
SABS

Final Corporate Plan **FY2022/23 to FY2024/25**



ACRONYMS AND ABBREVIATIONS

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

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PREFACE

It is hereby certified that the Corporate Plan was:

- developed by the management of the South African Bureau of Standards (SABS) under the guidance of its Co-administrators,
- that it considers all the relevant policies, legislation and other mandates for which the SABS is responsible, and
- has accurately reflected the performance targets that management will endeavour to achieve, given the resources available, over the FY2022/23 – FY2024/25 period.



Tina Maharaj
Chief Financial Officer



Jodi Scholtz
Lead-administrators



Tshenge Demana
On behalf of the Co-administrators

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

No	Description	Reference
1	Strategy	Section 4
2	Key performance indicators	Section 5
3	Governance structure <ul style="list-style-type: none">• Governance structures and roles/responsibilities• Structure of Board of committees• Structure of Executive management	Section 2
4	Financial plan (covering the next three years) including <ul style="list-style-type: none">• Projects income statement• Projects balance sheet• Projects cash flow statement	Section 7
5	Dividend policy	Par 7.7
6	Capital expenditure plan (covering the next three years)	Par 7.4
7	Borrowing programme (covering the next three years)	Par 7.6
8	Risk management plan <ul style="list-style-type: none">• Description of risk management process• Key operational risks	Section 8
9	Fraud prevention plan	Par 8.2
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

FOREWORD BY THE MINISTER



Mr Ebrahim Patel - Minister of Trade, Industry and Competition

The Corporate Plan identifies the outputs, output indicators and targets that an entity aims to achieve in the new financial year. The Executive Authority is responsible for providing direction on the development and implementation of policies and strategic priorities of entities in line with their respective mandates, and to ensure the Corporate Plan is aligned to government's priorities.

The environment in which the APPs and Corporate Plans of the Department of Trade, Industry and Competition (the dtic) and our entities have been formulated remains challenging, given the impact of the COVID-19 pandemic, the July 2021 unrest and more recently the Russia/Ukraine war. At the same time, determined efforts by the Administration has seen signs of economic recovery and greater investor confidence in economic prospects. In this light, Government's priority focus continues to be the recovery of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan adopted in 2020, and the tasks outlined by President Ramaphosa in the 2022 State of the Nation Address.

This Corporate Plan is expected to take forward the strategic shift initiated in 2021/2022 toward strengthened implementation and impact of dtic's work, through greater integration of efforts within the department and our entities, guided by shared, crosscutting outcomes and joint performance indicators.

In this regard, the work of **the dtic** and the entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous "Joint-KPIs") namely Industrialisation; Transformation; and Capable State (Implementation/ Effective Delivery). In this way these Outcomes more deliberately and directly inform respective outputs and KPIs of the department and entities.

In turn, the scope of the outputs collectively still encompass the identified dtic's priorities, which include among others, the work of sector masterplans, initiatives to boost levels of investment and localisation in the economy, expanding trade within the continent, enabling better local economic development, supporting the growth of new industries (in the green economy and through beneficiation) and building a capable state, in particular addressing red tape as prioritised by the President in the 2022 State of the Nation Address.

Every entity in the dtic has been requested to align their Plans to the three outputs, it being recognised that a particular entity's core business links more clearly and strongly to one or the other of the overarching Outcomes, than to others.

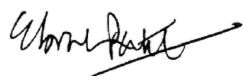
This Corporate Plan represents the outcome of the work done by the South African Bureau of Standards. Following the tabling of the APP by the dtic itself, each entity of the Department will be expected to consider such additional refinement and additions to be made and following completion of the review, such an addendum to this Corporate Plan may be submitted in due course after the tabling.

In the case of the SABS, this process will also consider the ongoing implementation of a revised operating model, and the finalisation of a process to strengthen its Human Resources environment. The completion of these two macro-organisational processes will result in savings in the SABS budget and, once completed, improved financial estimates for the MTEF period are expected to be provided.

This Corporate Plan is therefore not about many new objectives but rather on a new way of implementation, with the focus on integration, to enhance the development impact of the work.

I accordingly table the Corporate Plan for 2022/23 in accordance with the request by the Speaker.

I wish to thank the management and governance structures for the work done and wish them well in executing the Corporate Plan and aligning their work to government's overall programmes and priorities.



Ebrahim Patel

Minister of Trade, Industry and Competition

Date: 31 March 2022

OVERVIEW BY THE LEAD-ADMINISTRATORS



The enabling statute of the South African Bureau of Standards (SABS), namely the *Standards Act, 1945 (Act No. 24 of 1945)* which was later amended to the *Standards Act, 2008 (Act No. 8 of 2008)*, provides the SABS with a very clear national mandate, which is to:

- Develop, promote and increase the use of South African National Standards,
- Promote quality in connection with commodities, products and services,
- Render conformity assessment and related services.

The SABS is also a Section-3B public entity under the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). This means that all Section-3B entities are referred to as government businesses or enterprises that are expected to generate their own income but could be funded by government through grant funding.

After being placed under administration in July 2018, the SABS has implemented a 3-year Turnaround Strategy to improve the financial sustainability of the Bureau and to improve service levels to our customers. This Turnaround Strategy consisted of three key phases, namely: (1) stabilising the SABS, (2) fixing the business problems and (3) 'charting a new course' for the Bureau.

The Corporate Plan for the FY2022/23 to FY 2024/25 Medium-Term Expenditure Framework (MTEF) period contains elements of 'fixing' the business but also focuses heavily on 'charting' the new course.

With regards to the development of National Standards the SABS has made significant progress in reducing the time taken to develop a new national standard. This has occurred under very difficult operating conditions caused by the impact of the Covid-19 disruptions. Participation and the frequency of technical committee meetings has been sustained and the SABS aims to drive greater improvements in this area. In the next year, the SABS will set an ambitious target of appointing Technical Committees Chairpersons and within this programme we aim to improve the gender ratio between men and women.

Our Standards Development Programme is closely aligned with the Executive Authority, namely **the DTIC**, and we provide critical support to the development of the National Master Plans. Standards play a critical role in ensuring the adoption of wider quality agenda in the National Master Plans.

The Standards Division will continue participating and playing an influencing role in international standards organisations, such as the International Organisation for Standardization (ISO) and International Electrotechnical Commission (IEC). The SABS has been nominated to serve on the highest decision-making body, the ISO Council and through collaboration and mutual interests is driving an aggressive agenda for developing countries.

Regarding the continental quality agenda, the SABS is an active member of the African Organisation for Standardisation (ARSO), SADC Standards (SADCSTAN) and the African Electrotechnical Standardisation Commission (AFSEC) and deploys South African to over 30 technical committees and sub-committees. These harmonisation projects that will result in the development of African standards. All regional and continental efforts are aimed at supporting the deepening of the African Continental Free Trade Area (AfCFTA).

The SABS has worked closely with other African National Standards Bodies (NSBs) and we have provided training services and sold various national standards. During the MTEF the SABS will sustain these efforts and aims to concluded additional agreements with the regional NSBs which will support South African exporters when mutual recognition agreements are in place with other NSBs.

During the first year of the MTEF period the SABS will continue implementing the rollout of the newly designed target operating model (TOM). In conjunction with the roll out of the new TOM critical leadership and technical positions will be filled. The SABS has initiated a S 189 in terms of the Labour Relations Act consisting of early retirement and

voluntary severance packages to manage the fixed cost base of the Bureau and this improvement will improve the financial sustainability.

The SABS will implement two new information management systems, in the Certification and Laboratory Services Divisions, to support the TOM. These systems will optimise auditor planning and the demand planning for all the Bureau's testing laboratories.

In order to provide certification services to our customers the SABS must maintain all relevant accreditation of its schemes and we will strengthen and streamline the processes of the internal Accreditation functions to ensure this.

The roll out of the new Certification Information Management System (SABSCIMS) will also build in an extra layer of assurance in these processes and will optimise auditor planning. The Certification Division is required to develop and to take-to-market two new certification schemes in the first year of the MTEF and this will be aided by a sustained effort to sell our new Local Content Verification scheme.

A significant funding requirement still exists and this has hampered the SABS' ability to upgrade certain laboratories and reinvest in critical laboratory equipment. The Turnaround Strategy has focused our attention on the productivity of the laboratories and in the coming financial year we expect to implement a range of process optimisation projects which will result in better productivity. Much effort and resources have been invested in ensuring optimal laboratory testing conditions and improvements to the central pump system (heating and ventilation) have helped sustain testing capabilities.

Finally, in the new Target Operating Model we have restructured the sales and marketing functions into a more streamlined and integrated Customer Partnering division which will be the sole custodian of the customer in the SABS. This area will be responsible for the customer journey and already significant engagement with customers have occurred. In the coming financial year, the SABS will step up its engagements with industry bodies to drive the national quality agenda and to align with industry developments.

The SABS is a relevant national structure which maintains over 7,400 South African National Standards, which has the largest pool of accredited quality auditors in Southern Africa, which has a total set of 33 testing laboratories supported by technical experts and technical signatories who are accredited by the SA National Accreditation System (SANAS), which in turn, is a member of the International Accreditation Forum (IAF) and International Laboratory Accreditation Cooperation (ILAC). This is a testament to our technical competence that requires active management to ensure that we continue to serve our clients.

In closing, the Administrators wish to express their gratitude to both the staff, management and social partners for the co-operative spirit with which the difficult tasks facing SABS have been approached. The support of the Executive Authority, namely Minister Ebrahim Patel and Deputy Minister Fikile Majola, has been invaluable in our ability to execute the Turnaround Strategy. We look forward to closer cooperation in the next 3-years and would like to express our gratitude for their support.



Jodi Scholtz

Lead-Administrator

**PART A:
SABS OVERVIEW AND GOVERNANCE**

1. SABS OVERVIEW

1.1 Legislative mandate

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

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

1.2 Principal activities

The SABS services include the following:

Standards

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

Certification

The SABS provides conformity assessment services and assurance for product- and management- systems, 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. The SABS also support regulators to ensure compliance to their scheduled requirements, such as Letters of Conformity for ICASA.

Consignment inspection

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

Local content verification

The DTIC and the Department of Mineral Resources and Energy (DMRE), under the Mining Charter, appointed SABS as the local content verification agency to fulfil the requirements of the amended regulations to the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000, promulgated in June 2011 and which became effective in December 2011.

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

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

Laboratory services

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 most laboratories located in Pretoria. Certain specialist laboratories are strategically located across the country.

Training and business advisory

The SABS Training Academy is a critical part of the value chain of the SABS services that seek to enhance the skills of industry and government professionals to understand and implement SANS. The Academy currently offers a diverse portfolio of training courses, focusing mainly on management system standards. A new service arm will reside in this business unit and will provide advisory services to clients that support conformity assessment and related services. The provision of services to SMMEs and the Black Industrialist programme will be continuing within this portfolio.

2. GOVERNANCE STRUCTURE

2.2 Introduction

The SABS exists as a public entity in terms of the Standards Act, 2008 (Act 8 of 2008), under the Executive Authority of the 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.

2.3 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 of which one has subsequently resigned.

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.

The two Co-administrators are:

- Ms Jodi Scholtz – the Chief Operating Officer of **the DTIC**
- Dr Tshenge Demana – the Chief Director, Quality 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	49	F	Black	<ul style="list-style-type: none">• BA Arts• B Com Hons• MBA	Strategy, operations, risk management and governance, marketing and stakeholder engagement
Tshenge Demana	59	M	African	<ul style="list-style-type: none">• PhD (Chemistry)	Quality management and laboratory services

Following the appointment of the Co-administrators, an Interim Audit and Risk Committee was established to undertake the necessary audit functions as set out in the law.

The Risk, Social and Ethics Committee has been established by resolution. The terms of reference have been finalised. 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 Committee

The Interim Committee comprises three independent non-executive members and one executive member who is the Co-administrator. 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	GENDER	RACE	QUALIFICATIONS	AREA OF EXPERTISE
Sikkie Kajee (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	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	F	Black	<ul style="list-style-type: none">• BA Arts• B Com Hons• MBA	Strategy, operations, risk management and governance, marketing and stakeholder engagement
Shabeer Khan	M	Indian	<ul style="list-style-type: none">• CA(SA)	Finance, auditing, governance and risk

Interim Risk, Social and Ethics Committee

The Interim Risk, Social and Ethics Committee comprises two non-executive members one of which is the Co-administrator and the other the Lead-Administrator of the SABS, as well as an Executive from the SABS. The Committee has both statutory and non-statutory mandates which includes amongst others to, Ensure good corporate citizenship;

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

The table below reflects a summarised profile of the Risk, Social and Ethics Committee members:

NAME	GENDER	RACE	QUALIFICATIONS	AREA OF EXPERTISE
Jodi Scholtz	F	Black	<ul style="list-style-type: none"> BA Arts B Com Hons MBA 	Strategy, operations, risk management and governance, marketing and stakeholder engagement
Tshenge Demana	M	Black	<ul style="list-style-type: none"> PhD (Chemistry) 	Quality management and laboratory services
Tina Maharaj	F	Black	<ul style="list-style-type: none"> CA(SA), MBA & MCom: Tax 	Finance and taxation




2.4 The Executive Committee





The previous Board had delegated a wide range of matters to the Executive Committee, including governance, financial, operational, risk and functional issues. A seven-member Executive Committee (EXCO) supports the Lead-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.

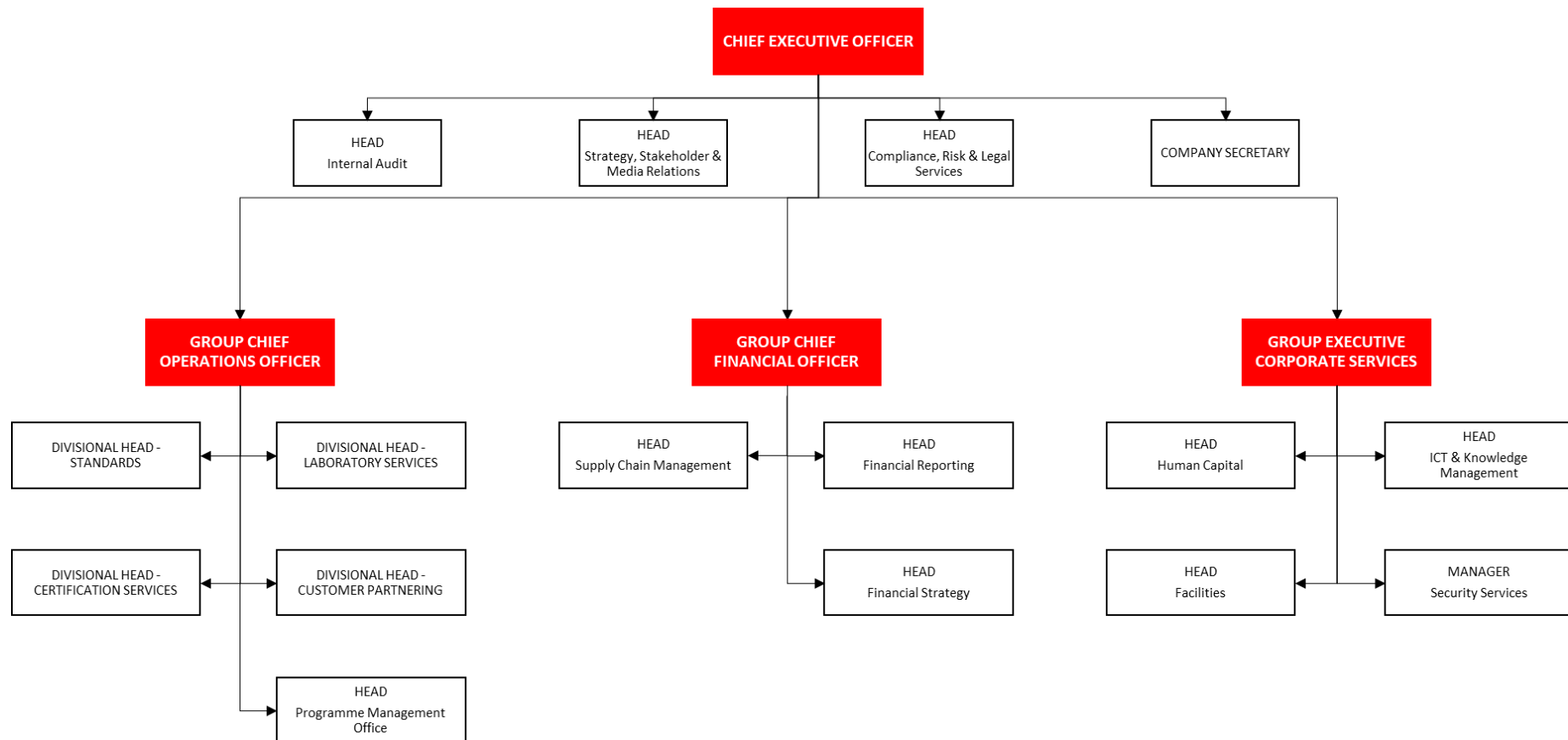
The performance of members of the Executive Committee is evaluated against their agreed performance contracts which are aligned to the Organisational Scorecard and which is annually approved by the Accounting Authority.

Table 1: The Executive Committee is comprised of the following members:

	<p style="text-align: center;">JODI SCHOLTZ (49) Lead Administrator</p> <p>Date appointed as lead administrator: 6 February 2020 Date appointed to the SABS: July 2018 Qualification: MBA, BCom (Hons), BA: Arts & Postgraduate Diploma: Trade Policy</p>
	<p style="text-align: center;">TINA MAHARAJ (40) Chief Financial Officer</p> <p>Date appointed as CFO: 01 December 2021 Date appointed to the SABS: 1 September 2017 Qualification: CA(SA), MBA & MCom: Tax</p>
	<p style="text-align: center;">KATIMA TEMBA (42) Divisional Head: Certification Services</p> <p>Date appointed as divisional head: 01 December 2021 Date appointed to the SABS: 10 February 2014 Qualification: MBA, BTech: Electrical Engineering & Diploma: Electrical Engineering: Electronics</p>

	<p style="text-align: center;">THABO SEPURU (47) Divisional Head: Laboratory Services</p> <p>Date appointed as divisional head: 01 December 2021 Date appointed to the SABS: 01 May 2003 Qualification: MSc: Applied Radiation Science and Technology, BSc: Chemistry and Physics, EDP</p>
	<p style="text-align: center;">LUNGELO NTOBONGWANA (43) Divisional Head: Customer Partnering</p> <p>Date appointed as divisional head: 01 December 2021 Date appointed to the SABS: 01 August 2017 Qualification: MBA, MCom: Business Management, BTech: Project Management & Diploma: Analytical Chemistry</p>
	<p style="text-align: center;">SADHVIR BISSOON (48) Divisional Head: Standards</p> <p>Date appointed as divisional head: 01 December 2021 Date appointed to the SABS: 1 August 2003 Qualification: DTech: Biotechnology, MSc: Biotechnology & BSc (Hons)</p>
	<p style="text-align: center;">LIZO MAKELE (51) Chief Corporate Services Officer</p> <p>Date appointed as CCSO: 01 December 2021 Date appointed to SABS: 1 July 2018 Qualification: MBA, BTech: HR Management & MDP</p>

2.5 Organisation structure



**PART B:
SITUATIONAL ANALYSIS**

3. SITUATIONAL ANALYSIS

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

3.1. External environmental

Economic

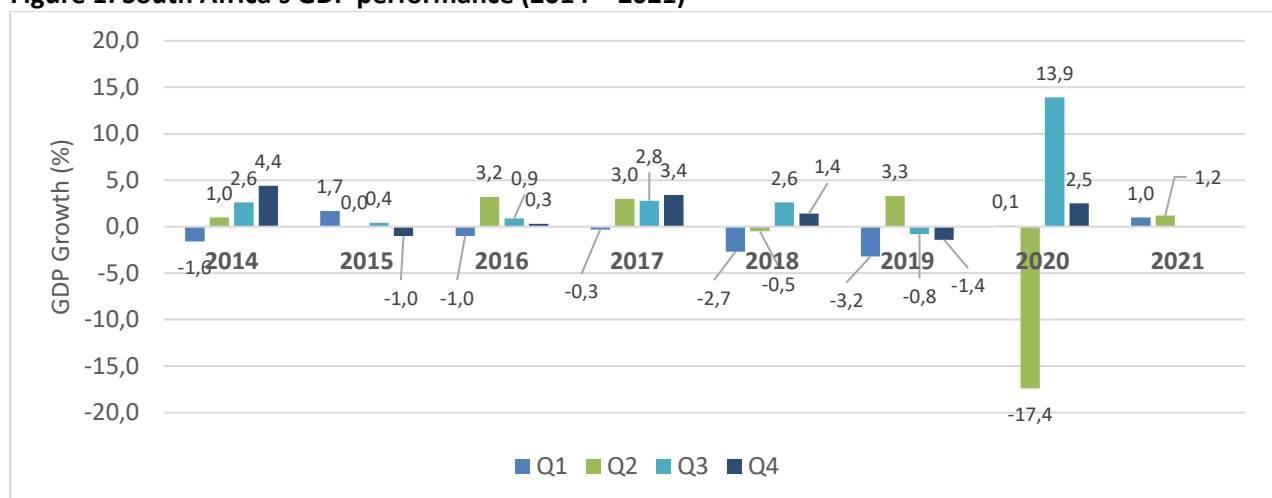
The South African economy in 2019 faced significant structural challenges, including spatial inequity, electricity supply disruptions, delays in the auctioning of broadband spectrum, and significant competition from imports due to global imbalances in sectors such as steel, electronics and various consumer good. As a result, the economy grew by only 0.2% in real terms, and unemployment remained high. The focus of the new administration was on boosting investment and promoting strong sector-based growth strategies.

The COVID-19 pandemic introduced new pressures on the South African economy and exacerbated some of these structural challenges and interrupted the progress made on government’s economic reform policies.

Although the country’s GDP has risen steadily from the low base in 2020, which caused the economy to contract by 6.4%, the economy is still 1.4% smaller than it was before the Covid-19 pandemic. The sharp contraction in 2020 left the economy lagging other emerging economies, which as a group contracted by 2.1% last year.

The National Treasury has estimated that the July 2020 riots could shave off as much as 0.9% points from this year’s economic growth figure.

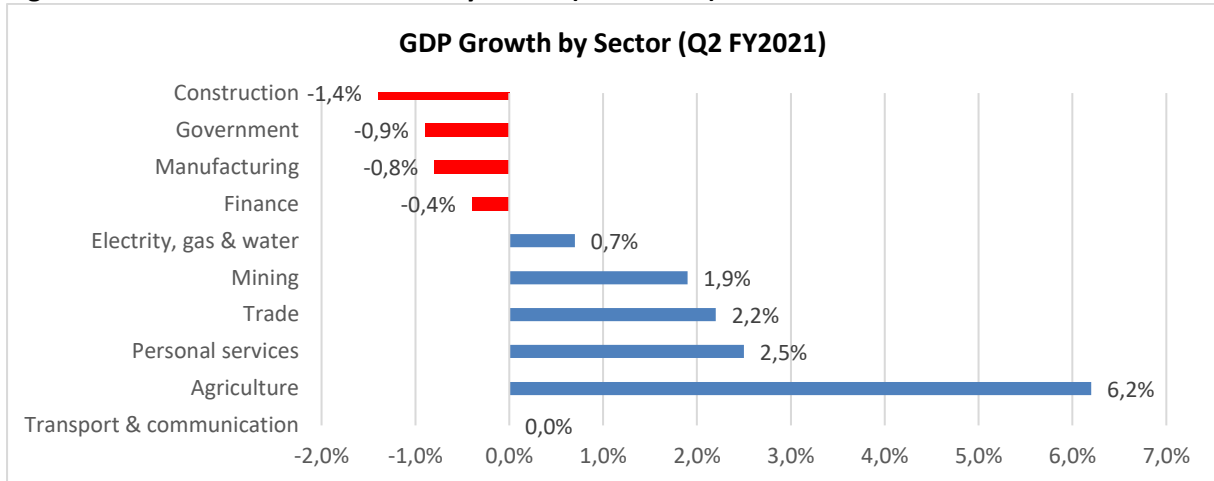
Figure 1: South Africa’s GDP performance (2014 – 2021)



Source: Stats SA, 2020

To achieve a modest target of 3% to 4% growth on a sustained basis the government would have to make real progress in implementing reforms that encourages the business sector.

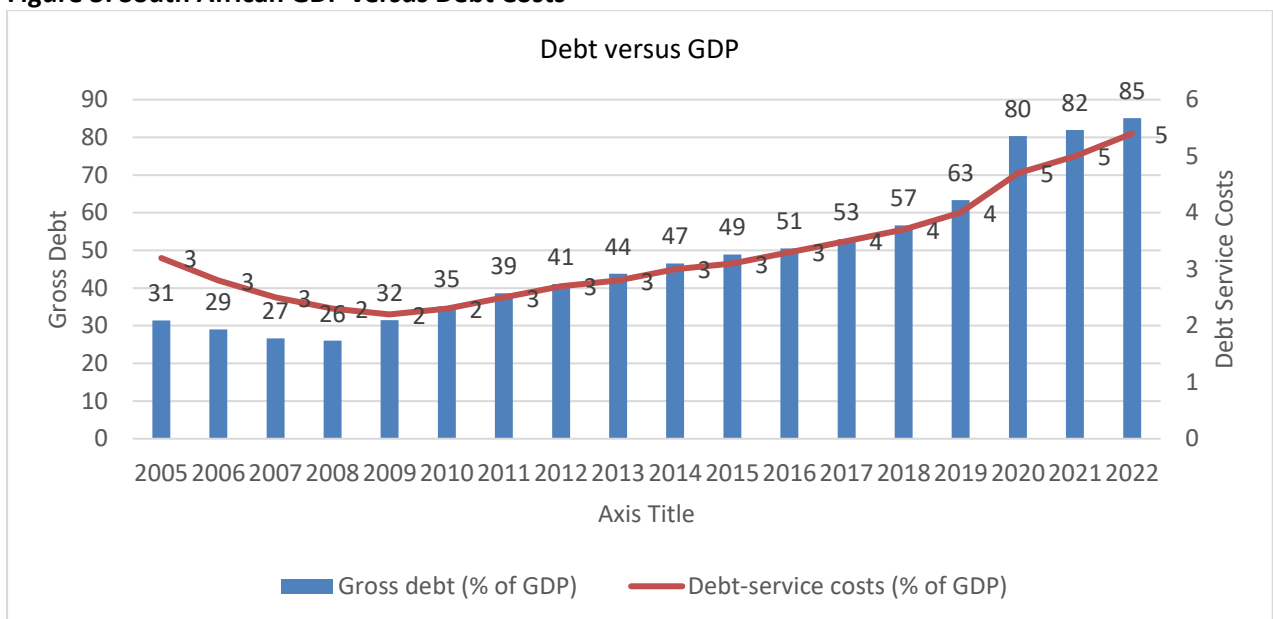
Figure 2: South African GDP Growth by Sector (Q2 FY2021)



Source: Stats SA, 2020

National treasury has thus been required to make large adjustments to government spending in order to return the debt portion of public finances to a sustainable position. In addition, the impact of the COVID-19 pandemic economic contraction on South Africa’s public finances will be felt for years to come. Gross debt is projected to reach 80.3 per cent of GDP in the FY2021, stabilising at around 88.9 per cent in 2025/26.

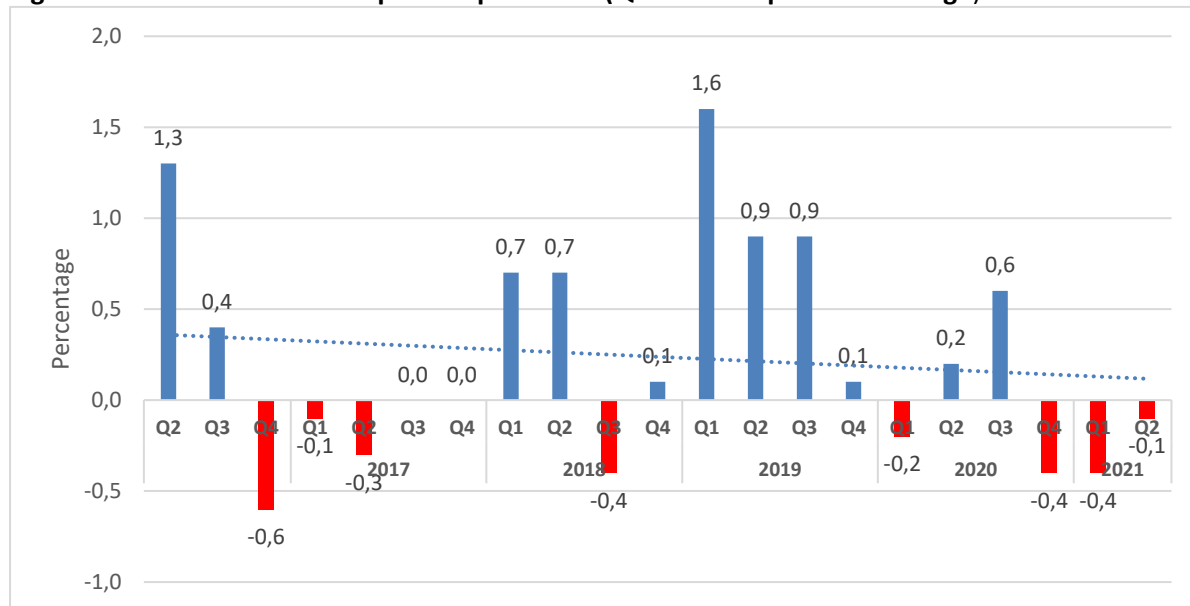
Figure 3: South African GDP versus Debt Costs



Source: Stats SA, 2020

Additional fiscal pressures from the broader public sector – including state-owned companies, social security funds and municipalities – remain unresolved. The fiscal trajectory is a major source of uncertainty and, along with unresolved structural reforms, keeps SA’s risk premium elevated, and thereby pushes up borrowing costs for the economy.

Figure 4: Government consumption expenditure (Quarter-on-quarter % change)



South Africa's deteriorating fiscal and economic prospects led to a credit ratings downgrade in November 2020, by both Moody's and Fitch, bringing SA's rating to its lowest levels since the dawn of democracy.

The ratings agencies raised several concerns, including the government debt/GDP ratio, the high cost of borrowing, the risk of large net capital outflow that could trigger sharp exchange rate depreciation, and persistent weak GDP growth rate that further undermines fiscal consolidation

Looking forward, South Africa is embarking on fiscal adjustments. Net reductions to main budget non-interest spending from the 2020 budget to the 2021 budget amount to R264.9 billion over the medium-term expenditure framework (MTEF) period.

These adjustments are expected to re-calibrate the Budget (reducing the composition of the wage bill and debt-servicing costs), to produce a primary balance and stabilise debt by 2025/26.

In addition, government will be implementing the Economic Recovery and Reconstruction Plan (ERRP), which was developed through extensive consultation between social partners:

- In the short term the plan aims to rebuild investor, consumer and public confidence; kick-start the economy; and continue to provide relief to mitigate the impact of the COVID-19 pandemic;
- In the medium term, the plan will put the economy on a higher and more inclusive growth path through the implementation of a set of structural reforms that will enable faster, more inclusive growth and employment over the medium to long term;
- Many of these reforms are drawn from government's long-term structural reform agenda as outlined in the Economic Transformation, Inclusive Growth, and Competitiveness: A Contribution Towards a Growth Agenda for the South African Economy document;
- Key elements include, reforms to modernise networked industries, reducing barriers to entry, facilitating regional trade and integration, promoting labour-absorbing sectors, and re-imagining our industrial policy.

Domestic political trends such as the reduction in fiscal funding, and increased requirement to comply with various statutes, regulations and instructions add to the broader responsibility for the SABS to comply and manage its risk register. These regulations include compliance with the B-BBEE Act, Access to information, PAJA, PFMA, Preferential Procurement Act, etc. A key objective for the period of this plan is to improve the SABS' B-BBEE level.

3.2. Internal environment

The SABS will be required to complete the implementation of the Section 189 process and the organisational review. This entails staffing the new organisational structure or target operating market, identifying critical and skilled talent to manage the Bureau and its mandate and drive process optimisation that will deliver better productivity.

The Executive Authority will appoint a new Board of Directors in the next financial, and hopefully remove the SABS from being placed under administration. This will require the Board and the Executive Management team to collaborate and chart a new course for the SABS.

The Executive Management will be required to ensure that:

- The Certification Divisions expedites the implementation of the Certification Information Management System (SABSCIMS) which will allow the division to automate the auditor scheduling,
- The Laboratory Services division complete the implementation of the Laboratory Information management System (LIMS) which will improve turnaround times and demand planning for the testing division,
- Oversee the roll-out of the integrate Customer Partnering division to drive great customer experience and service levels,
- Ensure the delivery of new certification and testing methods to the marketplace,
- Conceive and implement the new business consulting and advisory service business,
- Closeout of the delivery of the Turnaround Strategy, and
- Conceive and rollout a revised digitisation strategy.

3.3. Strengths and Weaknesses 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 	<ul style="list-style-type: none"> • Impact of COVID-19 pandemic on supply chains • Increased competition - Foreign and domestic conformity assessment

<ul style="list-style-type: none">• 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">• companies targeting niche industries and market segments• Current financial constraints of the fiscus may impact future grant allocations
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3.4. Industry Key Success Factors

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

3.5. Customer Needs Analysis

Segment Description	Current Customer Need	Future Customer Need
National Government	<ul style="list-style-type: none"> Promulgates safety legislation and regulations Authorises the establishment of professional or industry bodies Effects supply side policies Issues SCM and tender rules Third party testing or consignment inspections 	<ul style="list-style-type: none"> Government will seek an automated SANS 1286 solution for SCM Actively market inspection services with national bodies Consider acting as outsourced inspection agent for national authorities Work with customs authority to offer pre-clearance services for import and export of goods
Local Government	<ul style="list-style-type: none"> Promulgates safety and health bylaws and regulations SCM and tender rules Anti-bribery standard and training? 	<ul style="list-style-type: none"> Local Authorities will seek an automated SANS 1286 solution for SCM They begin to request their own mark scheme requirements
Regulators	<ul style="list-style-type: none"> Establishes industry rules and pricing Develops industry norms 	<ul style="list-style-type: none"> Regulators will want to introduce globally accepted standards
Wholesalers & Retailers	<ul style="list-style-type: none"> Comply to government safety standards Third party testing or consignment inspections 	<ul style="list-style-type: none"> Will require automated sampling process with the ability to access the information in real-time
Certification Bodies	<ul style="list-style-type: none"> Require partnerships with the SABS so that one party does consulting, and other party does the certification Opportunity for medium sized global CBs to outsource certification services to SABS 	<ul style="list-style-type: none"> Long term partnerships in both certification and testing SABS digital platform that integrates with their technology
Customers	<ul style="list-style-type: none"> Wants safe products with recognisable SABS Approved mark on the products 	<ul style="list-style-type: none"> Will require on-demand and virtual verification of SABS Approved products
Industry Associations	<ul style="list-style-type: none"> Require standards development for industry specific purposes SABS should be able to test to international standards for which there is no SANS in their industry vertical 	<ul style="list-style-type: none"> Industry Associations will require the SABS to be at the cutting edge of international standards development and to play a leading role Will require a highly efficient WTO TBT early warning system
Export Councils	<ul style="list-style-type: none"> Rely on the SABS for WTO TBT notification of new standard being introduced by other countries 	<ul style="list-style-type: none"> Will require a highly efficient WTO TBT early warning system Will require conformity assessment services that assist with market access, such as British Retail Consortium (BRC)

3.6. Main Drivers of Customer Buying Patterns

Segment	Current Customer Needs	Future Customer Needs
Standard Sales	Quick and easy online ability to purchase SANS	E-commerce platform to enable efficient purchase of SANS and international Standards
Standard Subscription Sales	Complete collection or a selection of sector-specific standards	E-commerce platform to enable effective subscription models Diversification of standards subscription packages aligned to sector specific requirements
Management System Certification	Largely restricted to SANS/ISO 9001, SANS/ISO 14001, SANS/ISO 45001, SANS/ISO 22001, SANS/ISO 27001 FSSC	New management scheme development
Product System Certification	SABS Mark Scheme on their products to : <ul style="list-style-type: none"> • Be able to sell to their customer, wholesalers and retailers • Be able to bid for work in governments procurement process 	Automated solution for auditing and real-time monitoring Customers want a one-stop shop
Local Content Verification	To satisfy government that a domestic producer has met the regulatory requirement for domestic contribution in their production process	Would need to meet all the regulatory requirements set by National Government which are highly likely to remain until the medium term
Training Services	Require staff members with appropriate accreditation to work in a safe and productive workplace	Trained staff member with accreditation for the new scheme

3.7. Analysis of Profit Drivers

Profitability Influencers	Main Drivers	Company's Current Strategy	Insights
Sales Volumes	National Footprint	<ul style="list-style-type: none"> Standard Sales and the Training Academy have demonstrated a small uptick in annual revenues The SABS still holds dominance in many of the Mark Schemes and it is often unrivalled in product certification 	<ul style="list-style-type: none"> The SABS needs to emulate global CB who have made assurance services a central part of the value offering Training should be vertically integrated into all aspects of the business and should receive greater resources The online delivery of services is a critical success factor in new revenue generation
	Regional Market	<ul style="list-style-type: none"> The SABS brand and demand for its Mark Scheme still has currency on the continent but is under significant challenge by other CBs 	<ul style="list-style-type: none"> The SABS need to design a regional model
Sales Prices	Standards	<ul style="list-style-type: none"> Retail and subscription sales SABS is the sole provider of national standards (SANS) 	<ul style="list-style-type: none"> Pricing policy that allows for easier access of SANS to the public and private sector Potential collaboration with resellers and distributors
	Certification: Management Systems	<ul style="list-style-type: none"> Strong focus on management systems and the introduction of new ISO management systems 	Future focus on the introduction of new standards
	Certification: Product Systems	<ul style="list-style-type: none"> Large pool of technical signatories for SANS in South Africa ISO 17025 accredited laboratories 	Maintain testing officer accreditation and develop state of the art testing methods
	Customer Specific Testing (CSR)	<ul style="list-style-type: none"> Pricing is asymmetrical and depends on the SABS capacity and skills to deliver the CSR 	<ul style="list-style-type: none"> Focus on testing capacities which support the national masterplans

3.8. Critical Issues and Key Milestones

Critical Issue	What Must We Achieve in The Next Year	What Must We Achieve in The Next 3 Years
Implement the operating model and fit for purpose structure	<ul style="list-style-type: none"> • Finalise and communicate the SABS strategy • Implement SABS operational model and structure • Map and optimise detailed processes • Develop and implement HC plan • Review/ design and implement the operational models for the functional components – sales model is critical • Conduct skills audit and matching and placing • Fill all critical posts • Develop and implement the culture model • Implement aggressive Change Management • Break down the siloed way of working 	<ul style="list-style-type: none"> • Culture realisation • Performance management • Fill the balance of posts • Optimise operational processes • Integrated work mode
Improve the customer engagement process	<ul style="list-style-type: none"> • Implement the CRM system • Conduct training and capacitation • Conduct interventions to increase customer retention 	<ul style="list-style-type: none"> • A customer centric SABS • Customer satisfaction targets achieved
Information & Communication Technology	<ul style="list-style-type: none"> • Establish ICT governance functions – including CAPEX/Technology investment committee • Conduct risk assessment on operational software and systems • Revise ICT strategy to ensure alignment with SABS strategy • Implementation of a new ERP system • Renew critical system licences and conduct updates • Implement the E-commerce platform • Implement the Enterprise Customer Portal • Enhance finance and resource planning 	<ul style="list-style-type: none"> • Integrate all operational systems • Introduce new technologies for process improvements

Critical Issue	What Must We Achieve in The Next Year	What Must We Achieve in The Next 3 Years
	Rollout and integrate key operational systems	
Facilities	<ul style="list-style-type: none"> • Develop medium and long-term facilities management strategy • Implement energy efficient solutions • Develop and medium to long term property strategy • Conduct mission critical maintenance on the facilities as well as laboratory equipment 	<ul style="list-style-type: none"> • Save on energy consumption • Fund and monitor maintenance programme
Knowledge management	<ul style="list-style-type: none"> • Develop and implement Knowledge management strategy • Develop a plan to manage the institutional knowledge of the SABS • Implement the knowledge database • Records management • Increase participation in industry gatherings 	<ul style="list-style-type: none"> • Knowledge management processes working effectively • Contribution of SABS to the sector (SA and global) increased

**PART C:
STRATEGIC FOCUS**

4. Strategy

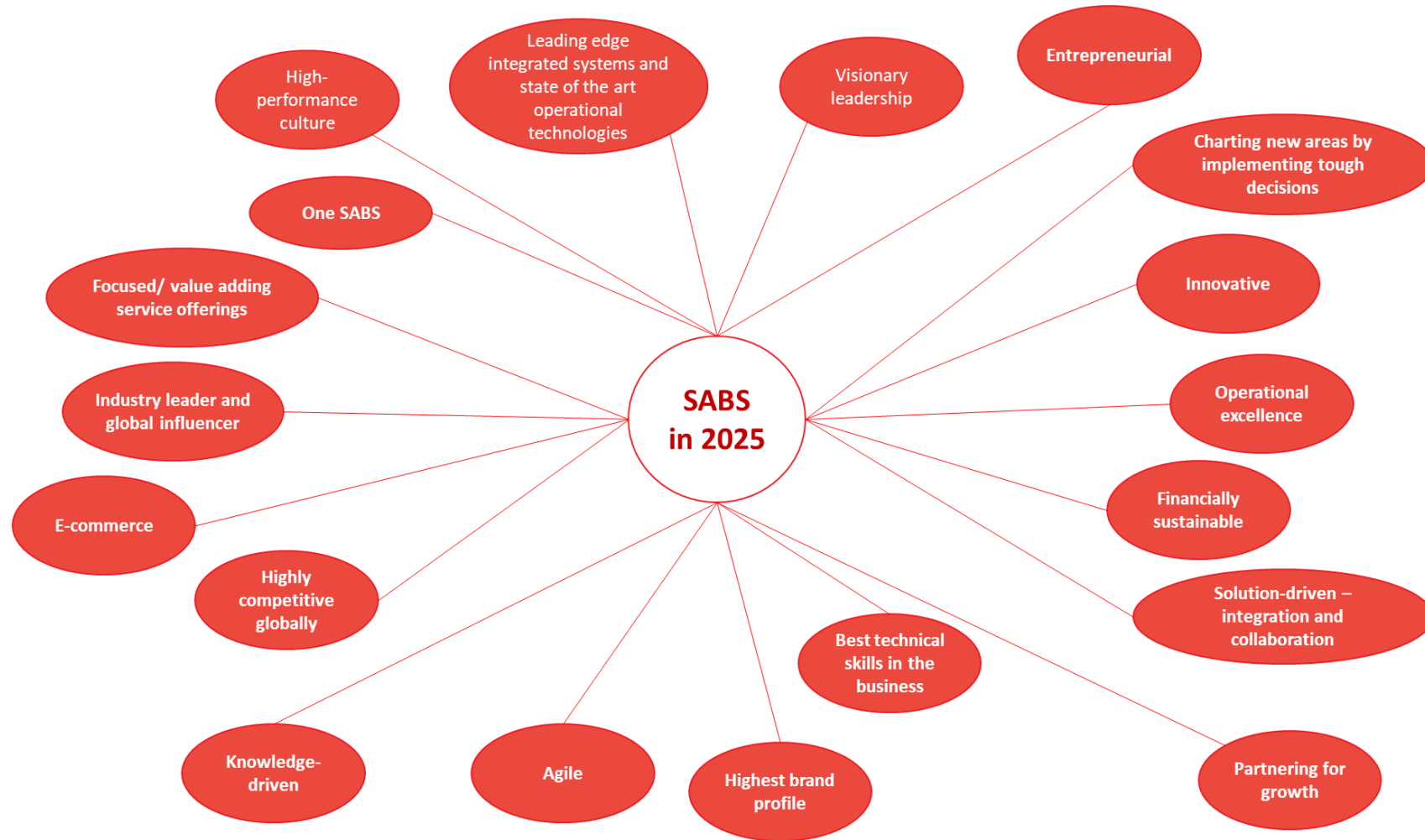
4.1. Core Aspirational Description and Analysis

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

VISION							
We are the trusted standardisation and business assurance solution provider of choice							
CORE VALUES							
Transparency Being open in all communication and engagements	Professionalism Observing the highest standards with respect to be reliable, delivery work of the highest quality, on time, behaving in a manner worthy of the SABS creed	Confidentiality Being respectful of the need to safeguard confidential information shared with us	Courtesy Being polite, civil and showing good manners to all we engage with	Responsibility Doing what is expected of us	Good governance Describes how the SABS will conduct public affairs and manage public resources in an effective and responsible manner	Collaboration The process of two or more people or organizations working together to complete a task or achieve a goal	Knowledge driven Proactively seeking information and knowledge that always enables one to deliver the best possible relevant solutions, providing thought leadership in areas of focus, leading the knowledge development in the sector
Strategic Objectives				SABS Value Proposition			
<ul style="list-style-type: none"> Develop, promote and increase the use of standards Provide integrated conformity assessment service solutions Achieve and maintain financial sustainability Continuous improvement in internal systems and process Creating and maintaining a high-performance culture 				The SABS maintains over 7,400 South African National Standards (SANS) , we have the largest pool of accredited quality auditors in Southern Africa, we have 33 testing laboratories with technical experts and technical signatories operating to SANS including adoptions of ISO and IEC International standards and all laboratories are accredited by the SA National Accreditation System (SANAS) , who in turn, is a member of the International Accreditation Forum (IAF) and International Laboratory Accreditation Cooperation (ILAC) .			

4.2. Vision of the Organisation

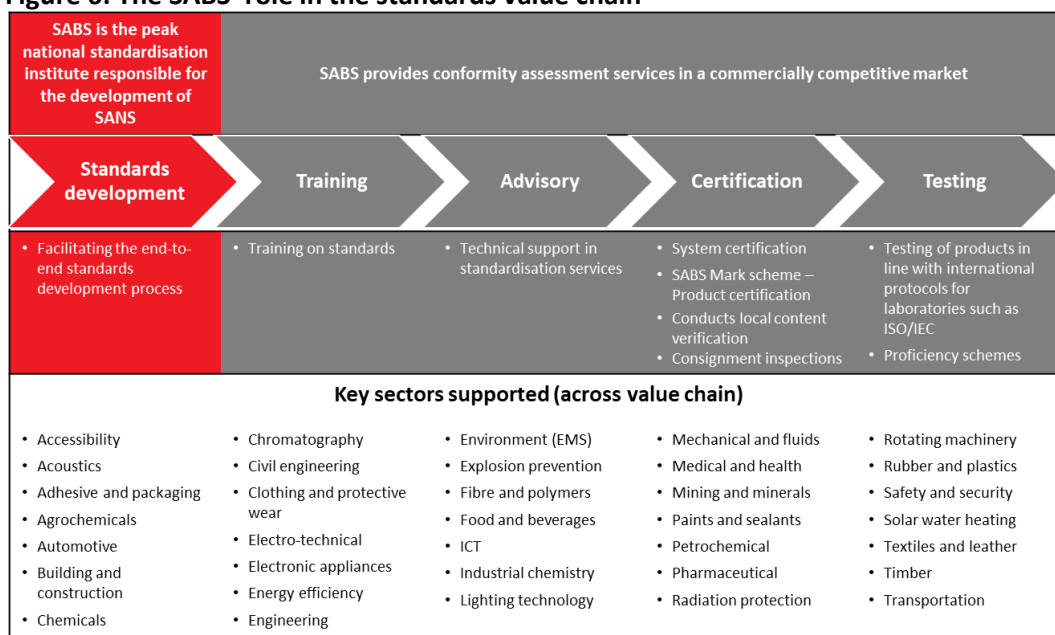
Figure 5: Organisational future vision



4.3. 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.













Figure 6: The SABS’ role in the standards value chain





4.4. Supporting National Development Plan

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

Table 4: 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.

4.5. Alignment to the Medium-Term Strategic Framework

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

Table 5: SABS Alignment to the MTSF

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

Direct Indirect

4.6. Supporting the National Industrial Policy

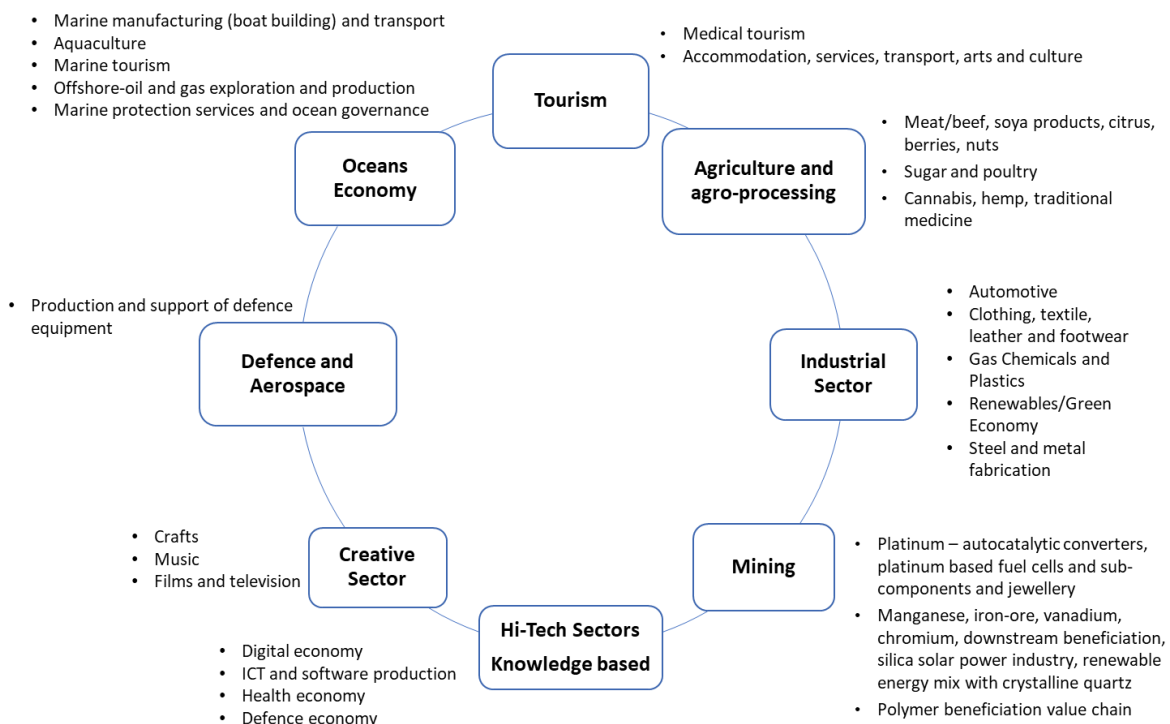
Government’s industrial strategy will seek to unlock private investment and secure a collaborative agreement with the private sector and labour to boost economic growth and inclusion. This is an essential part of building investor confidence and the platform for job-creation. The strategy will prioritise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

- 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-procession 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.










Figure 7: National Industrial Policy Sectors











4.7. Delivering the Sustainable Development Goals

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

Table 6: Standards adopted in South Africa to support the various SDG goals.

SDG outcome		Examples of standard adopted in South Africa
 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere	<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</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> SANS/ISO 22000 – Food safety management SANS/ISO 26000 - Social responsibility SANS 10049 & SANS 10330- Food Safety Management systems
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages	<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</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<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</p>	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> SANS/ISO 26000 - Social responsibility
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> SANS/ISO 14000 family of standards for environmental management SANS/ISO 5667 – Water quality SANS/ISO 24521 – Guidelines for management of basic domestic wastewater services SANS/ISO 30500 - Guidelines for safety performance requirements for Non Sewered Sanitation Systems
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> SANS/ISO 50001 – Energy management systems
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> SANS/ISO 45001 - Occupational health and safety management systems
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<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
 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries	<ul style="list-style-type: none"> SANS/ISO 26000 - Social responsibility SANS/ISO 9001 – Quality management systems
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	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
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	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
 <p>13 CLIMATE ACTION</p>	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
 <p>14</p>	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
 <p>15 LIFE ON LAND</p>	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
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	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
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	The SABS recognises the importance of partnerships. SANS are developed with the collaboration and consensus of a wide range of stakeholder including representatives from Government and industry

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

**PART D:
MEASURING PERFORMANCE**

5. Measuring impact and outcomes

Impact statement	Outcome	SABS strategic objective	Outcome indicator	Baseline (FY2022)	Target FY2023
Support domestic and international trade, improve company competitiveness and enhance product performance to keep consumers safe and encourage innovation	Develop, promote and maintain South African National Standards which are aligned to Government's industrialisation strategies or plans	Develop, promote and increase the use of standards	Standardisation commitments aligned to The DTIC reimagined industrial priority sectors	80% of standardisation commitments	80% of standardisation commitments
			Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4 Reports on Joint KPIs & other Ministerial Directives	4 Reports on Joint KPIs & other Ministerial Directives
			Government, SOE, regulatory and related public sector engagements	7	10
	Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Provide integrated conformity assessment services solution	Net promoter score	Establish baseline	70%
			Number of new products, services, solutions launched	<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 1 new certification schemes 2 new tests methods
	Build a capable and efficient SABS: <ul style="list-style-type: none"> Reduce financial losses Improve operational efficiencies Improve employee engagement Increase economic participation of designated groups 	Achieve and maintain financial sustainability	Net profit of SABS Group	Loss below R121.2 million	Loss below R7.7 million
			Continuous improvement in internal systems and process	Cost-to-income ratio	116%
		Creating and maintaining a high-performance culture	Employee engagement survey	Minimum rating of 3 out of 5	Minimum rating of 3 out of 5
			Designated groups appointed as % of total headcount	Women: 46.0%	Women: 48.0%
				Youth: 20.0%	Youth: 25.0%
People with disabilities: 1.8%	People with disabilities: 2.0%				

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

6. Annual performance plan for FY2022/23 to FY2024/25

Outcome	Indicator	Actual		MTEF Period			Some key initiatives
		FY2020/21	YTD FY2021/22	FY2022/23	FY2023/24	FY2024/25	
Develop, promote and maintain South African National Standards which are aligned to Government's industrialisation strategies or plans	SANS supporting reimagined industrial priority sectors	Not applicable	67% of Standardisation commitments	80% of Standardisation commitments	80% of Standardisation commitments	80% of Standardisation commitments	<ul style="list-style-type: none"> Publications of SANS aligned to DTIC industrial priority sectors
	Government, SOE, regulatory and related public sector engagements	5	8	10	12	12	<ul style="list-style-type: none"> Public sector stakeholder engagement programme
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4	3	4	5	5	<ul style="list-style-type: none"> Quarterly update on interventions supporting initiatives such as Sector Master Plans and the African Continental Free Trade Area
Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Net Promoter Score	Not measured	Not measured	70%	75%	80%	<ul style="list-style-type: none"> Integrated customer service model Testing infrastructure upgrade Digitisation programme

Outcome	Indicator	Actual		MTEF Period			Some key initiatives
		FY2020/21	YTD FY2021/22	FY2022/23	FY2023/24	FY2024/25	
	Number of new products, services, solutions launched	4 new courses, schemes of products	<ul style="list-style-type: none"> Introduced 3 new online courses 1 new certification scheme launched Introduced 5 new tests methods 	<ul style="list-style-type: none"> Introduce 3 new online courses 1 new certification schemes 2 new tests methods 	<ul style="list-style-type: none"> Introduce 4 new online courses 2 new certification schemes 2 new tests methods 	<ul style="list-style-type: none"> Introduce 4 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 2021/22 to 2023/24 (continued)

Outcome	Indicator	Actual		MTEF Period			Some key initiatives
		FY2020/21	YTD FY2021/22	FY2022/23	FY2023/24	FY2024/25	
Build a capable and efficient SABS: <ul style="list-style-type: none"> • Reduce financial losses • Improve operational efficiencies • Improve employee engagement • Increase economic participation of designated groups 	Net profit of SABS Group	Loss of R61.6 million	Profit of R48.5 million	*Loss of R7.7 million	Profit of R2.2 million	Profit of R19.4 million	<ul style="list-style-type: none"> • Revenue generation initiatives as detailed above • Prudent cost management • Productivity enhancement programme
	Cost-to-income ratio of SABS Group	116%	98.3%	*104%	104%	102%	<ul style="list-style-type: none"> • Review of key operational processes • Digitisation programme • Testing infrastructure upgrade • Productivity enhancement programme
	Employee engagement rate	Not yet 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 as a % of total headcount						
	• % of women supported	44.7%	46.8%	48.0%	48.0%	50.0%	• Targeted recruitment
	• % of youth supported	21.4%	18.7%	25.0%	25.0%	26.0%	• Targeted recruitment
	• % of people of disabilities supported	1.6%	2.1%	2.0%	2.0%	2.0%	• Targeted recruitment

*The SABS is in the process of implementing a revised operating model and is in the finalisation stages of its s189 process. The completion of these processes will result in savings in the organisation (compensation budget) and once completed revised forecasted figures for MTEF period will be provided.

Quarterly breakdown of performance targets FY2022/23

Indicator	Annual target	Quarterly target			
	FY2022/2023	Quarter 1	Quarter 2	Quarter 3	Quarter 4
SANS supporting reimagined industrial priority sectors	80% of standardisation commitments	80% of standardisation commitments	80% of standardisation commitments	80% of standardisation commitments	80% of standardisation commitments
Government, SOE, regulatory and related public sector engagements	10	1	4(YTD)	7(YTD)	10(YTD)
Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4	1	2(YTD)	3(YTD)	4(YTD)
Net Promoter Score	70%	60%	65%	70%	70%
Number of new products, services, solutions launched	<ul style="list-style-type: none"> • Introduce 3 new online courses • 1 new certification scheme • 2 new tests methods 	-	-	<ul style="list-style-type: none"> • 2 new online courses • 1 new certification scheme • 1 new test method 	<ul style="list-style-type: none"> • 3(YTD) new online courses • 1(YTD) new certification scheme • 2(YTD) new tests methods
Net profit of SABS Group	Loss below R7.7 million	Loss below R11.7 million	Loss below R11.7 million	Loss below R11.0 million	Loss below R7.7 million
Cost-to-income ratio of SABS Group	104%	110%	106%	105%	104%
Employee engagement rate	Rating of 3 out of 5	Rating of 3 out of 5	Rating of 3 out of 5	Rating of 3 out of 5	Rating of 3 out of 5
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 	<ul style="list-style-type: none"> 48.0% 25.0% 2.0% 	<ul style="list-style-type: none"> 48.0% 25.0% 2.0% 	<ul style="list-style-type: none"> 48.0% 25.0% 2.0% 	<ul style="list-style-type: none"> 48.0% 25.0% 2.0% 	<ul style="list-style-type: none"> 48.0% 25.0% 2.0%

7. Joint Performance Indicators with the Executive Authority

The following Joint Indicators set out areas of focus that the SABS will report to on a quarterly basis to the Executive Authority. The areas of focus represent key priorities of government that are set out in more detail in the Annual Performance Plan for 2021/22 for **the DTIC**.

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

8.1 Joint Indicator 1: Industrialisation

Outcome:	Increased industrialisation and localisation opportunities implemented	Performance Period	2022/23
Output /s:	Four quarterly reports documenting the integrated support to drive industrialisation through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement; and promotion of beneficiation		
Indicator title:	Report on integrated support across The DTIC to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation		
Indicator definition	Integrated support across The DTIC to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.		
Annual DTIC Targets		Contribution by SABS	
Sector Partnership: Master Plans	<ul style="list-style-type: none"> Development of relevant national standards aligned to UNSDGS, NDP, Re-imagined Industrial Priority Sectors and Master plans Engagement with public sector entities and regulatory authorities to encourage the uptake and implementation of SANS and conformity assessment services to support the policy and regulatory objectives in the Master Plans 		
Localisation	<ul style="list-style-type: none"> Pro-active execution of local content verification to identified sectors inclusive of manufacturing capability assessments Provision of a compliance regime through Consignment Inspection of goods and the provision of augmented product certification processes for local manufacturers 		
Beneficiation Initiatives	<ul style="list-style-type: none"> Provide Local Content Verification where Localisation agenda is desired Develop, publish and promote relevant national standards that support the DTIC beneficiation initiatives Develop and implement conformity assessment and advisory services aligned to the DTIC beneficiation initiatives 		
Covid Industry Production	<ul style="list-style-type: none"> Develop capacity to audit against the requirements of ISO 13485 Develop, review and publish relevant SANS aligned to COVID-19 response and the broader health sector Support industry and government through conformity assessment and relevant training/advisory services 		

<p>African & Global Exports</p>	<ul style="list-style-type: none"> • Membership and participation in International Standards Bodies (ISO and IEC) to develop and adopt international standards as SANS thereby improving export opportunities of goods and services • Membership and participation in the Regional Standards Bodies (ARSO, AFSEC, SADCSTAN) to develop harmonised standards in support of the AfCFTA • Provide thought leadership in policy and governance bodies of ISO, IEC, ARSO, AFSEC and SADTSTAN (i.e. Council, General Assembly Executive Committee, Management Committee) • Establish and implement bi-lateral agreements with relevant National Standard Bodies on the continent with the potential to provide Laboratory, Certification, Inspection, Verification and Advisory Services to support quality assurance of products and services for regional and international markets • Strive to forge partnerships through Mutual Recognition Arrangements (MRA) with relevant institutions on the continent
<p>Green Economy Initiatives</p>	<ul style="list-style-type: none"> • Establishment of Technical Committees (TCs) and development of national standards within the scope of the Green Economy (i.e., Renewable Energy, Energy Efficiency, Hydrogen Economy, Energy Storage, Smart Grids, Waste Management, Environmental Management, Air Quality, Alternative fuel vehicles etc.) • Collaboration with the National Cleaner Production Centre (NCPC) on and offer ISO 50001 Energy Management Systems Certification (EnMS) services
<p>Investment Initiatives</p>	<ul style="list-style-type: none"> • Create awareness and promote the benefits of standardisation to policy makers, regulators and public procurement and investors • Collaborate with provincial and local government on provision of services and awareness of risk management, anti-bribery management to support National Anti-Corruption Strategies • Invest in digital enablement initiatives that support operational efficiencies

8.2 Joint Indicator 2: Transformation

Outcome:	Transformation	Performance Period	2022/23
Output /s:	Four quarterly reports documenting the support to drive greater transformation		
Indicator title:	Report on steps undertaken to support transformational activities, B-BBEE, worker empowerment, SEZs and Industrial Parks		
Indicator definition	Plan to support transformational activities, B-BBEE, worker empowerment, SEZs and Industrial Parks		
Annual DTIC Targets	Contribution by SABS		
BEE Promotion & Review (BIS, woman, youth)	<ul style="list-style-type: none"> Establishment and implementation of gender responsive standards and standards development (GRSSD) action plan that seeks to enhance the participation and contribution of women in standardisation. Initiatives to encourage the next generation of standardisers 		
Worker Empowerment	<ul style="list-style-type: none"> Development and implementation of a SABS culture programme 		
Structure of Economy (eco concentration & SME)	<ul style="list-style-type: none"> Cooperation with public sector entities and regulatory authorities to deliver SANS and conformity assessments services (Testing, Certification and Inspections) that support the policy and regulatory objectives SABS Technical Committees to rollout initiatives on the development of minimum requirement (products and services) standards that support specific informal sector 		
SEZ & Industrial Parks	<ul style="list-style-type: none"> Advisory and/or Conformity Assessment Services that support the quality of products and services delivered by SEZs and Industrial Parks 		
Township Economy	<ul style="list-style-type: none"> SABS Technical Committees to rollout initiatives on the development of minimum requirement (products and services) standards that support specific informal sectors Promote the uptake of and implementation SANS to support Township economy 		
District Model Reporting	<ul style="list-style-type: none"> Create awareness and promote the benefits of standards and conformity assessment to policy makers, regulators and public procurement and investors in identified districts 		
Integrated Delivery (within District Model by the DTIC family)	<ul style="list-style-type: none"> Develop, publish and promote relevant national standards that support the strengthening of the state, identify potential conformity assessment and advisory services for the public sector 		

8.3 Joint Indicator 3: Delivery/capable state

Outcome:	Delivery/Capable State	Performance Period	2022/23
Output /s:	Four quarterly reports documenting the support provided to assist the development of a capable state and greater delivery		
Indicator title:	Report on steps undertaken to support the development of the capable state and state delivery		
Indicator definition	Plan to support the development of the capable state and state delivery		
Annual DTIC Targets	Contribution by SABS		
Building the entity staffing and governance capacity & quick response	<ul style="list-style-type: none"> • The DTIC to facilitate the appointment of the SABS Board and CEO • Conclude the S-189 process • Complete the transition to the new SABS structure • Continue with productivity projects 		
Shared services from the DTIC to the smaller entities (cost savings) and across all (e.g. anti-corruption unit)	Participate in the ICT shared service project undertaken by the DTIC		
Integration of the work of the three core focus areas across the institutions	Participate in strategic alignment and collaboration forums that support the integration of work across the four QI Institutions and develop a joint work programme		
Rationalisation function between the department (policy/monitoring & evaluation/oversight and consequence management) and entities (delivery/administration)	Strategic engagement with the DTIC on rationalisation proposals including modalities for effective policy coordination and monitoring and evaluation		
Addressing red tape and compliance in internal processes	<ul style="list-style-type: none"> • Promote the implementation of standards and conformity assessment services that support operational efficiencies, project management, governance, risk, quality assurance, innovation management, business continuity, anti-bribery measures etc. • Ongoing review of SOPs for relevance and effective implementation to achieve desired outcomes 		
Review of legislation and regulations	<ul style="list-style-type: none"> • Active participation and contribution to the QI review process • Active participation and contribution in the review of legislation aligned to the mandate of SABS and QI institutions 		
Ensuring effective support function from other public entities in order to achieve the DTIC outcomes	Bi-annual collaboration with QI institutions on identified projects in the fish and green hydrogen sectors		

8. Joint Performance Indicators with the other Quality Infrastructure Institutions

These KPIs reflect the joint projects that will be initiated by the QI institutions to deepen collaboration amongst the **DTIC** entities.

9.1 Joint Indicator 1: Industrialisation

Outcome:	Greening the Economy	Performance Period	2022/23
Output /s:	Report on actions taken by the Quality Infrastructure Entities to contribute towards greening the economy including, the Hydrogen Road Map of South Africa and technical support and enabling opportunities		
Indicator title:	Report on actions to contribute towards the South African Hydrogen Road Map		
Indicator definition	Implementation plan and actions taken by the Quality Infrastructure Entities towards the realization of the South African Hydrogen Road Map		
Annual DTIC Targets		Contribution by SABS	
Actions taken by the Quality Infrastructure Entities to greening the economy including, technical support and enabling opportunities		Four quarterly reports on actions taken to: <ul style="list-style-type: none"> • Develop and implement joint thought leadership seminar series on green hydrogen • Conceptualise the future role of each Quality Infrastructure entity • Feedback seminar to the stakeholders • Define the joint implementation plan 	

9.2 Joint Indicator 2: African & Global Exports

Outcome:	AfCFTA Export Expansion	Performance Period	2022/23
Output /s:	Report on actions taken by the Quality Infrastructure Entities to contribute towards the AfCFTA by supporting and enabling export conditions/opportunities		
Indicator title:	Report on the expanded export conditions/opportunities for the fish sector under the AfCFTA enabled by the Quality Infrastructure Entities		
Indicator definition	Action plan composed jointly by the Quality Infrastructure Entities to enable fish exports		
Annual DTIC Targets		Contribution by SABS	
Actions to taken by the Quality Infrastructure Entities to expanded export opportunity for the fish sector under the AfCFTA		Four quarterly reports on action taken by the Quality Infrastructure Entities through Proficiency Testing Schemes (PTS), certified reference materials, national standards development, conformity assessment services and accreditation programmes	

* The above-mentioned indicators will be collaboratively reported by the SABS, NRCS, SANAS and NMISA in their respective reports

**PART E:
OPERATING DIVISIONS**

9. STANDARDS DEVELOPMENT

Developing, maintaining, promoting and dissemination of South African National Standards (SANS) and other publications is the primary function of the Standards division of the SABS.

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

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

10.1 Development of National Standards

Develop and maintain relevant national standards that address market needs, support and enable socio-economic and environmental objectives, industrial policy, innovative and competitive industries.

10.2 Inclusive and efficient standards development system

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

10.3 Stakeholder Diversity

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

10.4 Promotion of National Standards

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

10.5 Regional and International Collaboration

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

10.6 Stakeholder Engagement

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

10.7 Key Industry Economic Features

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

10.8 3-Year Growths Plans

Growth Plans for Next 3 Years
Development of National Standards <ul style="list-style-type: none">• Develop relevant standards in support of the UNSDGs, NDP and re-imagined industrial strategy
Inclusive and efficient standards development system <ul style="list-style-type: none">• Review of the quality management system for relevance and continuous improvement aligned to international best practice
Stakeholder Diversity and Representation <ul style="list-style-type: none">• Implement the gender responsible standards and standards development action plan
Promotion of National Standards <ul style="list-style-type: none">• Implement diverse digital communication tools, marketing plans and stakeholder engagements initiatives
Regional and International Cooperation <ul style="list-style-type: none">• Active participation in International (ISO, IEC) bodies and influence at the policy, governance and technical platforms, and• Active participation in Regional (ARSO, AFSEC, SADCStan) standards bodies and influence at the policy, governance and technical platforms
Enhance the access, distribution and uptake of national standards by all stakeholders <ul style="list-style-type: none">• Implement an e-commerce platform to enhance the access and distribution of SANS• Evaluate and implement reseller and distributor opportunities to diversify the channels of access to South African National Standards

10. CERTIFICATION SERVICES

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

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

Operating in an environment dominated by large multinational certification bodies, the Certification division will continue to focus its efforts on enhancing customer value, underpinned by several strategic initiatives. Core to this strategy is aligning the division with 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.

The SABS has built the requisite capacity to conduct local content verification (LCV) to support the developmental agenda of the country, this is for both public and private sector. The division provides its services across all 39 European Accreditation Codes (EA Codes) whilst the SABS Mark Scheme has a presence in 33 countries.

11.1 Certification – System Certification

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

11.2 Certification - Product Certification

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

11.3 Local Content Verification

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

11.4 Consignment Inspection

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

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

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

11.5 Key Industry Economic Features

Economic Features	Rating	Industry Characteristics	Implication for the SABS
Number of Competitors in South Africa	High	More than 70 global and local Certification Bodies across all sectors of the economy	The impact of competition is severe, and the SABS needs a robust defensive strategy
Industry Life Cycle	Medium	The certification of management and product systems follows a three-year cycle; however, customers can change service providers in the middle of the product life cycle	<ul style="list-style-type: none"> The SABS should develop a defensive posture with regards to its customers switching service providers An active campaign must be developed to market to new clients
Competitive Rivalry	High	Recently the SABS has experience strong rivalry from industry organisations that have begun to roll out alternative mark schemes	The SABS should develop a defensive posture with regards to service offerings
Opportunities for Partnerships	Medium	Partnership opportunities exist for management schemes, where the SABS works in tandem with other partners. They would conduct the consulting portion of the certification and the SABS would conduct the certification	<ul style="list-style-type: none"> The Bureau needs to determine where it has under-utilisation of auditors and earmark them for the partnership The internal approval system needs to be streamlined and must be dynamic
Oversupply or Undersupply	Medium	There is oversupply of management schemes in the country, predominately ISO 9001	The SABS should develop and provide new schemes to remain relevant, while continues to maintain its current market
Entry/Exit Barrier	Medium	Entry barriers for global CBs is low and market access is relatively easy	Develop customer account plans that facilitate cross-sell opportunities
Product Standardisation	High	Both the management system and product mark scheme products are highly standardised	Ensure periodic reviews for relevance

Key Code: Low, Medium and High

11.6 Product Market Opportunity

MARKET PENETRATION	PRODUCT DEVELOPMENT
CURRENT PRODUCT –CURRENT MARKET	NEW PRODUCT – CURRENT MARKET
<p>ISO 9001: ISO 9001 is the standard that does have the greatest number of companies certified of all the current management systems published by ISO. More than 800 000 companies are certified worldwide which is followed by ISO 14001 with just more than 300 000. ISO 9001 is a management system that is still relevant.</p>	<p>Inspection Services: Supports both products distributed in the country and the ones destined for export Furthermore, there is a need to cultivate more opportunities in other sectors and forge collaboration with the Regulators</p>
<p>ISO 18001: OHSAS 18001:2007 is being phased out and will not be relevant by the end of September 2021. All current companies which are OHSAS 18001 certified are in the process to migrate ISO 45001:2018</p>	<p>Local Content Verification Establishment of a pro-active Local Content scheme that is not tender based. Local Content Verification under PPPFA regulations appears to be less effective since predominantly most verifications take place post tender award, as a result the impact it seeks to achieve is compromised. The model for Local Content Grading Scheme can be adopted for designated sector products including non-designated.</p>
<p>ISO 14001: ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS). It provides a framework that an organization can follow, rather than establishing environmental performance requirements. ISO 14001 is the standard that has the second most certified companies of just more than 300 000 worldwide. To grow ISO 14001 within SABS, a proposal must be developed for the industry which will include ISO 14064 - Reporting of greenhouse gas.</p>	<p>ISO 22301: There were a few information technology standards published by ISO and there is a degree of overlapping within these standards regarding certain requirements.</p> <ul style="list-style-type: none"> • ISO 27001 - Information security management • ISO 20 000 - Information technology — Service management • ISO 22301 - Business Continuity Management System <p>These standards continue to remain attractive to the market, particularly in the digital age the world find itself.</p>
<p>ISO 45001: The SABS has successfully migrated its customer from OHSAS 18001 to ISO 45001. All organisations that were certified to OHSAS 18001:2007, were required to migrate to ISO 45001:2018 by September 2021 as required by the International Accreditation Forum (IAF).</p>	<p>ISO 27001: The total number of certificates issued in Africa has risen from 129 in 2017 to over 300 in 2018. The bulk of these certificates were issued in Nigeria and Morocco. Prior to the onset of the Covid-19 pandemic cyber-attacks and cyber ransom were on the rise. In the post-lockdown period business will need to address the twin threats of attack and safety of the information management systems. This will develop into a new market in South Africa.</p>

MARKET DEVELOPMENT	DIVERSIFICATION-
CURRENT PRODUCT –NEW MARKET	NEW PRODUCT – NEW MARKET
<p>ISO 50001: Global uptake of ISO 50001 over the first 12 months exceeded that of ISO 14001 in its initial 12-month period. Companies benefit from cost savings while making a significant contribution to environmental and climate protection by the permanent reduction of CO2 emissions.</p> <p>In South Africa the certification to ISO 50001 is slow, more companies are required to be certified to ISO 50001.</p>	

Key Code:

Current Market is the least significant value

New Market is the most significant value

11.7 3-Year Growths Plans

Growth Plans for Next 3 Years
<p>Third Party Management Systems</p> <ul style="list-style-type: none"> • Continue to support Government priorities, particularly the localisation agenda but providing local content verification services to the designated sectors approved by the DTIC • Drive the adoption of local content verification services in the private sector
<p>Key initiatives planned include:</p> <ul style="list-style-type: none"> • Improve operational efficiency brought about by the implementation of the SABSCIMS system, which includes: • Auditor Utilisation • Demand planning for sample testing

11. LABORATORY SERVICES

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

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

In many cases, specific activities are approved testing and/or inspection authorities for the Department of Labour, Department of Health, South African Pharmaceutical and Health Authority as well as the National Nuclear Regulator.

Operations are split across five business clusters: electrotechnical, automotive and mechanical, mining and minerals, food and health, as well as chemicals and materials.

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

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

The financial sustainability of most Laboratory Services business units has been impacted negatively by Covid-19 pandemic. Slow economic activities in various sectors and industries has resulted in low sample volumes submitted to SABS for testing.

The division will in the medium to long term focus on four areas as part of the turnaround initiatives namely, process/system, people, technology, and external factors.

12.1 Process/System

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

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

12.2 Technology

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

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

12.3 People

The LSD division has lost number of resources to the VSP/ER initiative that was initiated, plans were put in place to minimise the impact of the departure of the employees. The plans include but not limited to capacitating of employees in all critical roles to increase the technical depth and management capabilities this will be done through partnership with manufactures, universities, and

other relevant stakeholders. The LSD division will also be embarking on a drive to encourage multi-skilling in the laboratories, to increase capacity and effect succession planning.

12.4 External factors

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

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

12.5 Key Industry Economic Features

Economic Features	Score	Industry Characteristics	Implication for the SABS
Number of Competitors in South Africa	High	Several small, medium and large testing laboratories in all five sectors in which LSD operates	<ul style="list-style-type: none"> Collaborate with small and medium laboratories where gaps in testing capabilities exists Improve operational efficiency within LSD to enhance customer satisfaction and reduce testing turnaround times
Industry Life Cycle	Medium	Life cycle changes in line with technology and product developments. Testing of products is once off and in the case of Mark scheme clients, repeat testing is possible as part of permits renewal	<ul style="list-style-type: none"> Establish a research and development unit to participate in TC's and development solutions based on the needs of industry Invest in state-of-the-art testing equipment aligned with industry needs to improve revenue generation opportunities
Competitive Rivalry	Medium	Competitive rivalry is fierce more so from well-established competitors such as SGS, Intertek, Bureau Veritas and other small to medium laboratories	<ul style="list-style-type: none"> Identify key growth sectors Develop compelling value proposition for potential clients Invest on required resources (including systems and processes) to improve operational efficiency and service delivery to clients
Opportunities for Partnerships	High	Possible partnership opportunities exist in testing of energy efficiency products, lithium-ion batteries, cement and medium to high voltage cables	<ul style="list-style-type: none"> Develop and implement a strategic framework for partnerships and collaboration with private and public institutions to enhance testing capabilities and capacity Collaborate with suitable partners in key areas of interest
Oversupply or Undersupply	Medium	Oversupply of laboratories testing food & water and undersupply of testing of energy efficiency products and transformers	<ul style="list-style-type: none"> Invest in infrastructure for testing of smart products Consider co-sharing models for underutilised laboratories with testing capabilities
Entry/Exit Barrier	Medium	Barriers of entry are low in the mining and minerals sectors (coal testing) and water testing	<ul style="list-style-type: none"> Revise business model for mining and minerals e.g. own resources vs project-based sourcing (leasing) Co-sharing model for laboratories with capabilities and capacity, but underutilised
Product Standardisation	Low	Each sector serviced is unique in terms of requirements and standardisation can be a challenge, however, within sectors, possibilities exists for standardisation	<ul style="list-style-type: none"> Rationalise laboratories with synergies/related service offerings to improve resource optimisation and cross selling opportunities

Key Code: Low, Medium and High

12.6 Product Market Opportunity

MARKET PENETRATION	PRODUCT DEVELOPMENT
CURRENT PRODUCT –CURRENT MARKET	NEW PRODUCT – CURRENT MARKET
Condoms Target – Condom manufacturers in FY2022/2023 and beyond	Transformers and Switchgear
Radiation Protection Service (RPS) Target – Hospitals and other health institutions FY2022/2023 and beyond	Higher rating/capacity pumps
Certification: Number plates, firefighting, electric cables, detergents food industry, EPT, Cement Target – All Mark Scheme clients in FY2022/2023 and beyond,	Local Content and Consignment Inspection – testing for compliance Target – Local PPE manufacturers and suppliers in FY2022/2023 and beyond
MARKET DEVELOPMENT	DIVERSIFICATION
CURRENT PRODUCT –NEW MARKET	NEW PRODUCT – NEW MARKET
Petrography Target – Coal Mining and PGM companies in FY2022/2023 and beyond,	Lead in paint
Food safety (processed meat (NRCS), imported meat (DAFF))	Lightning protection
XRF (X-ray fluorescence) Target – Expand services for PGM and other minerals in FY2020/2021 and beyond,	Energy efficiency
Proficiency testing schemes, e.g. plumbing Target – Plumbing products manufacturers in 2022/2022 and beyond	Personal protective equipment (ventilators, masks, medical PPE) Target – All Mark Scheme and testing clients, manufacturers and retailers in 2022/2021
Hand sanitizers Target – All Mark Scheme and other testing clients in manufacturers and retailers in FY2022/2023 and beyond	Consulting Services

Key Code:

Current Market is the least significant value

New Market is the most significant value

12.7 3-Year Growths Plans

Growth Plans for Next 3 Years
<ul style="list-style-type: none">• Implement Energy efficiency in household products laboratory
<ul style="list-style-type: none">• Drive proficiency testing schemes
<ul style="list-style-type: none">• Increase testing capacity of hand sanitizers in support of the mark schemes
<ul style="list-style-type: none">• Introduce complete testing of surgical gowns, drapes, and surgical masks
<ul style="list-style-type: none">• Upgrade the cement laboratory to introduce an additional test line
<ul style="list-style-type: none">• Expand pharmaceutical testing vitamins and food testing (vitamins, sugars, starch, alcohol testing in beverages and foods, including meat and fish related)
<ul style="list-style-type: none">• Increase of capacity in the condom lab testing
<ul style="list-style-type: none">• Conclude strategic agreements to improve the utilization of NETFA in the local and regional market
<ul style="list-style-type: none">• Improve skills development and transfer with strategic partners such as universities, internal laboratories
<ul style="list-style-type: none">• Improve method development capabilities through improved research capabilities

12. CUSTOMER PARTNERING

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

13.1 Customer Engagement

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

- State Owned Entities and Government departments.
- Collaboration with Universities.
- Collaboration with existing clients.
- Local Content Scheme (new and existing clients).
- Engagements with key industry associations.
- Other areas prioritised by Certifications, Laboratory Services and Standards Sales.

13.2 Marketing and Communications

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

This business unit will conduct industry wide workshops and other engagements to improve the awareness of the SABS conformity assessment services and the *SABS Approved* Mark Scheme. The main channel of deliver for this area will be digital.

13.3 Product, Solution, Client and Market innovation

All new assessment scheme, SABS products and services that will be taken to market will drive the Divisional strategic objectives and action plans with the intent to drive market demand of the SABS products and services. The key focus will be on recruiting a competent and experienced skills to develop processes, systems, and procedures for implementation.

13.4 3-Year Growths Plans

Growth Plans for Next 3 Years

Business Processes and Staffing

- Mapping of Customer Partnering processes, including integration points with Operations.
- Recruitment of prioritised resources.
- Sourcing and implementation of a new Customer Relationship Management System (CRM).
- Automation of Sales processes, client engagements and performance reports.

Customer Engagement

- Collaboration with strategic partners (clients and other State-Owned Companies).
- Develop and implement Local and Regional customer retention and acquisition plan.
- Conduct sector focused engagements to promote newly launched Local Content Scheme and other SABS value added services.
- Align and implement Customer Partnering efforts with Divisional testing and auditing capabilities.

Business Data and Reporting

- Improvement in the quality of SABS Customer Master Data
- Use data to enable cross selling opportunities and upselling products and services to existing customers
- Implement an effective Customer Relationship Management system

13. ADMINISTRATION

14.1 Human Capital

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

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

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

Activity 1: Development of Leadership Competency framework

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

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

Activity 1: Development and Implementation of a culture transformation programme

13.1.3 Drive integrated Performance & Talent Management practices

Activity 1: Implementation of Performance Management Training

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

13.1.4 Develop an integrated organization wide learning strategy

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

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

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

Activity 1: Revising Remuneration and Reward policies

Activity 2: Conducting a remuneration harmonisation exercise

Growth Plans for Next 3 Years

Organisational and Structure Review

- “Fit for purpose” Operating Model and Structure
- “High Impact” Leadership Development Programme
- Talent Acquisition & Development

Culture Change Journey

- Culture Change Programme
- Diversity & Inclusion

14.2 Information and Communication Technology

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

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

13.2.1 Activity: ICT Infrastructure

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

13.2.2 Activity: Business Application

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

13.2.3 Activity: ICT Support

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

13.2.4 3-Year Growths Plans

Growth Plans for Next 3 Years
Continuous Improvements <ul style="list-style-type: none">• Develop an Enterprise Customer Portal to give customers a complete visibility of their interactions with SABS
Technology Advancements <ul style="list-style-type: none">• Improve efficiency and service delivery using Artificial Intelligence (AI) and big data.• Utilise blockchain for contract management and financial systems to prevent fraud and improve data quality
Operational Efficiencies <ul style="list-style-type: none">• Improve policies, procedures and processes to return to a clean audit status• Internal and external stakeholder management to realise return on investment

14.3 Finance

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

13.3.1 Activity: Supply Chain Management

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

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

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

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

13.3.2 Activity: Financial Reporting

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

13.3.3 Activity: Financial Strategy

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

13.3.4 3-Year Growths Plans

Growth Plans for Next 3 Years
Automation <ul style="list-style-type: none">• Implementation of a procure to pay function to enhance compliance and improve efficiencies• Implementation of a new ERP system
Cost reduction and cash flow management <ul style="list-style-type: none">• Enhance current pricing strategies and develop new strategies to remain competitive• Development of strategies to strengthen the statement of financial position• Enter longer term and transversal contracts to benefit from economies of scale. Implement more efficient stock control and warehousing functions to improve the cash flow.
Supplier management and optimization <ul style="list-style-type: none">• Build sustainable relationships with key suppliers to enable security of supply and cost management. Implement supplier and enterprise development strategies.
Operational Efficiencies Improve polices and processes to return to a clean audit status

14.4 Facilities

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

13.4.1 Activity: Facilities Management Strategy

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

13.4.2 Activity: Preventative Maintenance [Open]

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

14.4.3 3-Year Growth Plans [Open]

Growth Plans for Next 3 Years
Facilities Strategy <ul style="list-style-type: none">• Develop a medium to long term facilities strategy that supports long term business needs
Property Development Strategy <ul style="list-style-type: none">• Develop a medium to long term strategy to leverage the SABS properties better and enable income generation
Energy Efficiency <ul style="list-style-type: none">• Implement energy efficiency solutions across all properties to enable cost savings.
Investment in Infrastructure <ul style="list-style-type: none">• Ongoing investment in critical infrastructure and subsequent maintenance thereof

**PART F:
ACHIEVING FINANCIAL SUSTAINABILITY**

14. 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 plan has been prepared on the backdrop of the ongoing s189 of the Labour Relation Act.

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

- The challenging economic conditions exacerbated by the impact of COVID 19, impacting revenue generation.
- The SABS applied a general inflation rate of 4.23% in the preparation of the Corporate Plan except where specific adjustments or a budget for non-recurring expenses was done.
- Overall, administration and operating expenditure is budgeted to increase by 10.4%.
- Over the MTEF, the grant allocations to the SABS are R273.1 million, R276.0 million and R288.3 million for FY2022/23, FY2023/24 and FY2024/25 financial years respectively (ex VAT).
- Additional allocations of R30 million over MTEF (R10 million per financial year (ex VAT)) in favour of the SABS has been factored for sector local content verification.
- The Group is projected to record a net loss of R7.7 million in FY2022/23, while expected to generate net profit of R2.2 million in FY2023/24 and R19.4 million in FY2024/25.

The net loss position is mainly driven by the projected revenue growth which is not enough to cover the cost incurred by the SABS and this has resulted in the organisation utilising its cash reserves. The subdued economic environment resulted in additional pressure in revenue generation. The SABS is continuing with the s189 of the Labour Relation Act process, which has already resulted in cost savings from the employee benefits cost. However, the SABS is expected to breakeven in the 2023/24 financial year.

The DTIC has invested funds in the SABS Group to help support the turnaround strategy by providing investment in infrastructure and digitisation 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 soon.

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.

15.1 Statement of group financial performance

	Actual R'000 2018/19	Actual R'000 2019/20	Actual R'000 2020/21	YTD R'000 Dec-21	Forecast R'000 2021/22	Budget R'000 2022/23	% Growth	Budget R'000 2023/24	Budget R'000 2024/25
Revenue	506 508	444 813	415 891	324 833	435 057	487 126	11.97%	520 438	556 869
Laboratory Services	156 162	128 117	102 200	84 866	106 000	125 146	18.06%	133 906	143 279
SMME	1 356	248	708	1 000	2 991	3 118	4.23%	3 257	3 485
Certificate of compliance	14 827	12 807	11 486	14 377	16 400	14 001	-14.63%	14 624	15 648
Training	10 228	12 115	5 149	5 497	11 138	13 270	19.14%	14 199	15 193
Product and system certification	291 002	259 101	263 877	196 178	264 491	292 991	10.78%	313 500	335 445
New Business - Consulting	-	-	-	-	955	5 000	423.36%	5 000	5 350
Design Institute services	1 772	761	217	-	-	-	0.00%	-	-
Sale of publications	31 161	31 665	32 254	22 916	33 081	33 601	1.57%	35 953	38 469
Other Income	34 532	30 503	54 909	35 114	38 829	33 450	-13.7%	34 939	36 508
Rental Income	15 874	16 161	16 970	13 219	14 602	12 973	-11.15%	13 550	14 159
Sundry income	24 182	22 953	23 722	12 642	14 976	13 699	-8.52%	14 309	14 951
Grant income	5 287	1 315	-	-	-	-	0.00%	-	-
Gain / Loss on Investments	(10 470)	(9 927)	14 216	9 252	9 252	6 778	-26.74%	7 080	7 397
Government Grant	252 390	270 622	227 428	206 769	282 287	292 321	3.55%	285 953	298 745
Core funding	232 477	245 559	214 706	200 318	267 064	273 099	2.26%	275 953	288 745
Other income	19 913	20 285	7 997	4 059	9 222	19 221	108.42%	10 000	10 000
Government grants in respect of operating expenditure	-	4 777	4 725	2 392	6 000	-	-100.00%	-	-
Total income	793 431	745 937	698 228	566 716	756 172	812 897	1.87%	841 330	892 122
Administrative and operating expenses	(779 799)	(780 503)	(756 633)	(492 323)	(687 271)	(753 752)	9.67%	(780 212)	(816 395)
Employee benefits	(553 818)	(553 250)	(562 823)	(334 235)	(444 235)	(471 568)	6.15%	(486 715)	(509 569)
Contract Services	(59 725)	(61 040)	(70 349)	(47 324)	(69 728)	(75 306)	8.00%	(78 657)	(82 189)
Premises costs	(3 181)	(3)	(73)	42	(3 837)	(3 999)	4.23%	(4 177)	(4 364)
Marketing & Communication	(2 758)	(11 056)	(970)	(861)	(4 095)	(4 268)	4.23%	(4 458)	(4 658)
Consulting & Technical Fees	(16 589)	(14 273)	(11 391)	(5 336)	(8 815)	(15 742)	78.59%	(16 443)	(17 181)
Consumables	(12 817)	(13 429)	(8 196)	(9 154)	(15 475)	(16 130)	4.23%	(16 847)	(17 604)
Travel foreign	(14 088)	(13 585)	(173)	(1 322)	(3 747)	(15 191)	305.41%	(15 867)	(16 580)
Travel local	(20 597)	(18 704)	(7 687)	(9 107)	(11 422)	(19 094)	67.18%	(20 240)	(21 455)
Municipal services	(49 031)	(47 621)	(59 024)	(51 706)	(66 106)	(66 036)	-0.11%	(68 974)	(72 071)
Other operating expenses	(47 194)	(47 542)	(35 947)	(33 320)	(56 806)	(66 417)	16.92%	(67 833)	(70 724)
Profit/(loss) from operations	13 632	(34 566)	(58 405)	74 393	68 902	59 145	-14.16%	61 118	75 726
Depreciation	(43 871)	(52 156)	(50 445)	(41 048)	(65 766)	(74 766)	13.68%	(80 766)	(84 393)
Government grants in respect of assets	8 715	7 697	12 918	13 016	17 348	17 757	2.36%	23 757	29 757
Profit/(loss) before other income/expenses, interest and tax	(21 523)	(79 025)	(95 931)	46 361	20 483	2 136	-89.57%	4 109	21 091
Other income	5 939	7 469	4 662	2 063	2 062	219	-89.39%	-	-
Foreign exchange gains	220	5 962	3 392	1 800	1 800	-	-100.00%	-	-
Disposal Of Prop,Plant & Equip	-	-	(120)	53	52	-	-100.00%	-	-
Inter Co Dividend	5 719	1 507	1 390	210	210	219	4.23%	-	-
Other non-operating expenses	(15 699)	(38 650)	(17 108)	(13 911)	(22 427)	(23 115)	3.07%	(15 529)	(15 869)
Forex losses	(329)	(3 220)	(8 179)	-	(33)	-	-100.00%	-	-
Loss on disposal of property, plant and equipment	(1 106)	(2 278)	-	-	-	-	0.00%	-	-
Post-Retirement Medical Aid	(8 558)	(8 566)	(7 931)	(4 600)	(6 133)	(8 248)	34.49%	-	-
Long Service Leave Award	1 417	(1 171)	5 874	(1 488)	(1 984)	-	-100.00%	-	-
Prior year adjustments	36	(148)	45	-	-	-	0.00%	-	-
Royalties	(309)	(367)	(345)	(565)	(571)	(356)	-37.73%	(372)	(388)
Performance bonus	32 015	131	353	-	-	-	0.00%	-	-
Bad debts	(34 684)	(17 205)	(1 640)	(2 247)	(6 617)	(6 896)	4.23%	(7 203)	(7 527)
Audit fees	(4 178)	(5 826)	(4 127)	(5 228)	(7 306)	(7 615)	4.23%	(7 954)	(7 954)
Other expenses	(2)	-	(1 158)	217	217	-	-100.00%	-	-
Profit/ (loss) before interest, corporate charges and tax	(31 284)	(110 205)	(108 378)	34 513	119	(20 760)	-17609.00%	(11 420)	5 222
Finance income/ (costs)	30 073	48 630	27 551	14 020	16 020	13 020	-18.73%	13 599	14 210
Profit/ (loss) before corporate charges and tax	(1 211)	(61 576)	(80 827)	48 533	16 138	(7 740)	-147.96%	2 180	19 432
Taxation	-	-	37 270	-	-	-	0.00%	-	-
Net profit/ (loss) for the period	(1 211)	(61 576)	(43 557)	48 533	16 138	(7 740)	-147.96%	2 180	19 432

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

Commercial revenue

Commercial revenue of R487.1 million in the first year of the planning period is projected to have an overall increase of 11.97% from the FY2021/22 forecast. The growth in revenue is expected to reach R556.9 million in FY2024/25.

The growth assumptions consider 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 60.0% followed by Laboratory services at 26.0%. The launch of the Local Content Verification scheme is expected to contribute positively to the certification revenue in the FY2022/23.

The revenue growth of R19.1 million is expected from forecasted revenue for FY2021/22 financial year to R125.1 million in FY2022/23 representing an increase of 18.06%. The revenue for Laboratory service is expected to increase to R143.3 million in FY2024/25 financial year and the revenue will be driven by the replacement and improvement in testing Infrastructure.

Sale of publications is expected to increase by 1.57% from FY2021/22 to R33.6 million in FY2022/23, revenue is projected at R36.0 million for the FY2023/24 while growing to R38.5 million in FY2024/25.

The Training Academy projected revenue is R13.3 million in FY2022/23 growing to R15.2 million in FY2024/25.

SMME is projecting a revenue of R3.1 million in FY2022/23 growing to R3.5 million in FY2024/25.

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 FY2022/23 is anticipated at R273.1 million. The grant funding allocation will have a minor increase to R276.0 million and R288.7 million in FY2023/24 and FY2024/25 respectively.

Expenditure

Administrative and operating expenses are expected to grow from R753.8 million to R816.4 million over the three-year planning period from FY2022/23 to FY2024/25. The growth in these expenses is driven mainly by employee benefit costs which constitute 63.0% of the budgeted administrative and operating expenses over the MTEF period.

Employee benefit expenses will increase from R471.6 million in FY2022/23 to R509.6 million in FY2024/25 due to filling of critical positions as well as the upward cost of living adjustments. The increase in employee benefits is due to the filling of critical positions and is expected to be partly offset by stringent recruitment practices in terms of resignations and retirements and a possible organisation structure review. In addition, the SABS has made a provision for the graduate and youth development.

The budgeted contract services are expected to increase by 8.0% for the FY2022/23 financial year, while consulting costs are expected to increase driven by various activities that the SABS is involved in which require consultant.

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

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

Consumables are forecasted to grow by 4.23% in FY2022/23 when compared to the FY2020/21 forecast. The increase in consumables is driven by the expected increase in revenue from LSD as more revenue generated will result in higher consumable and the upgrading of laboratories which is expected to increase the capacity in the laboratories.

Local and foreign travel costs are expected to return to the pre-lockdown period as less restrictions are expected to remain in place during the FY2022/23 financial year.

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

Profitability

The SABS is projecting a net loss position of R7.7 million in FY2022/23 driven by the insufficient revenue and grants to cover the cost base of the Group. In the remainder of the MTEF period, the SABS is expected to generate net profit of R2.2 million and R19.4 million for the FY2023/24 and FY2024/25.

15.2 Statement of group financial position

	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected
	2017/18	2018/19	2019/20	2020/21	Budget	Budget	Budget	Budget
	R'000	R'000	R'000	R'000	2021/22	2022/23	2023/24	2024/25
					R'000	R'000	R'000	R'000
ASSETS								
Non-current assets	1,176,218	1,028,098	823,476	910,779	887,504	954,279	864,172	835,939
Fixed Assets	745,693	715,515	707,267	733,724	753,674	827,132	797,293	774,290
Right of use assets	-	-	15,749	23,022	14,577	8,333	20,836	11,128
Deferred tax	-	-	-	33,698	-	-	-	-
Available for sale Investments	430,525	312,583	100,460	120,335	119,252	118,814	46,043	50,521
Current assets	293,065	461,750	686,253	634,672	591,078	410,898	353,001	309,444
Inventory	2,708	3,125	3,947	4,618	4,813	5,017	5,229	5,450
Trade and Other receivables	164,362	199,464	150,418	172,438	153,481	126,299	130,086	148,200
Cash and cash equivalents	125,995	259,161	531,888	457,616	432,784	279,582	217,685	155,794
Total assets	1,469,283	1,489,848	1,509,729	1,545,451	1,478,583	1,365,177	1,217,173	1,145,383
EQUITY AND LIABILITIES								
Equity and reserves	882,462	887,056	831,249	786,771	794,792	778,804	780,984	800,416
Accumulated profit/(loss)	815,136	813,925	752,444	700,888	717,026	709,286	711,466	730,898
Capital and Reserves	67,326	73,131	78,805	85,883	77,766	69,518	69,518	69,518
LIABILITIES								
Non-current liabilities	341,109	317,042	463,946	483,701	441,346	403,628	310,020	278,425
Employment benefit obligations	98,388	92,203	85,336	73,717	67,710	67,501	-	-
Deferred income	242,461	223,427	367,282	395,100	364,211	329,141	297,127	269,422
Lease liability	260	1,412	11,328	14,884	9,424	6,986	12,893	9,003
Current liabilities	245,712	285,750	214,534	274,979	242,444	182,745	126,169	66,542
Trade and Other payables	157,697	148,926	139,653	224,994	203,362	148,539	93,201	40,694
Provisions	46,921	784	353	-	-	-	-	-
Employment benefit obligations	10,129	10,319	10,123	9,091	6,981	7,190	-	-
Lease liability	-	-	-	19,389	12,277	9,100	16,796	11,728
Deferred income	30,965	125,721	64,404	21,505	19,824	17,915	16,172	14,120
Total equity and liabilities	1,469,283	1,489,848	1,509,729	1,545,451	1,478,582	1,365,177	1,217,173	1,145,383

The SABS anticipates total assets to reach R1.1 billion during the planning period. Property, plant and equipment is expected to be at by R774.3 million at the end of 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. However, SABS will also set aside R125.0 million from the operational cash flow over the MTEF period.

15.3 Group capital expenditure

CAPEX BUDGET 2022/23 - 2024/25				
AREAS	2022/23	2023/24	2024/25	GRAND TOTAL
Laboratory Services	52.3	20.0	20.0	92.3
Facilities	31.2	12.0	20.0	63.2
ICT	46.4	5.0	7.0	58.4
Other	2.0	3.0	3.0	8.0
GRAND TOTAL	131.9	40.0	50.0	221.9

- A capital expansion plan of R221.9 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.

15.4 Projected group cash flow statement

	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected
	2017/18	2018/219	2019/20	2020/21	Budget	Budget	Budget	Budget
	R'000	R'000	R'000	R'000	2021/22	2022/23	2023/24	2024/25
					R'000	R'000	R'000	R'000
Cash inflow from operating activities	49,146	(36,658)	29,260	10,033	61,653	(4,152)	(10,080)	456
Cash received from customers	531,165	552,111	541,551	453,672	486,260	542,998	579,003	618,309
Cash received from Government	243,153	232,477	245,559	214,706	267,064	273,099	275,953	288,343
Cash paid to suppliers and employees	(754,281)	(857,038)	(810,315)	(688,769)	(705,769)	(833,708)	(876,715)	(915,928)
Cash generated from/(utilised by) operations	20,037	(72,450)	(23,205)	(20,391)	47,556	(17,611)	(21,759)	(9,277)
Net finance income	29,109	35,792	52,465	30,424	14,098	13,459	11,679	9,732
Cash (outflow) inflow from investing activities	(15,094)	169,824	251,879	(73,917)	(75,658)	(137,740)	(40,000)	(50,000)
Purchase of fixed assets	(18,913)	(21,597)	(39,474)	(67,063)	(75,658)	(137,740)	(40,000)	(50,000)
Purchase of investment properties	-	-	-	-	-	-	-	-
Purchase of intangible assets	(5,973)	(3,100)	(1,282)	(1,195)	-	-	-	-
Proceeds on disposal of property, plant and equipment	116	93	3	-	-	-	-	-
Purchase of available for sale investments	(448,385)	(24,528)	(5,804)	(5,659)	-	-	-	-
Disposal of available for sale investments	458,061	218,956	208,000	-	-	-	-	-
Infrastructure grant funding received	-	-	90,436	-	-	-	-	-
Cash inflow/(outflow) from financing activities	-	-	(8,412)	(10,388)	(10,827)	(11,309)	(11,817)	(12,348)
Payment of lease liability	-	-	(8,412)	(10,388)	(10,827)	(11,309)	(11,817)	(12,348)
Funding of Government specific projects	-	-	-	-	-	-	-	-
Increase in cash and cash equivalents	34,052	133,166	272,727	(74,272)	(24,832)	(153,201)	(61,897)	(61,892)
Cash and cash equivalents at beginning of year	91,943	125,995	259,161	531,888	457,616	432,784	279,582	217,685
Cash and cash equivalents at end of year	125,995	259,161	531,888	457,616	432,784	279,582	217,685	155,794

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.

Cash and cash equivalents of R155.8 million are projected for 31 March 2025. This represents a decrease of R301.8 million since 31 March 2021, mainly due 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.

15.5 Borrowing plan

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

15.6 Dividend policy

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

15.7 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.

15.8 Aligning the SABS strategic objectives to budget allocations

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

Outcome	Indicator	Actual		Budget					
		FY2020/21		FY2022/23		FY2023/24		FY2024/25	
		Income (m)	Expenses (m)	Income (m)	Expenses (m)	Income (m)	Expenses (m)	Income (m)	Expenses (m)
Develop, promote and maintain South African National Standards which are aligned to Government's industrialisation strategies or plans	SANS supporting reimagined industrial priority sectors as defined by DTIC	R77.2	R77.1	R65.3	R65.3	67.6	R67.6	R70.6	R70.6
	SANS referenced in public policy and procurement/legislative / regulatory instruments								
	Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directive								
Provide internationally recognised conformity assessment services that continue to support the needs of South African enterprises competing in a fast-paced global economy	Net promoter score	R457.8	R516.7	R479.1	R396.4	R504.0	R408.1	R537.5	R426.5
	Number of new products, services, solutions launched								
Business Solutions and Advisory Services offering???		R9.7	R22.2	R21.3	R12.4	R19.4	R12.9	R21.0	R13.4
Administration: Build a capable and efficient SABS: <ul style="list-style-type: none"> Reduce financial losses Improve operational efficiencies Improve employee engagement Increase economic participation of designated groups 	Net profit of the SABS Group	R315.7	R334.2	R278.1	R377.5	R287.7	R387.9	R307.0	R406.1
	Cost-to-income ratio of SABS Group								
	Employee engagement rate								
	Supporting the economic participation of women, youth and people with disabilities								
TOTAL		R860.4	R950.3	R843.9	R851.6	R878.7	R876.5	R936.1	R916.7

**PART G:
RISK AND FRAUD MANAGEMENT**

15. 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.

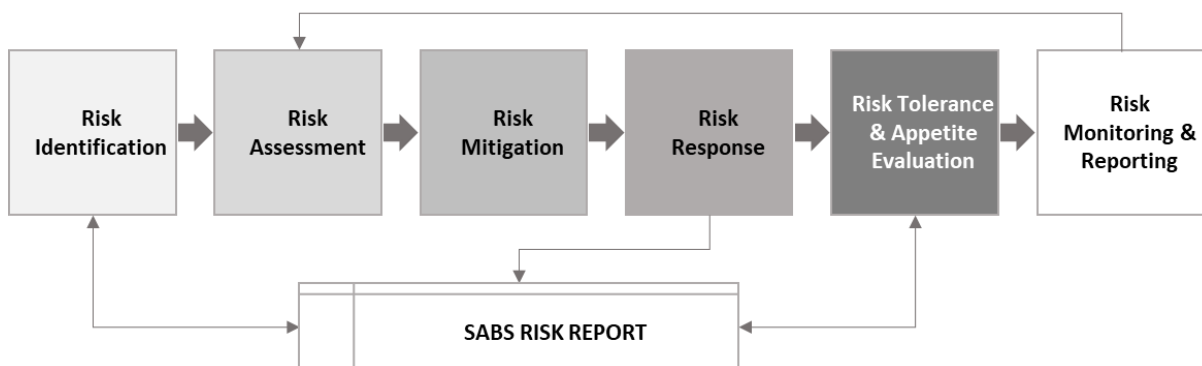
16.1 Risk Management

The SABS adheres to the risk policies and processes aligned to the King Code of corporate governance. The Risk Committee of the Board provides responsibility for risk management oversight. The organisation has adopted an enterprise-wide risk management (ERM) approach to the management of risks impacting the strategic and operational objectives of the organisation. The risk and compliance department headed by the Chief Risk Officer is responsible for the ERM portfolio and is tasked to implement effective and efficient systems of risk, ethics and compliance management in the SABS in line with the PFMA and relevant prescripts. The risk management portfolio includes:

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

16.2 SABS Risk Management Framework

Figure 7: The SABS' risk reporting approach



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

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

16.3 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.

Strategic Objectives 1: Achieve and maintain financial sustainability

Risk Theme	Risk Contributors	Inherent Risk Rating	Current Controls	Control Effectiveness	Residual Risk Rating	Action Plans	Due Dates	Responsible Person
Inadequate revenue and profitability performance	<ul style="list-style-type: none"> High Operational Costs High Employee costs Inability to develop and implement new products. Cancellations by clients Loss of clients Inability to pay by clients 	High	<ul style="list-style-type: none"> Cost containment Go to Market Strategy Client Engagement Sales Sectoral plans Cash flow Management Debtors Collection 	Satisfactory	High	Implementation of the Pricing Strategy/Matrix	31 Mar FY23	CFO
						Implementation of credit to cash conversion project	31 Mar FY23	CFO
						Implementation of cost saving measures and section 189	31 Mar FY23	Exec: HC
						Develop and execute the new business pipeline from sales to revenue conversion	31 Mar FY23	Customer Partnering
						Conclude partnerships with additional laboratories to enhance SABS testing capability	31 Mar FY23	Exec: Lab Services
						Strengthening of cost containment measures including Labs profitability assessments which may see closing of non-performing laps and redistribution of resources	31 Mar FY23	SABS Execs
						Establish new business opportunities	31 Mar FY23	Revenue Generating BUs
						Upgrading the aging infrastructure to improve productivity and operational efficiencies	31 Mar FY23	CFO
						Develop new products, Schemes and Solutions	31 Mar FY23	BSAS
						Development and implementation of SABS BBBEE Rating Improvement Plan	31 Mar FY23	GM: Procurement & GM HC
						Implement CSR	31 Mar FY23	Exec: Lab Services
Plan and implement Events and marketing initiatives	31 Mar FY23	Customer Partnering						

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

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Standards development, Governance & Promotion	<ul style="list-style-type: none"> Overdue projects and overdue reviews of publications TCs governance and performance Inadequate understanding of contributing stakeholders 	High	<ul style="list-style-type: none"> Standards Norms Standards Review/Dev Project Plan Procedure for appointing the chair on technical committees and sub-committees (SOP 605) 	Good	Medium	Workshop and calibration of contributing committee stakeholders	31 Mar FY23	Exec: Standards
						Develop and review of Norm 2021	31 Mar FY23	Exec: Standards
						Ongoing monitoring and review of the Standards Development Project tracks	31 Mar FY23	Exec: Standards
						Actively seek opportunities to promote relevant standards in the marketplace.	31 Mar FY23	Exec: Standards
						Create Marketing platform where SABS standards are emphasized and all complementary services promoted.	31 Mar FY23	Marketing

Strategic Objectives 3: Provide integrated conformity assessment service solutions

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Loss of stakeholder confidence and customer dis-satisfaction	<ul style="list-style-type: none"> Inadequate Client service and delivery Inadequate stakeholder engagement Inadequate client data management 	Good	<ul style="list-style-type: none"> Stakeholder Engagement initiatives. Customer Journey Procedure Customer queries management and feedback Customer Survey 	Good	Medium	Monitor the implementation of Participation in Regional and International standardization organizations	Monthly	Exec: Standards
						Support reimagined industrial priority sectors as defined by DTIC		
						Monitoring participation in regional and international standardization organizations	31 Mar FY23	Execs: Cert and Lab Services
						Review and implement the Stakeholder engagement plan	31 Mar FY23	Group Manager: Strategy
						Develop and implement top 10 Customer Engagement Plan	31 Mar FY23	Execs: Cert and Lab Services
						Development and implementation of ICT Strategy for business efficiency and value creation.	31 Mar FY23	ICT: Management
						Analysis of customer services queries to improve response turnaround time	31 Mar FY23	Customer Partnering
						Implementation of <ul style="list-style-type: none"> Master Data Project and Operational Technology Assessment 	31 Mar FY23	ICT Management

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

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Inadequate management of talent and performance	<ul style="list-style-type: none"> Poor delivery of Human Capital services Loss of skills to deliver quality outputs Non-compliance with HC Policies SABS Financial Performance Relationship and trust issues with stakeholders including Labour Section 189 Impact 	High	<ul style="list-style-type: none"> Performance Management Policy and Procedure Section 189 Plan Learning and Development Policy and Procedure 	Satisfactory	High	Develop and implement Talent Management Strategy	31 Mar FY23	Exec: Human Capital
						Review Succession Management and Retention Procedure	31 Mar 2022	Exec: Human Capital
						Implementation of the L&D strategy	31 Mar 2022	Exec: Human Capital
						Implantation of the reviewed organisation structure	31 Mar 2022	Exec: Human Capital
						Develop and implement Employee Value Proposition (EVP) Model	31 Mar 2022	Exec: Human Capital
						Develop and implement SABS transformation and culture programme	31 Mar 2022	Exec: Human Capital
						Development and implementation of productivity matrix and tools	31 Mar 2022	Exec: Human Capital & Executive STDs

Strategic Objectives 5: Provide integrated conformity assessment service solutions

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Loss of Accreditation	<ul style="list-style-type: none"> Lack of ICT Tools Loss of technical signatories or competent staff A breakdown of the organisational management system Failure to clear non-conformances within agreed timelines 	High	<ul style="list-style-type: none"> Documented of Approvals Board (AB); Approvals Board (AB) materiality framework; Internal compliance audits Re-enforcement of the certification rules 	Satisfactory	High	Automation of certification and accreditation processes (SABCIMS project)	31 Mar 2022	GM: Accreditation
						Validation and closing of audit findings	31 Mar 2022	GM: Accreditation
						Secure two technical signatories and apply for them at SANAS per method (ensure that technical signatories are part of workforce planning and prioritised)	31 Mar 2022	GM: Accreditation
						Development and Implementation an Impartiality Framework	31 Mar 2022	GM: Accreditation
						Training/Calibration of staff and management on Systems certification Scheme	31 Mar 2022	GM: Accreditation
						Optimise utilization of CRM and other SABS information systems	31 Mar 2022	GM: Accreditation

Strategic Objectives 6: Continuous improvement in internal systems and process

Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Inadequate modernisation integration of systems and ICT Security	<ul style="list-style-type: none"> Insufficient automation and integration of systems and processes ICT Security Environment 	High	<ul style="list-style-type: none"> ICT Policies and Procedures ICT Recovery plan ICT Security awareness Systems enhancement and monitoring 	Satisfactory	High	Implementation of SABS Enterprise Resource Planning (ERP) Solution (Development and implementation of ICT Strategy for business efficiency and value creation.)	31 Mar 2022	ICT Senior Management
						Implementation and monitoring the effectiveness of the ICT Policies and Procedures	31 Mar 2022	ICT Senior Management
						Implementation of: <ul style="list-style-type: none"> Customer Data Project LSD Operational technology assessment project 	31 Mar 2022	ICT Senior Management
						Enhance the ISMS implementation to establishing an Information Security Management System that is in line with industry standard (ISO 27001)	31 Mar 2022	ICT Senior Management
						ICT Security Performance and continuous improvement to review the ICT security controls and their effectiveness	31 Mar 2022	ICT Senior Management
						Implement ICT Security Awareness Campaign	31 Mar 2022	ICT Senior Management

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

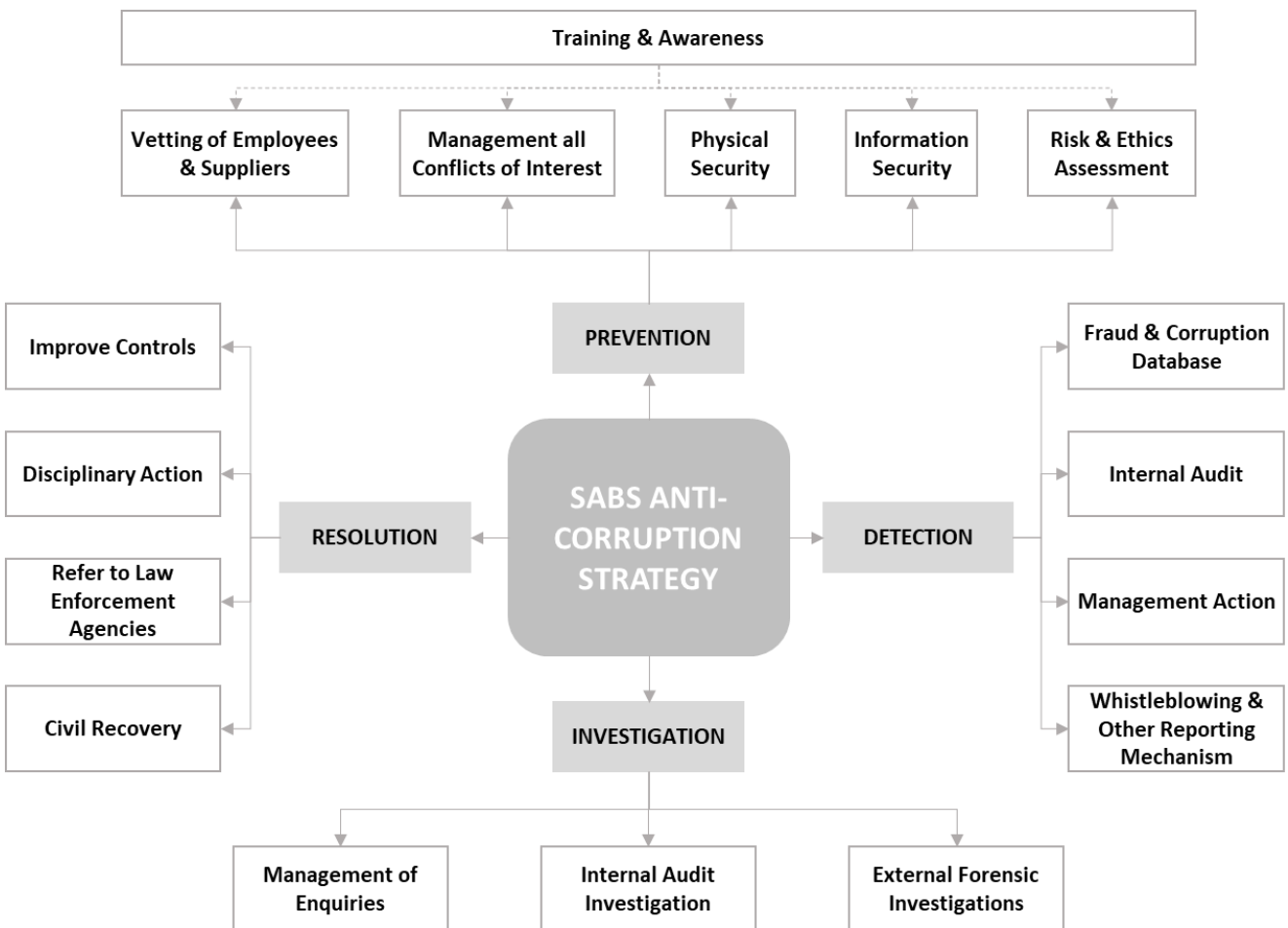
Risk theme	Risk Contributors	Inherent risk rating	Current Controls	Control Effectiveness	Residual risk rating	Action plans	Due dates	Responsible official(s)
Health & Safety (Covid-19 Impact)	<ul style="list-style-type: none"> Employees and Contractors Conduct Compliance with safety protocols 	High	<ul style="list-style-type: none"> Business Continuity Policy and Procedure Covid-19 Response Plan Oversight by Emergency Response Team	Good	Medium	Monitoring by Covid-19 Response Committee	31 Mar 2022	HSE Manager
						Implementation of Return to Work Plan	31 Mar 2022	HSE Manager
						Covid-19 risk and Compliance Assessment	31 Mar 2022	HSE Manager
						Implementation of physical security plan (security infrastructure and operational plan)	31 Mar 2022	Head of Security
						Conducting Medical Surveys	31 Mar 2022	HSE Manager

16.4 Fraud prevention plan

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

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

Figure 8: Elements of the Corruption and Fraud Management Strategy



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

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

Whistleblowing

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

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

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

The SABS Integrated Anti-Corruption and Fraud Prevention Plan

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

ANNEXURES

ANNEXURE A: FINANCIAL PROJECTIONS OF SABS COMMERCIAL SOC

16. Statement of financial performance: SABS Commercial SOC

	Actual R'000 2019/20	Actual R'000 2020/21	Budget R'000 2021/22	Budget R'000 2022/23	Budget R'000 2023/24	Budget R'000 2024/25
Commercial Revenue	412 387	383 419	428 764	432 137	462 030	494 372
Laboratory Services	128 117	102 200	135 408	125 146	133 906	143 279
SMME	248	708	2 991	-	-	-
Certificate of compliance	12 807	11 486	13 550	14 001	14 624	15 648
Training	12 115	5 149	15 474	-	-	-
Product and system certification	259 101	263 877	261 341	292 991	313 500	335 445
Other Income	19 395	6 805	10 000	16 221	10 000	10 000
Other income Recognised	19 395	6 805	10 000	16 221	10 000	10 000
Grant	123 565	93 687	20 000	20 000	20 000	20 000
Grant income	123 565	93 687	20 000	20 000	20 000	20 000
Total income	555 347	483 910	458 764	468 359	492 030	524 372
Administrative and operating expenses	(384 220)	(355 831)	(427 302)	(298 899)	(309 566)	(324 241)
Employee benefits	(313 888)	(318 401)	(306 755)	(233 416)	(240 890)	(252 179)
Contract Services	(15 609)	(11 556)	(16 465)	(13 592)	(14 197)	(14 834)
Strategic projects	-	-	-	-	-	-
Premises costs	(163)	93	(48 802)	(0)	(0)	(0)
Marketing & Communication	(66)	(10)	(158)	(190)	(198)	(207)
Consulting & Technical Fees	(1 036)	(87)	(145)	(153)	(160)	(167)
Consumables	(10 311)	(6 656)	(10 675)	(10 035)	(10 482)	(10 952)
Travel foreign	(9 393)	(173)	(9 603)	(10 192)	(10 646)	(11 124)
Travel local	(17 287)	(7 416)	(16 502)	(15 895)	(16 848)	(17 859)
Municipal services	(1 727)	(1 432)	(1 822)	(1 977)	(2 065)	(2 158)
Other operating expenses	(14 741)	(10 193)	(16 376)	(13 449)	(14 080)	(14 760)
Profit/(loss) from operations	171 127	128 079	31 462	169 460	182 464	200 131
Depreciation	(61 782)	(58 856)	(65 597)	(66 245)	(71 561)	(74 774)
Government grants in respect of assets	3 666	5 603	2 719	2 719	3 638	4 556
Profit/(loss) before other income/expenses, interest and tax	113 011	74 827	(31 417)	105 934	114 540	129 913
Other income	14 211	13 008	6 667	6 667	6 963	7 276
Foreign exchange gains	5 879	2 201	-	-	-	-
Disposal Of Prop,Plant & Equip	(816)	(69)	-	-	-	-
Sundry income	9 148	10 877	6 667	6 667	6 963	7 276
Other non-operating expenses	(23 864)	(13 567)	(14 673)	(10 636)	(11 109)	(8 927)
Forex losses	(2 266)	(5 941)	-	-	-	-
Post-Retirement Medical Aid	(3 202)	(3 208)	(3 365)	(2 343)	(2 447)	-
Long Service Leave Award	1 786	3 229	(1 000)	-	-	-
Prior year adjustments	78	42	-	-	-	-
Income statement losses	-	137	-	-	-	-
Royalties	(2 503)	(3 228)	-	-	-	-
Performance bonus	139	353	-	-	-	-
Bad debts	(16 073)	(2 196)	(8 275)	(5 658)	(5 910)	(6 175)
Audit fees	(1 823)	(1 922)	(2 033)	(2 635)	(2 752)	(2 752)
Other expenses	-	(834)	-	-	-	-
Profit/ (loss) before interest, corporate charges and tax	103 358	74 267	(39 423)	101 965	110 395	128 262
Finance income/ (costs)	(17 521)	(28 126)	(2)	(28 911)	(30 198)	(31 554)
Profit/ (loss) before corporate charges and tax	85 836	46 141	(39 425)	73 054	80 197	96 708
Corporate services	(38 273)	(23 926)	(73 692)	(23 926)	(23 926)	(23 926)
Group service recoveries	15 423	14 380	15 424	14 380	14 380	14 380
Group service costs	(53 696)	(38 306)	(89 116)	(38 306)	(38 306)	(38 306)
Profit/ (loss) before tax	47 564	22 215	(113 117)	49 128	56 271	72 783
Taxation	-	37 270	-	-	-	-
Net profit/ (loss) for the period	47 564	59 486	(113 117)	49 128	56 271	72 783

17. Statement of financial position: SABS Commercial SOC

	Actual	Actual	Actual	Projected	Projected	Projected	Projected
	2018/19	2019/20	2020/21	Budget	Budget	Budget	Budget
	R'000	R'000	R'000	2021/22	2022/23	2023/24	2024/25
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS							
Non-current assets	107,391	276,192	272,568	217,634	318,130	330,129	335,454
Fixed Assets	107,391	100,463	102,072	91,933	195,821	244,105	304,430
Deferred tax	-	-	33,698	33,698	25,109	-	-
Right of use assets	-	175,729	136,798	92,003	97,200	86,024	31,024
Current assets	247,680	264,597	265,362	260,263	174,943	138,859	126,612
Trade and Other receivables	175,253	126,445	150,385	163,694	109,470	122,924	126,612
Cash and cash equivalents	72,427	138,152	114,977	96,569	65,473	15,935	-
Total assets	355,071	540,789	537,930	477,896	493,073	468,988	462,066
EQUITY AND LIABILITIES							
Equity and reserves	130,860	44,286	106,980	148,372	222,626	268,854	255,849
Share capital	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Accumulated profit/(loss)	(112,301)	(64,738)	(5,252)	36,139	109,193	154,222	141,216
Other components of equity	143,161	9,024	12,232	12,232	13,432	14,632	14,632
LIABILITIES							
Non-current liabilities	65,993	322,735	239,923	191,535	173,175	129,642	129,588
Employment benefit obligations	39,138	36,276	30,700	32,090	31,564	-	-
Deferred income	19,585	24,756	66,467	57,987	73,006	57,754	64,099
Loans from Group companies	5,858	94,153	17,220	10,247	-	-	-
Deferred tax liability	1,412	2,325	-	-	3,536	4,066	4,066
Lease liabilities	-	165,225	125,537	91,211	65,069	67,822	61,423
Current liabilities	158,218	173,768	191,026	137,990	97,273	70,492	76,630
Trade and Other payables	91,035	88,682	112,975	86,687	56,707	34,566	46,881
Provisions	784	353	-	-	-	-	-
Employment benefit obligations	3,420	3,266	3,151	3,294	2,950	-	-
Lease liabilities	2,154	26,164	37,005	35,609	30,289	28,289	21,789
VAT payable	-	-	32,065	5,371	-	-	-
Deferred income	60,825	55,303	5,830	7,030	7,327	7,637	7,960
Total equity and liabilities	355,071	540,789	537,930	477,897	493,074	468,988	462,066

18. Projected cash flow statement: SABS Commercial SOC

	Actual	Actual	Actual	Projected	Projected	Projected	Projected
	2018/219	2019/20	2020/21	Budget	Budget	Budget	Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash inflow from operating activities	81,645	287,316	269,762	62,914	(7,652)	(25,950)	7,805
Cash received from customers	482,361	496,151	413,467	497,291	492,116	578,040	602,491
Cash received from holding company	-	123,565	93,687	-	-	-	-
Cash paid to suppliers and employees	(400,719)	(338,152)	(239,270)	(434,377)	(499,769)	(603,990)	(594,686)
Cash generated from/(utilised by) operations	81,642	281,564	267,883	62,914	(7,652)	(25,950)	7,805
Net finance income/(cost)	3	5,752	1,879	-	-	-	-
Cash (outflow)/ inflow from investing activities	(9,292)	(17,466)	(24,768)	(60,800)	(20,000)	(20,000)	(20,000)
Purchase of property, plant and equipment	(9,308)	(17,056)	(24,768)	(60,800)	(20,000)	(20,000)	(20,000)
Purchase of intangible assets	(77)	(410)	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	94	-	-	-	-	-	-
Cash inflow/(outflow) from financing activities	-	(204,126)	(268,169)	(20,523)	(3,443)	(3,589)	(3,740)
Repayment of capital contribution	-	(136,482)	-	-	-	-	-
Repayment of loan from group companies	-	(65,518)	(265,000)	(17,220)	-	-	-
Lease liability payment	-	(2,125)	(3,169)	(3,303)	(3,443)	(3,589)	(3,740)
Increase in cash and cash equivalents	72,353	65,724	(23,175)	(18,408)	(31,095)	(49,539)	(15,935)
Cash and cash equivalents at beginning of year	74	72,427	138,152	114,977	96,569	65,473	15,935
Cash and cash equivalents at end of year	72,427	138,152	114,977	96,569	65,473	15,935	(0)

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: R5.3 million (based on 2020/21 total income of R701.6 million as per annual financial statements)
	b) Include particulars of – (i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (ii) Any criminal or disciplinary steps taken because of such losses or irregular expenditure or fruitless and wasteful expenditure;	Disclose as prescribed Disclose as prescribed

Section	Requirement	SABS framework
	(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 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 54(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.	a) Establishment of participation in the establishment of a company	For the establishment of a company in terms of the Companies Act: Each transaction separately approved
	b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement	For transaction not entailing incorporation in terms of the Companies Act: Materiality is calculated at 1.5% of total assets: R23.2 million (based on 2020/21 total assets of R1 545.45 million as per annual financial statements)
	c) Acquisition or disposal of a significant shareholding in a company	<ul style="list-style-type: none"> • Any transaction where ownership control is affected • Where the SABS has the right to pass or block as special resolution is affected • Change in ownership of at least 20.0% For an acquisition, any transaction that results in a shareholding of at least 20.0% in a company
	d) Acquisition or disposal of a significant asset	All asset acquired or disposed, other than: <ul style="list-style-type: none"> • Those mention in 54(2)(a) and (b) above or • Assets classified at current assets according to generally accepted accounting practise: <ul style="list-style-type: none"> ○ Materiality is calculated at 1.5% of total assets ○ R23.2 million (based on 2020/21 total assets of R1 545.45 million as per annual financial statements)

Section	Requirement	SABS framework
	<p>e) Commencement or cessation of a significant business activity; and</p>	<ul style="list-style-type: none"> • A business activity that falls within the SABS core business, including standards development and the provision of conformity assessment services, do not require approval • A business activity that falls outside the SABS core business: • A business activity that falls outside the SABS core business: • materiality is calculated at 1.5% of total assets: R23.2 million (based on 2020/21 total assets of R1 545.45 million as per annual financial statements) <p>Qualitative (both core and non-core): Consider whether the cessation of business activity will likely result in large-scale retrenchments</p>
	<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>	<p>Only be considered if the participation in the partnership, trust, unincorporated joint venture or similar arrangement was originally regarded as significant per 54(2)(b) above. The following is considered significant:</p> <ul style="list-style-type: none"> • calculated at 1.5% of total assets: R23.2 million (based on 2020/21 total assets of R1 545.45 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
<p>Section 66(1)</p>	<ul style="list-style-type: none"> • An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction- <ul style="list-style-type: none"> ○ Is authorised by this Act; and • In the case of public entities, is also authorized by other legislation not in conflict with this Act; and 	<p>Section 66(1)</p>

Section	Requirement	SABS framework
	<ul style="list-style-type: none"><li data-bbox="584 280 1220 440">• 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).	

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.	Government, SOE, regulatory and related public sector engagements	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 the 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	Net promoter score	Number of new products, services, solutions launched
Definition	Is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others? It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand	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 and customer's loyalty to the brand	Diversify SABS revenue sources and generate new revenue
Source of data	SABS BI system	Evidence of new product, services, solution launched/made available to customers
Method of calculation / assessment	Weighted average score calculated of Certification, Laboratory Services and Training (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 score of Certification, Laboratory Services and Training, as reflected on the BI system	Proof that new products, services, solutions has been launched
Assumptions	No limitations	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Cumulative year-to date 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 enough 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 plus LCV grant plus opex grant in respect of capex (excludes other, sundry and rental income)
Means of verification	Extracted from Quarterly management accounts prepared in accordance with the SABS Financial Management Policies	Calculated based on quarterly management accounts prepared in accordance with the SABS Financial Management Policies
Assumptions	No limitations	No limitations
Disaggregation of beneficiaries (where applicable)	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A	Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact areas: N/A
Calculation type	Cumulative year-to-date	Ratio based on year-to-date numbers
New indicator	No	No
Reporting cycle	Quarterly to Exco, Board and to The DTIC	Quarterly to Exco, Board and to The DTIC
Desired performance	Lower net loss/higher profit is desirable	Lower actual ratio than targeted ratio is desirable
Indicator responsibility	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 Employee Headcount
Purpose / importance	An engaged SABS employee will support the long-term objectives of the SABS	To measure the contribution of the SABS to the Economic Participation of Designated Groups by increasing support to individuals through appointing designated people into the SABS
Source of data	Annual survey conducted by SABS HC (could be internal or external)	Internal focus: Human capital records (head count at reporting date)
Method of calculation / assessment	Annual employee engagement survey 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: 46.0% in FY2022/2023 Target for youth: 24.0% in FY2022/2023 Target for people with disabilities: 1.8% in FY2022/2023
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