basis	Actual	Budget		
			March 2020	2020/21	2021/22	2022/23
Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services	SANS supporting reimagined industrial priority sectors as defined by dtic	Standards divisions' admin and operating expenditure	R71.4 million	R62.6 million	R66.8 million	R70.0 million
	SANS referenced in public policy and procurement/legislative / regulatory instruments	Standards divisions' admin and operating expenditure	R71.4 million	R62.6 million	R66.8 million	R70.0 million
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directive	Admin and operating expenditure of the SABS Group	R786.6 million	R780.7 million	R802.2 million	R845.2 million
Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions	Improvement in overall customer satisfaction with SABS services - Customer satisfaction rate	Admin and operating expenditure of the SABS' conformity assessment services business	R384.1 million	R424.2 million	R454.5 million	R479.1 million
	Number of new products, services, solutions launched	Admin and operating expenditure of the SABS' conformity assessment services business	R384.1 million	R424.2 million	R454.5 million	R479.1 million
Financial sustainability	Net profit of the SABS Group	Admin and operating expenditure of the SABS Group	R786.6 million	R780.7 million	R802.2 million	R845.2 million
Improve operational efficiencies	Cost-to-income ratio of SABS Group	Ratio – thus not applicable	N/A	N/A	N/A	N/A
Improve employee empowerment and competence	Employee engagement rate	Forms part of total remuneration expenditure	R553.5 million	R543.5 million	R543.4 million	R573.3 million
	Supporting the economic participation of women, youth and people with disabilities	Internal focus: Forms part of total remuneration expenditure	R553.5 million	R543.5 million	R543.4 million	R573.3 million

8.3

Statement of group financial position

	Actual	Actual	Actual	Projected budget	Projected budget	Projected budget	Projected budget
	Mar 2017	Mar 2018	Mar 2019	2019/20	2020/21	2021/22	2022/23
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS							
Non-current assets	1 181 312	1 162 745	1 033 083	824 903	946 921	952 610	918 563
Fixed assets	734 165	712 153	720 500	708 754	833 019	837 284	801 549
Right of use assets				15 689	8 419	4 569	719
Available-for-sale investments	427 338	430 525	312 583	100 460	105 483	110 757	116 295
Deferred taxation	19 809	20 067	-	-	-	-	-
Current assets	240 750	294 223	462 947	696 609	414 657	307 250	292 415
Inventory	1 640	2 708	3 125	3 947	4 342	4 603	4 879
Trade and other receivables	147 167	165 520	200 661	160 774	257 238	302 647	287 536
Cash and cash equivalents	91 943	125 995	259 161	531 888	153 077	-	-
Total assets	1 422 062	1 456 968	1 496 030	1 521 512	1 361 578	1 259 860	1 210 978
EQUITY AND LIABILITIES							
Equity and reserves	875 245	858 029	884 434	837 523	710 273	629 901	567 321
Accumulated profit	819 034	791 191	811 303	758 718	632 968	554 096	493 016
Capital and reserves	56 211	66 838	73 131	78 805	77 305	75 805	74 305
Non-current liabilities	375 486	357 849	314 618	384 759	355 301	341 023	327 261
Employment benefit obligations	101 576	98 388	92 203	85 336	77 720	78 658	80 190
Deferred income	273 910	259 461	221 003	288 171	273 762	260 074	247 071
Deferred taxation	-	-	1 412	2 324	-	-	-
Lease liabilities	-	-	-	8 928	3 819	2 291	-
Current liabilities	171 331	241 090	296 978	299 230	296 004	288 936	316 396
Trade and other payables	97 435	125 138	160 154	137 858	132 697	120 483	150 012
Provisions	56 113	74 858	784	353	-	-	-
Employment benefit obligations	10 219	10 129	10 319	10 123	9 617	9 136	8 679
Deferred income	7 564	30 965	125 721	143 316	148 581	153 126	156 986
Lease liabilities	-	-	-	7 580	5 109	6 191	719
Total equity and liabilities	1 422 062	1 456 968	1 496 030	1 521 512	1 361 578	1 259 860	1 210 978

The SABS anticipates total assets to reach R1.2 billion during the planning period. Property, plant and equipment is expected to increase by R92.8 million over the MTEF as result of 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 mainly from grant funding from the fiscus. The projected losses are placing strain on the cash resources of the SABS and current projections indicate that the SABS will run out of cash in February 2021. In the event that the resources are not available, planned activities and revenue projections will have to be reassessed.

8.4 Group capital expenditure

CAPEX BUDGET 2020/21 - 2022/23				
AREAS	2020/21	2021/22	2022/23	GRAND TOTAL
Laboratory Services	71.8	20.0	20.0	111.8
Facilities	58.0	40.0	-	98.0
ICT	43.0	-	-	43.0
Other	12.0	-	-	12.0
GRAND TOTAL	184.8	60.0	20.0	264.8

A capital expansion plan of R264.8 million has been budgeted for the next three-year period. The capital budget is focused on three areas namely Laboratory services, Facilities and ICT. The capital expenditure budget for Laboratory services will be mainly allocated towards upgrading those laboratories that support the SABS Mark and agreements with regulators. The facilities budget relates to work on upgrading the current aged infrastructure. The investment in ICT will be to digitise the SABS to improve operational efficiencies.

8.5 Projected group cash flow statement

	Actual Mar 2017 R'000	Actual Mar 2018 R'000	Actual Mar 2019 R'000	Projected budget 2019/20 R'000	Projected budget 2020/21 R'000	Projected budget 2021/22 R'000	Projected budget 2022/23 R'000
Cash (outflow)/inflow from operating activities	(12 458)	49 146	(36 658)	28 085	(189 605)	(87 358)	33 300
Cash received from customers	538 536	531 165	549 310	562 326	376 558	462 418	573 945
Cash received from government	183 211	243 153	232 477	252 151	240 039	273 694	283 710
Cash paid to suppliers and employees	(764 349)	(754 281)	(854 237)	(832 898)	(825 278)	(843 500)	(845 387)
Cash (utilised by)/generated from operations	(42 602)	20 037	(72 450)	(18 421)	(208 681)	(107 388)	12 268
Net finance revenue and dividends	30 144	29 109	35 792	46 506	19 076	20 030	21 032
Cash (outflow)/inflow from investing activities	(63 953)	(15 094)	169 824	250 638	(185 023)	(65 274)	(25 538)
Purchase of fixed assets	(42 459)	(18 913)	(21 597)	(40 715)	(180 000)	(60 000)	(20 000)
Purchase of intangible assets	(273)	(5 973)	(3 100)	(1 282)	-	-	-
Proceeds on disposal of property, plant and equipment	4	116	93	3	-	-	-
Purchase of available-for-sale investments	(124 225)	(448 385)	(24 528)	(5 804)	(5 023)	(5 274)	(5 538)
Disposal of available-for-sale investments	103 000	458 061	132 000	208 000	-	-	-
Grant funding/external funding	-	-	86 956	90 436	-	-	-
Cash inflow/(outflow) from financing activities	-	-	-	(5 996)	(4 183)	(446)	(7 763)
Lease liability payments	-	-	-	(5 996)	(4 183)	(446)	(7 763)
Funding for government specific projects	5 579	-	-	-	-	-	-
(Decrease)/increase in cash and cash equivalents	(70 832)	34 052	133 166	272 727	(378 810)	(153 078)	-
Cash and cash equivalents at beginning of year	162 775	91 943	125 995	259 161	531 888	153 078	-
Cash and cash equivalents at end of year	91 943	125 995	259 161	531 888	153 078	-	-

The SABS' cash and cash equivalents comprise the funds received from the shareholder for the infrastructure projects, funds the investment portfolio and the net working capital. No cash and cash equivalents are projected for 31 March 2022 and 31 March 2023. This is due to the fact that the SABS forecasts to have utilised all of its cash reserves by 2022. This represents a decrease of R259.2 million since 31 March 2019, mainly to fund capital replacements and/or expansions 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.

8.6 Borrowing plan

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

8.7 Dividend policy

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

8.8 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.

PART F:
RISK AND FRAUD MANAGEMENT

9. RISK MANAGEMENT AND FRAUD PLANS

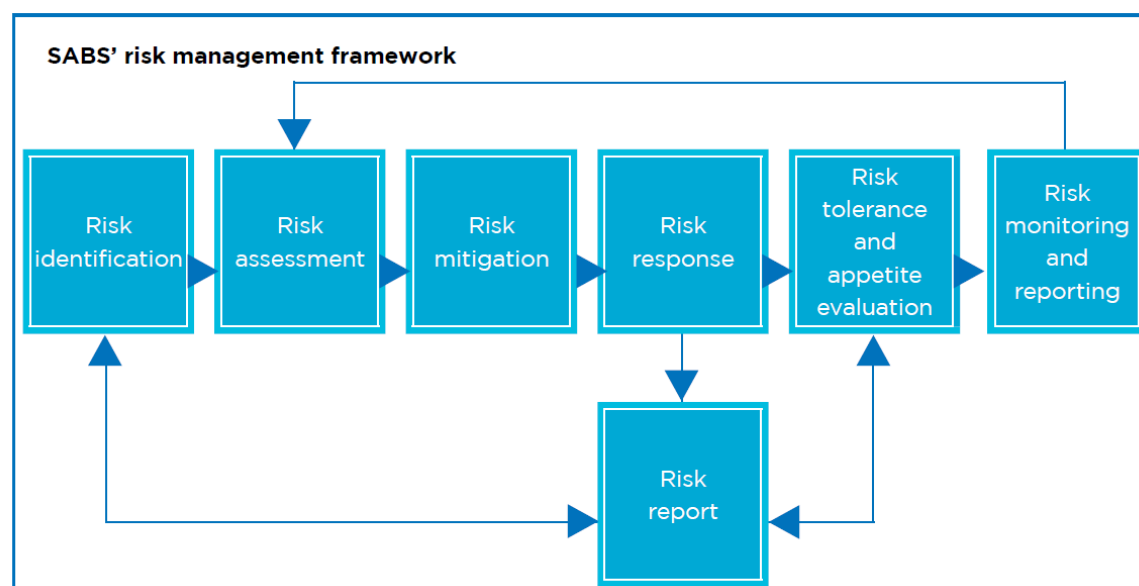
The SABS has both a legislative mandate and a commercial interest to ensure its long term sustainability. Section 51(1)(a)(i) of the PFMA requires the Accounting Authorities to ensure that their Institutions have and maintain effective, efficient and transparent systems of risk management.

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.

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



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.

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

9.1 Strategic risks register

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

Outcome	Risk theme	Impact	Inherent risk rating	Mitigation	Residual risk rating	Action plans	Implementation dates	Responsible official(s)
Creation of knowledge for dissemination of new technologies and innovative practices, that facilitates fair trade, supports policy, regulatory and industrialisation objectives, and creates tool for conformity assessments to enhance confidence of products and services	Standards development, Governance & Promotion	<ul style="list-style-type: none"> Loss of stakeholder confidence Reputation and service delivery 	High	<ul style="list-style-type: none"> Standards procedures and policies Compliance with SANS 1.1 Standards development/review Committees 	Medium	Develop and implement the National Standards Strategy	31 March 2021	Exec: Standards
						Develop and implement the Standards Development Project Management tool	31 March 2021	Exec: Standards
						Review of Divisional policies and procedures including Technical Committees and Standards Committees.	31 March 2021	Exec: Standards
Improved competitiveness support to South African enterprises by providing internationally recognised knowledge and business assurance solutions	Loss of stakeholder confidence and customer dissatisfaction	<ul style="list-style-type: none"> Loss of revenue Redundant capacity Underutilisation of assets Reputational damage 	High	<ul style="list-style-type: none"> Stakeholder engagements, including customers, industry associations, regulators, etc. Customer care line Quality assurance programme Governance structures, e.g. bid committee, approvals board. Business development initiatives (e.g. revenue projects, pipeline) Customer satisfaction index. 	High	Enhancing strategic relationships with regulators, industry associations Government departments and other Government entities to provide value-adding customised services	31 March 2021	Execs: Cert and Lab Services
						Developing new digital channels to improve the customer experience and improve service/product request and customer engagement turnaround times and provide better visibility of customer and stakeholder engagements	30 Sep 2021	CFO
						Conduct at least 5 government stakeholder engagements to promote the uptake of SANS in support of policy and regulatory objectives	31 March 2021	Exec: Standards
						Strategic engagement between the Board of SABS and SANAS to address outstanding accreditation issues and improve relations	31 March 2021	Execs: Cert and Lab Services

Outcome	Risk theme	Impact	Inherent risk rating	Mitigation	Residual risk rating	Action plans	Implementation dates	Responsible official(s)
Improved organisational performance: <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	Financial sustainability	<ul style="list-style-type: none"> Inability to keep the right level of expertise, appropriate incentives and international exposure Loss of revenue 	High	<ul style="list-style-type: none"> Cost containment measures have been put in place Budget and financial management processes Working capital management to manage cash flows Existing pricing models 	Medium	Develop and execute the new business pipeline from sales to revenue conversion	Monthly	Execs: Cert and Lab Services
						Conclude partnerships with additional laboratories to enhance SABS testing capability	Ongoing	Execs: Cert and Lab Services
						Strengthening of cost containment measures	Monthly	CFO
						Establish new business development opportunities	Monthly	Execs: Cert & Lac Services
						Upgrading the aging infrastructure to improve productivity and operational efficiencies	31 March 2020	CFO
						Manage permit and certificates cancellation requests	Monthly	Execs: Cert and Lab Services
	Local content & Regulatory Services Sustainability	Local content verification <ul style="list-style-type: none"> Lack of sustainable funding model to fund Local Content Verifications could lead to the non-recovery of cost incurred 		<ul style="list-style-type: none"> Provision is made for the supplier (mining rights holder) to pay for verification within the mining charter. Continuous engagements with procuring organ of state. 		<ul style="list-style-type: none"> Continued shareholder engagement (the dtic) for sustainable funding model implementation of user pays as per Government Gazette for mining sector Pursue winning bidders or procuring organs of state to fund local content verification (case by case, winning bidder or procuring organ of state funding arrangements) 	Ongoing	Exec: Cert
		Consignment Inspection <ul style="list-style-type: none"> Reduction in Government spending on commodities inspection pricing model, reduces revenue generation opportunities 		<ul style="list-style-type: none"> Root cause is external market consequence sand not controllable within BU 		<ul style="list-style-type: none"> Provide technical support to National Treasury to ensure the importance of inspection services are effectively communicated. Engage with the dtic trade desks for Clothing, Textiles, Pharmaceuticals and Plastics to identify potential areas of collaboration. Develop and implement business development plan consignment inspection business growth and sustainability 	Ongoing	Exec: Cert
		Vehicle Test Station <ul style="list-style-type: none"> Gap in the legislation on the alignment of fee structure could lead to non-recovery of cost incurred 		<ul style="list-style-type: none"> NRTA Regulation 137D of the NRTA. 		<ul style="list-style-type: none"> Put a proposal with the NDoT for increase in the fees for Vehicle Test Stations was done in MOUs 	Ongoing	Exec: Cert

Outcome	Risk theme	Impact	Inherent risk rating	Mitigation	Residual risk rating	Action plans	Implementation dates	Responsible official(s)
Improved organisational performance (continued): <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	Inadequate modernisation, integration of systems and ICT Security	<ul style="list-style-type: none"> Poor delivery of services Wastage of resources Poor turnaround times Inability to gather business intelligence Inability to effectively compete in the market Poor operational efficiencies 	High	<ul style="list-style-type: none"> ICT Steering Committee ICT strategy Business transformation plans; Reconciliation process between systems. 	Medium	Implementation of the SABS Digital Transformation plan	31 Mar 2021	CFO
						Enhance the ISMS implementation to establishing an Information Security Management System that is in line with industry standard (ISO 27001).	30 April 2021	CFO
						Enterprise Vulnerability Management to manage ICT Risks at an acceptable level through identification and treatment of risks	Quarterly	CFO
						ICT Security Performance and Continuous improvement to review of ICT security controls and their effectiveness	Quarterly	CFO
						Implementation of Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP)	Quarterly	CFO and CRO
	Inadequate legislative compliance & legal action	<ul style="list-style-type: none"> Reputational damage Negative publicity Potential litigation due to non-compliance Reduced national relevance 	High	<ul style="list-style-type: none"> Register of applicable legislation Compliance audits 	Medium	Detailed compliance gap analysis of relevant legislation	Monthly	CRO
						Implement plans to closeout legislative compliance gaps.	Monthly	CRO
						Ongoing monitoring and evaluation of legislative compliance	Monthly	CRO
						Legal action and litigation management	Monthly	Head of Legal
	Fraud and corruption	<ul style="list-style-type: none"> Reputational damage Financial loss Third party liability 	High	<ul style="list-style-type: none"> Delegation of authority in place Procurement policies and procedures Declaration of interest processes Fraud hotline Fraud risk management Execution of forensic investigation outcomes Segregation of duties in the issuing of test reports Incentives for employees 	Medium	Conduct Minimum Anti-Corruption Capability Assessment	Quarterly	CRO
						Implement Anti-Corruption and Fraud Prevention Implementation Plan (including awareness and Management of Conflict of interest as well and the conducting of private businesses by SABS employees)	30 April 2021	CRO
						Conduct Fraud and Ethics Risk Assessments	31 March 2021	CRO
						Develop and implement ethics management strategy	30 June 2021	CRO
						Investigations and reporting	Monthly	GM: Internal Audit

Outcome	Risk theme	Impact	Inherent risk rating	Mitigation	Residual risk rating	Action plans	Implementation dates	Responsible official(s)
Improved organisational performance (continued): <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	Health, safety and security	<ul style="list-style-type: none"> Psychological trauma to employees Financial loss Reputational damage Loss of life Theft Increased IOD claims Loss of competent employees 	High	<ul style="list-style-type: none"> Physical security at SABS premises Independent security assessments Health and safety procedures Safety audit and monitoring 	Medium	Health and Safety Training (Health and Safety representatives, incident investigation, Legal Liability Compliance, Induction)	Ongoing	Exec: Human Capital
						HSE risk assessments and medical surveillance	Ongoing	Exec: Human Capital
						Design security system	31 March 2021	CFO
						Implement Interim Physical Security Measures	Monthly	CFO
						Conduct physical security risk assessments and address the identified gaps	September 2020	CFO
	Loss of accreditation	<ul style="list-style-type: none"> Loss of revenue Customer retention Reputational damage 	High	<ul style="list-style-type: none"> Quality assurance of auditors / managers / GMs Quality control of approvals Board (AB) Approvals Board (AB) materiality framework Internal accreditation status audits Issuing of directives 	Medium	Implement annual action plan for maintenance of accreditation status in Testing and Certification operation.	31 March 2021	Execs: Cert and Lab Services
						Appointment and development of competencies (Technical Signatories)	31 March 2021	Exec: Lab Services
						Develop and implement SANAS accreditation Maintenance Plan (For acquiring, retaining and maintaining accreditations of labs)	31 March 2021	Exec: Lab Services
	Laboratory infrastructure constraints and facilities	<ul style="list-style-type: none"> Loss of revenue Customer retention Reputational damage Loss of accreditations 	High	<ul style="list-style-type: none"> Capex demand plans Planned or preventative maintenance Safety management system implementation (HSE Policy) Statutory inspections are conducted at prescribed frequencies COID compliant 	High	Development and Implementation of Infrastructure upgrade plan	31 March 2021	CFO
						Phased approach to replace and /or repair aged infrastructure	31 March 2021	CFO
						Development and Implementation of Preventative Maintenance Plan	31 March 2021	CFO
						Conduct safety and operations assessments at regional offices	31 March 2021	Exec: Human Capital

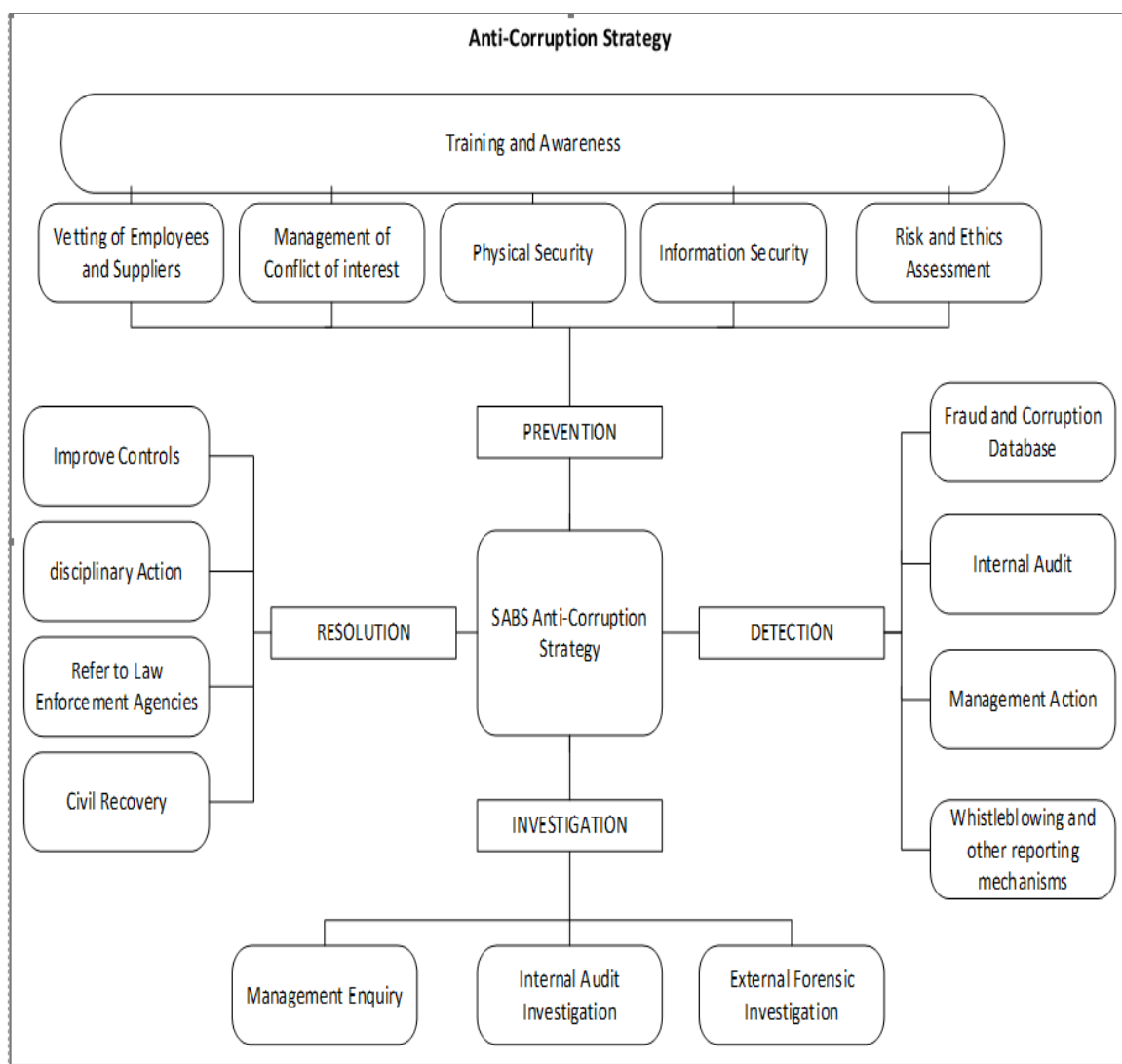
Outcome	Risk theme	Impact	Inherent risk rating	Mitigation	Residual risk rating	Action plans	Implementation dates	Responsible official(s)
Improved organisational performance (continued): <ul style="list-style-type: none"> Financial sustainability Operational efficiencies Employee empowerment and competence 	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 Inability to deliver on SABS mandate 	High	<ul style="list-style-type: none"> HC policies and processes 	High	Review of all SABS HC policies and Procedures, create awareness and enforce compliance	30 June 2021	Exec: Human Capital
						Implement PMS in line with the timeframes and other requirements, conduct compliance analysis and escalate non-compliance for Management action	30 April 2021	Exec: Human Capital
						Implement Critical Positions Plan	30 April 2021	Exec: Human Capital
						Implement the talent management strategy with more focus on the below key initiatives: <ul style="list-style-type: none"> Development of Core and Critical Skills Matrix and Conducting skills gap analysis Revise and implement the talent sourcing plans to attract and retain skills 	Quarterly	Exec: Human Capital

9.2 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 taking into account 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)

Elements of the Corruption and Fraud Management Strategy



All reasonable suspicions of fraud, corruption and maladministration are investigated and 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

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 is summarised below.

The SABs Integrated Anti-Corruption and Fraud Prevention Plan

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

ANNEXURES

ANNEXURE A: FINANCIAL PROJECTIONS OF SABS COMMERCIAL SOC

Statement of financial performance: SABS Commercial SOC

	Actual R'000 2016/17	Actual R'000 2017/18	Actual R'000 2018/19	Actual R'000 2019/20	Budget R'000 2020/21	% Growth	Budget R'000 2021/22	Budget R'000 2022/23
Commercial Revenue	463 824	481 414	473 595	412 206	380 849	-20%	394 179	434 539
Laboratory Services	162 016	176 518	156 162	130 477	120 039	-8%	124 240	136 664
SMME	7 516	4 329	1 356	248	273	10%	282	302
Certificate of compliance	-	-	14 827	12 807	11 782	-8%	12 195	13 049
Training	11 709	12 459	10 228	12 115	12 721	5%	13 166	15 799
Product and system certification	282 582	288 108	291 022	256 559	236 034	-8%	244 296	268 725
Other Income	-	-	15 839	19 395	10 435	0%	10 435	10 435
Other income Recognised			15 839	19 395	10 435	0%	10 435	10 435
Grant	-	-	20 000	123 565	20 000	0%	20 000	20 000
Grant income			20 000	123 565	20 000	0%	20 000	20 000
Total income	463 824	481 414	509 434	555 166	411 284	3%	424 613	464 974
Administrative and operating expenses	(424 933)	(411 795)	(428 964)	(384 134)	(424 165)	25%	(454 518)	(479 077)
Employee benefits	(303 592)	(292 409)	(312 033)	(313 888)	(313 888)	-1%	(331 152)	(349 365)
Contract Services	(23 547)	(23 041)	(18 870)	(15 609)	(20 093)	-1%	(21 117)	(22 194)
Premises costs	(37 627)	(40 732)	(41 848)	(163)	(46 864)	6%	(49 254)	(51 766)
Marketing & Communication	(37)	(81)	(599)	(66)	(56)	-45%	(59)	(62)
Consulting & Technical Fees	(5 136)	(344)	(148)	(1 036)	(106)	-49%	(112)	(118)
Consumables	(10 493)	(11 051)	(9 956)	(10 311)	(9 486)	-9%	(9 970)	(10 478)
Travel foreign	(10 356)	(9 490)	(9 925)	(9 393)	(4 628)	-55%	(8 099)	(8 512)
Travel local	(16 291)	(15 942)	(18 061)	(17 287)	(12 639)	-30%	(17 460)	(18 350)
Municipal services	(1 747)	(1 851)	(1 321)	(1 727)	(1 919)	1%	(2 017)	(2 120)
Other operating expenses	(16 106)	(16 855)	(16 203)	(14 654)	(14 487)	508%	(15 280)	(16 112)
Profit/(loss) from operations	38 891	69 620	80 470	171 032	(12 882)	-114%	(29 905)	(14 103)
Depreciation	(22 483)	(25 321)	(24 646)	(65 150)	(28 986)	23%	(28 986)	(28 986)
Government grants in respect of assets	2 283	3 192	2 983	3 666	3 144	7%	3 144	3 144
Profit/(loss) before other income/expenses, interest and tax	18 691	47 491	58 807	109 548	(38 724)	-154%	(55 747)	(39 946)
Other income	1 464	5 609	12 689	14 211	6 703	-79%	7 105	7 531
Foreign exchange gains	897	2 463	196	5 879	-	-100%	-	-
Disposal Of Prop,Plant & Equip	-	(156)	(985)	(816)	-	-100%	-	-
Sundry income	568	3 303	13 477	9 148	6 703	-5%	7 105	7 531
Other non-operating expenses	(37 102)	(78 699)	(18 182)	(17 765)	(11 565)	-37%	(12 155)	(12 775)
Forex losses	(5 769)	(3 715)	22	(2 266)	-	-100%	-	-
Loss on disposal of property, plant and equipment	(60)	-	-	-	-	0%	-	-
Post-Retirement Medical Aid	(3 011)	(2 924)	(3 310)	(3 202)	(4 180)	7%	(4 393)	(4 617)
Long Service Leave Award	50	727	1 490	1 786	(2 500)	0%	(2 627)	(2 762)
Prior year adjustments	-	(104)	15	78	-	0%	-	-
Income statement losses	-	(21 475)	-	-	-	-100%	-	-
Royalties	(9 277)	-	(73)	(3 373)	-	0%	-	-
Performance bonus	(10 110)	(11 300)	16 109	139	-	0%	-	-
Bad debts	(7 954)	(38 822)	(31 006)	(9 103)	(3 202)	9%	(3 366)	(3 537)
Audit fees	(972)	(1 087)	(1 429)	(1 823)	(1 683)	5%	(1 768)	(1 859)
Other expenses	-	-	-	-	-	0%	-	-
Profit/ (loss) before interest, corporate charges and tax	(16 946)	(25 599)	53 313	105 995	(43 587)	-176%	(60 798)	(45 190)
Finance income/ (costs)	275	(1)	3	(5 974)	-	-100%	-	-
Profit/ (loss) before corporate charges and tax	(16 670)	(25 600)	53 316	100 021	(43 587)	-176%	(60 798)	(45 190)
Corporate services	(45 820)	(48 447)	(51 897)	(36 550)	(73 691)	-100%	(36 550)	(36 550)
Group service recoveries	-	-	15 681	15 424	15 424	0%	15 424	15 424
Group service costs	(45 820)	(48 447)	(67 577)	(51 974)	(89 116)	56%	(51 974)	(51 974)
Profit/ (loss) before tax	(62 491)	(74 047)	1 420	63 471	(117 278)	-2942%	(97 347)	(81 739)
Taxation	-	-	-	-	-	0%	-	-
Net profit/ (loss) for the period	(62 491)	(74 047)	1 420	63 471	(117 278)	-2942%	(97 347)	(81 739)

Statement of financial position: SABS Commercial SOC

	Actual	Actual	Actual	Forecast	Projected budget	Projected budget	Projected budget
	Mar 2017	Mar 2018	Mar 2019	2019/20	2020/21	2021/22	2022/23
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS							
Non-current assets	144 242	125 093	107 391	83 763	146 531	138 694	129 437
Fixed assets	124 434	125 093	107 391	83 763	146 531	138 694	129 437
Deferred taxation	19 808	-	-	-	-	-	-
Current assets	131 552	132 773	247 680	258 216	227 346	274 526	376 661
Trade and other receivables	131 475	132 699	175 253	192 778	202 417	222 659	267 191
Cash and cash equivalents	77	74	72 427	65 438	24 929	51 867	109 470
Total assets	275 794	257 866	355 071	341 979	373 877	413 220	506 098
EQUITY AND LIABILITIES							
Equity and reserves	(871)	54 823	130 860	146 694	159 861	176 174	256 884
Accumulated (loss)/profit	(70 913)	(128 519)	(112 301)	(103 625)	(97 974)	(66 982)	13 341
Share capital	65 662	100 000	100 000	100 000	100 000	100 000	100 000
Other components of equity	4 380	83 342	143 161	150 319	157 835	143 156	143 543
Non-current liabilities	179 033	71 520	65 993	76 726	72 692	68 525	64 213
Employment benefit obligations	40 571	42 625	39 138	37 190	36 300	35 437	34 597
Deferred tax	-	260	1 412	-	-	-	-
Loans from group companies	109 639	3 403	5 858	-	-	-	-
Deferred income	28 823	25 232	19 585	39 536	36 392	33 088	29 616
Current liabilities	97 632	131 523	158 218	118 559	141 324	168 521	185 001
Trade and other payables	58 903	104 782	93 189	111 827	134 192	161 030	177 133
Employment benefit obligations	3 284	3 307	3 420	3 798	3 988	4 187	4 396
Provisions	33 614	20 328	784	-	-	-	-
Deferred income	1 831	3 106	60 825	2 934	3 144	3 304	3 472
Total equity and liabilities	275 794	257 866	355 071	341 979	373 877	413 220	506 098

Projected cash flow statement: SABS Commercial SOC

	Actual	Actual	Actual	Forecast	Projected	Projected	Projected
	Mar 2017	Mar 2018	Mar 2019	2019/20	budget	budget	budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash inflow from operating activities	19 835	5 892	81 645	(6 989)	48 745	46 938	77 603
Cash received from customers	447 495	441 771	482 361	496 822	577 634	622 788	680 109
Cash received from government	-	-	-	20 000	20 000	20 000	20 000
Cash paid to suppliers and employees	(427 655)	(435 878)	(400 719)	(525 782)	(548 889)	(595 850)	(622 506)
Cash generated from operations	19 840	5 893	81 642	(8 960)	48 745	46 938	77 603
Net finance income/(cost)	(5)	(1)	3	1 971	-	-	-
Cash outflow from investing activities	(19 835)	(5 895)	(9 292)	-	(89 254)	(20 000)	(20 000)
Purchase of fixed assets	(19 640)	(5 895)	(9 308)	-	(89 254)	(20 000)	(20 000)
Purchase of intangible assets	(200)	-	(77)	-	-	-	-
Proceeds on disposal of property, plant and equipment to holding company	-	-	93	-	-	-	-
Proceeds on disposal of property, plant and	5	-	-	-	-	-	-
(Decrease)/increase in cash and cash	-	(3)	72 353	(6 989)	(40 509)	26 938	57 603
Cash and cash equivalents at beginning of year	77	77	74	72 427	65 438	24 929	51 867
Cash and cash equivalents at end of year	77	74	72 427	65 438	24 929	51 867	109 470

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.

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: R6.1 million (based on 2018/19 total income of R813.3 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 as a consequence 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 Disclose as prescribed
	c) Include the financial statements of any subsidiaries.	All subsidiaries are consolidated

Section	Requirement	SABS framework
<p>Section 54(2)</p> <p>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.</p>	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: R22.4 million (based on 2018/19 total assets of R1 496.03 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% For an acquisition, any transaction that results in a shareholding of at least 20% in a company
	d) Acquisition or disposal of a significant asset	<p>All asset acquired or disposed, other than:</p> <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: <p>Materiality is calculated at 1.5% of total assets: R22.4 million (based on 2018/19 total assets of R1 496.03 million as per annual financial statements)</p>
	e) Commencement or cessation of a significant business activity; and	<p>A business activity that falls <u>within the SABS core business</u>, including standards development and the provision of conformity assessment services, do not require approval</p> <p>A business activity that <u>falls outside the SABS core business</u>: Materiality is calculated at 1.5% of total assets: R22.4 million (based on 2018/19 total assets of R1 496.03 million as per annual financial statements)</p> <p>Qualitative (both core and non-core): Consider whether the cessation of business activity will likely result in large-scale retrenchments</p>
	f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	<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"> Any change in the interest of the rand value: Materiality is calculated at 1.5% of total assets: R22.4 million (based on 2018/19 total assets of R1 496.03 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	Requirement	SABS framework
Section 66(1)	<p>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-</p> <ul style="list-style-type: none"> a) Is authorised by this Act; and b) In the case of public entities, is also authorized by other legislation not in conflict with this Act; and c) 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). 	The SABS acts within the ambit as set by this clause.

ANNEXURE C: ANNUAL PERFORMANCE INDICATOR PROFILES

Indicator title	SANS supporting reimagined industrial priority sectors as defined by dtic	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 directives
Definition	The number of standardisation commitments completed as part of government's process to develop masterplans for each identified industrialisation sector. The number of standardisation commitments to be completed annually will be agreed with the dtic.	Number of SANS referenced in public policy and procurement / legislative/regulatory instruments	The SABS is required to provide feedback/report on its support on various developmental policy interventions or Ministerial Directives.
Purpose / importance	To ensure that the organisation can deliver on its commitments to the shareholders and align the services of the SABS to that of the Industrial Policy	To ensure that SANS 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	Standards Division	Report or information from division
Method of calculation / assessment	Count the number of standardisation commitments completed.	Count the number of engagements conducted with government departments/regulators. In subsequent years, the number of standards referenced in regulations will be counted	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 dtic or be a standalone report.
Means of verification	Count the number of standardisation commitments completed.	Count of the number of engagements supported by proof of engagement e.g. minutes of meetings, attendance register, 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 year-to-date	Cumulative year-to-date	Cumulative year-to-date
New indicator	Partly (Refined with changes to industrial policy)	Yes	Yes
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	Executive Standards	Executive Standards	All Executives (As it may depend on directives issued)

Indicator title	Customer satisfaction rate	Number of new products, services, solutions launched
Definition	Average rating from responses received from customer satisfaction survey	Number of new products, services, solutions launched
Purpose / importance	To gauge how the SABS is perceived by its customers and to understanding the expectations and requirements of the SABS' customers	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 rating calculated of Certification, Laboratory Services and Training (weighted based on budgeted revenue for the financial year)	Count of new products, services, solutions launched to customers New: Product/service/solution did not exist before
Means of verification	Weighted average rating 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 survey results	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	Collate and report on KPI: Sales and Marketing	Executive Certification, Testing and GM: Training

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 sufficient income to cover its operational costs in order 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 (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	Collate and report on KPI: CFO KPI responsibility: All divisions	CFO

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 individuals supported
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 Rating should be out of 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: 46% in FY2020/21 Target for youth: 24% in FY2020/21 Target for people with disabilities: 1.8% in FY2020/21
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	No	Quarterly to Exco, Board and to the dtic
New indicator	Annual to Exco, Board and the dtic	No
Desired performance	Higher rating than targeted rating is desirable	Higher performance than targeted performance is desirable
Indicator responsibility	Executives: Human Capital, supported by all divisions	Executives: Human Capital, supported by all divisions