





### What is the Employment Equity Act and what is its purpose?

South Africa's history of structural and political exclusion on the basis of race and its negative consequences are well known. Four years into the new constitutional dispensation, the EEA was passed. The primary purpose of the EEA is to promote the right to equality and to ensure that all employees receive equal opportunities and are treated fairly by their employers. A core focus of the EEA is the implementation of employment equity and affirmative action to redress the effects of historical discrimination.

The EEA applies to all employees and employers who operate in South Africa, except the South African National Defence Force, National Intelligence Agency and South African Secret Service.

While the EEA applies to all employers (excluding those listed above), sections of the EEA (sections 12 – 27) only apply to designated employers. The Amendment Act brings about a change to the definition of "designated employer" to restrict the application of these sections to a reduced group of employers and relieve some of the administrative burden on smaller employers.

The EEA prohibits discrimination against an employee, directly or indirectly, in any employment policy or practice on the grounds of:



Race



Gender



Pregnancy



Marital status



Family responsibility



Ethnic or social origin



Colour



Sexual orientation



Age



Disability



Religion



HIV status



Conscience



Belief



Political opinion



Culture



Language



Birth

### How are smaller employers affected by the amendments?

Smaller employers are positively affected by a change in the definition of "designated employer". The definition is amended to exclude employers who employ fewer than 50 employees, irrespective of their annual turnover.

## What is the effect of the amendment to the definition of "designated employer"?

As a result of the amendment, smaller employers are not required to comply with the obligations of a designated employer relating to affirmative action, including the development and implementation of employment equity (EE) plans and reporting and submission of EE reports to the Department of Employment and Labour (DoEL). This will significantly relieve the administrative burden on these employers.

# As a result of the amendment, will smaller employers be deprived of the ability to secure a certificate of compliance?

No. While smaller employers will not be required to develop and submit employment equity reports, they will nevertheless be entitled to obtain a certificate of compliance under section 53 of the EEA. In this regard, smaller employers will be expected to demonstrate that there has been no finding by the Commission for Conciliation, Mediation and Arbitration (CCMA) or a court within the previous 12 months that the employer breached the prohibition on unfair discrimination in the EEA and the CCMA has not issued an award against the employer in the previous 12 months for failing to pay the minimum wage in terms of the National Minimum Wage Act, 2018 (Act 9 of 2018).

### Are there any changes in relation to and for people with disabilities?

Yes. The definition of "people with disabilities" has been substituted to align with the definition in the United Nations Convention on the Rights of Persons with Disabilities, 2007. The amended definition includes within its meaning, "people who have a long-term or recurring physical, mental, intellectual or sensory impairment which, in interaction with various barriers, may substantially limit their prospects of entry into, or advancement in, employment". This enhanced definition accords with a more expansive international understanding of what constitutes disabilities.



### What are the economic sectors?

The amendments introduce a definition for "sector" that means "an industry or service or part of any industry or service". Eighteen economic sectors have been identified:



Accommodation and food service activities



Administrative and support activities



Agriculture, forestry and fishing



Arts, entertainment and recreation



Construction



Education



Electricity, gas steam and air conditioning supply



Financial and insurance activities



Human health and social work activities



Information and communication



Manufacturing



Mining and quarrying



Professional, scientific and technical activities



Public administration, defence and compulsory social security



Real estate activities



Transportation and storage



Water supply, sewerage, waste management and remediation activities



Wholesale and retail trade; repair of motor vehicles and motorcycles



The targets simply refer to "designated groups" which is defined in the EEA as black people (Africans, Coloureds, and Indians), women and people with disabilities who are citizens of South Africa by birth or descent. Alternatively, black people who became citizens of South Africa by naturalisation before 27 April 1994 or after 26 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date but who were precluded by apartheid policies.

The five-year sector targets are minimum targets which an employer is expected to achieve with a view to improving the equitable representation of people from the different designated groups at various occupational levels.

### Below are the five-year sectoral numerical targets:

| Gender | Top<br>Management<br>Designated<br>Groups  | Senior<br>Management<br>Designated<br>Groups  | Professionally<br>Qualified<br>Designated<br>Groups  | Skilled<br>Technical<br>Designated<br>Groups   | Disability   |
|--------|--|---|--|--|--|
|        |  |   |  |  |  |
| Female | 38.1%  | 46.1%   | 46.1%  | 46.1%  | 3.0%   |
| Total  | 56.7%  | 78.3%   | 84.7%  | 95.9%  |  |
| Male   | 33.2%  | 42.3%   | 49.2%  | 49.8%  |  |
| Female | 36.7%  | 43.5%   | 46.1%  | 46.1%  | 3.0%   |
| Total  | 69.9%  | 85.8%   | 95.3%  | 95.9%  |  |
| Male   | 13.2%  | 21.6%   | 34.7%  | 49.8%  |  |
| Female | 20.8%  | 31.0%   | 41.7%  | 44.0%  | 3.0%   |
| Total  | 34.0%  | 52.6%   | 76.4%  | 93.8%  |  |
| Male   | 35.1%  | 40.3%   | 49.8%  | 49.8%  | 3.0%   |
| Female | 33.5%  | 43.8%   | 46.1%  | 44.0%  |  |
| Total  | 68.6%  | 84.1%   | 95.9%  | 93.8%  |  |
| Male   | 30.0%  | 38.3%   | 46.7%  | 49.8%  | 3.0%   |
| Female | 24.8%  | 27.8%   | 34.4%  | 46.1%  |  |
| Total  | 54.8%  | 66.1%   | 81.1%  | 95.9%  |  |
| Male   | 27.6%  | 30.5%   | 43.0%  | 49.8%  |  |
| Female | 46.1%  | 46.1%   | 46.1%  | 46.1%  | 3.0%   |
| Total  | 73.7%  | 76.6%   | 35.9%  | 95.9%  |  |
|        | Male Female Total Female Total | Gender         Management           Designated Groups           Male         18.6%           Female         38.1%           Total         56.7%           Male         33.2%           Female         36.7%           Total         69.9%           Male         13.2%           Female         20.8%           Total         34.0%           Male         35.1%           Female         33.5%           Total         68.6%           Male         30.0%           Female         24.8%           Total         54.8%           Male         27.6%           Female         46.1% | Gender         Management         Management           Designated Groups         Designated Groups           Male         18.6%         32.2%           Female         38.1%         46.1%           Total         56.7%         78.3%           Male         33.2%         42.3%           Female         36.7%         43.5%           Total         69.9%         85.8%           Male         13.2%         21.6%           Female         20.8%         31.0%           Total         34.0%         52.6%           Male         35.1%         40.3%           Female         33.5%         43.8%           Total         68.6%         84.1%           Male         30.0%         38.3%           Female         24.8%         27.8%           Total         54.8%         66.1%           Male         27.6%         30.5%           Female         46.1%         46.1% | Gender         Management         Management         Qualified           Designated Groups         Designated Groups         Designated Groups           Male         18.6%         32.2%         38.6%           Female         38.1%         46.1%         46.1%           Total         56.7%         78.3%         84.7%           Male         33.2%         42.3%         49.2%           Female         36.7%         43.5%         46.1%           Total         69.9%         85.8%         95.3%           Male         13.2%         21.6%         34.7%           Female         20.8%         31.0%         41.7%           Total         34.0%         52.6%         76.4%           Male         35.1%         40.3%         49.8%           Female         33.5%         43.8%         46.1%           Total         68.6%         84.1%         95.9%           Male         30.0%         38.3%         46.7%           Female         24.8%         27.8%         34.4%           Total         54.8%         66.1%         81.1%           Male         27.6%         30.5%         43.0% <t< td=""><td>Gender         Management         Qualified         Technical           Designated Groups         Designated Groups         Designated Groups         Designated Groups           Male         18.6%         32.2%         38.6%         49.8%           Female         38.1%         46.1%         46.1%         46.1%           Total         56.7%         78.3%         84.7%         95.9%           Male         33.2%         42.3%         49.2%         49.8%           Female         36.7%         43.5%         46.1%         46.1%           Total         69.9%         85.8%         95.3%         95.9%           Male         13.2%         21.6%         34.7%         49.8%           Female         20.8%         31.0%         41.7%         44.0%           Total         34.0%         52.6%         76.4%         93.8%           Male         35.1%         40.3%         49.8%         49.8%           Female         33.5%         43.8%         46.1%         44.0%           Total         68.6%         84.1%         95.9%         93.8%           Male         30.0%         38.3%         46.7%         49.8%           <t< td=""></t<></td></t<> | Gender         Management         Qualified         Technical           Designated Groups         Designated Groups         Designated Groups         Designated Groups           Male         18.6%         32.2%         38.6%         49.8%           Female         38.1%         46.1%         46.1%         46.1%           Total         56.7%         78.3%         84.7%         95.9%           Male         33.2%         42.3%         49.2%         49.8%           Female         36.7%         43.5%         46.1%         46.1%           Total         69.9%         85.8%         95.3%         95.9%           Male         13.2%         21.6%         34.7%         49.8%           Female         20.8%         31.0%         41.7%         44.0%           Total         34.0%         52.6%         76.4%         93.8%           Male         35.1%         40.3%         49.8%         49.8%           Female         33.5%         43.8%         46.1%         44.0%           Total         68.6%         84.1%         95.9%         93.8%           Male         30.0%         38.3%         46.7%         49.8% <t< td=""></t<> |

### Below are the five-year sectoral numerical targets...continued

| Sector  | Gender | Top<br>Management    | Senior<br>Management<br>Designated<br>Groups | Professionally<br>Qualified<br>Designated<br>Groups | Skilled<br>Technical<br>Designated<br>Groups | Disability |
|---|--------|----------------------|--|---|--|------------|
|   |        | Designated<br>Groups |  |   |  |            |
| Electricity, Gas Steam and<br>Air Conditioning Supply | Male   | 31.7%                | 42.7%  | 49.8%   | 49.8%  |            |
|   | Female | 27.9%                | 39.5%  | 46.1%   | 46.1%  | 3.0%       |
|   | Total  | 59.6%                | 82.2%  | 95.9%   | 95.9%  |            |
| Financial and Insurance<br>Activities                 | Male   | 27.8%                | 31.7%  | 40.7%   | 49.5%  |            |
|   | Female | 35.3%                | 45.3%  | 46.1%   | 46.1%  | 3.0%       |
|   | Total  | 63.1%                | 77.0%  | 86.8%   | 95.6%  |            |
| Human Health and Social<br>Work Activities            | Male   | 27.6%                | 39.8%  | 49.8%   | 49.8%  |            |
|   | Female | 43.7%                | 46.1%  | 46.1%   | 46.1%  | 3.0%       |
|   | Total  | 71.3%                | 85.9%  | 95.9%   | 95.9%  |            |
| Information and<br>Communication                      | Male   | 25.4%                | 28.6%  | 37.9%   | 46.0%  | 3.0%       |
|   | Female | 31.2%                | 40.0%  | 38.9%   | 45.7%  |            |
|   | Total  | 56.6%                | 68.6%  | 76.8%   | 91.7%  |            |
| Manufacturing   | Male   | 24.1%                | 32.4%  | 40.4%   | 49.8%  | 3.0%       |
|   | Female | 25.0%                | 33.6%  | 37.7%   | 39.6%  |            |
|   | Total  | 49.1%                | 66.0%  | 78.1%   | 89.4%  |            |
| Mining and Quarrying                                  | Male   | 33.1%                | 36.3%  | 43.2%   | 49.8%  |            |
|   | Female | 24.4%                | 28.2%  | 34.4%   | 36.9%  | 2.0%       |
|   | Total  | 57.50%               | 64.5%  | 77.6%   | 86.7%  |            |

### Below are the five-year sectoral numerical targets...continued

| Gender | Top Management Designated Groups  | Senior<br>Management<br>Designated<br>Groups   | Professionally<br>Qualified<br>Designated<br>Groups  | Skilled<br>Technical<br>Designated<br>Groups   | Disability   |
|--------|---|--|--|--|--|
|        |   |  |  |  |  |
| Female | 41.9%   | 46.1%  | 46.1%  | 46.1%  | 3.0%   |
| Total  | 91.7%   | 95.9%  | 95.9%  | 95.9%  |  |
| Male   | 24.4%   | 29.9%  | 35.9%  | 49.8%  |  |
| Female | 38.1%   | 46.1%  | 46.1%  | 46.1%  | 3.0%   |
| Total  | 62.5%   | 76.0%  | 82.0%  | 95.9%  |  |
| Male   | 18.9%   | 22.9%  | 32.4%  | 38.3%  |  |
| Female | 30.3%   | 46.1%  | 46.1%  | 46.1%  | 3.0%   |
| Total  | 49.2%   | 69.0%  | 78.5%  | 84.4%  |  |
| Male   | 32.2%   | 42.1%  | 46.3%  | 49.8%  | 3.0%   |
| Female | 30.0%   | 35.9%  | 40.7%  | 41.4%  |  |
| Total  | 62.2%   | 78.0%  | 87.0%  | 91.2%  |  |
| Male   | 49.8%   | 49.8%  | 49.8%  | 49.8%  | 3.0%   |
| Female | 35.9%   | 41.0%  | 46.1%  | 46.1%  |  |
| Total  | 85.7%   | 90.8%  | 95.9%  | 95.9%  |  |
| Male   | 24.2%   | 35.0%  | 42.2%  | 48.1%  | 3.0%   |
| Female | 27.5%   | 38.6%  | 46.1%  | 46.1%  |  |
| Total  | 51.6%   | 73.6%  | 88.3%  | 94.2%  |  |
|        | Male Female Total | Management           Designated Groups           Male         49.8%           Female         41.9%           Total         91.7%           Male         24.4%           Female         38.1%           Total         62.5%           Male         18.9%           Female         30.3%           Total         49.2%           Male         32.2%           Female         30.0%           Total         62.2%           Male         49.8%           Female         35.9%           Total         85.7%           Male         24.2%           Female         27.5% | Gender         Management         Management           Designated Groups         Designated Groups           Male         49.8%         49.8%           Female         41.9%         46.1%           Total         91.7%         95.9%           Male         24.4%         29.9%           Female         38.1%         46.1%           Total         62.5%         76.0%           Male         18.9%         22.9%           Female         30.3%         46.1%           Total         49.2%         69.0%           Male         32.2%         42.1%           Female         30.0%         35.9%           Total         62.2%         78.0%           Male         49.8%         49.8%           Female         35.9%         41.0%           Total         85.7%         90.8%           Male         24.2%         35.0%           Female         27.5%         38.6% | Gender         Management         Management         Qualified           Designated Groups         Designated Groups         Designated Groups           Male         49.8%         49.8%         49.8%           Female         41.9%         46.1%         46.1%           Total         91.7%         95.9%         95.9%           Male         24.4%         29.9%         35.9%           Female         38.1%         46.1%         46.1%           Total         62.5%         76.0%         82.0%           Male         18.9%         22.9%         32.4%           Female         30.3%         46.1%         46.1%           Total         49.2%         69.0%         78.5%           Male         32.2%         42.1%         46.3%           Female         30.0%         35.9%         40.7%           Total         62.2%         78.0%         87.0%           Male         49.8%         49.8%         49.8%           Female         35.9%         41.0%         46.1%           Total         85.7%         90.8%         95.9%           Male         24.2%         35.0%         42.2% <t< td=""><td>Gender         Management         Qualified         Technical           Designated Groups         Designated Groups         Designated Groups         Designated Groups           Male         49.8%         49.8%         49.8%         49.8%           Female         41.9%         46.1%         46.1%         46.1%           Total         91.7%         95.9%         95.9%         95.9%           Male         24.4%         29.9%         35.9%         49.8%           Female         38.1%         46.1%         46.1%         46.1%           Total         62.5%         76.0%         82.0%         95.9%           Male         18.9%         22.9%         32.4%         38.3%           Female         30.3%         46.1%         46.1%         46.1%           Total         49.2%         69.0%         78.5%         84.4%           Male         32.2%         42.1%         46.3%         49.8%           Female         30.0%         35.9%         40.7%         41.4%           Total         62.2%         78.0%         87.0%         91.2%           Male         49.8%         49.8%         49.8%         49.8%           <t< td=""></t<></td></t<> | Gender         Management         Qualified         Technical           Designated Groups         Designated Groups         Designated Groups         Designated Groups           Male         49.8%         49.8%         49.8%         49.8%           Female         41.9%         46.1%         46.1%         46.1%           Total         91.7%         95.9%         95.9%         95.9%           Male         24.4%         29.9%         35.9%         49.8%           Female         38.1%         46.1%         46.1%         46.1%           Total         62.5%         76.0%         82.0%         95.9%           Male         18.9%         22.9%         32.4%         38.3%           Female         30.3%         46.1%         46.1%         46.1%           Total         49.2%         69.0%         78.5%         84.4%           Male         32.2%         42.1%         46.3%         49.8%           Female         30.0%         35.9%         40.7%         41.4%           Total         62.2%         78.0%         87.0%         91.2%           Male         49.8%         49.8%         49.8%         49.8% <t< td=""></t<> |

## Do the sectoral numerical targets refer to semi-skilled and unskilled employees?

The Minister has not published targets for the semi-skilled and unskilled levels. However, designated employers are required to take into account the economically active population (EAP) demographics in respect of these levels (either national or provincial) in their employment equity plans in terms of section 20(2)(C) of the EEA.

### When do the sectoral numerical targets take effect?

The amendments are affective from 1 January 2025 and the sectoral numerical targets from 15 April 2025.

Employers will have until 31 August 2025 to initiate the process of conducting a comprehensive workplace analysis and formulating new employment equity plans or amending existing plans to ensure compliance with the legislative amendments and the prescribed five-year sectoral numerical targets.

Furthermore, the reporting period for the year 2025 will commence on 1 September 2025 and conclude on 15 January 2026. During this period, the first certificates of compliance will be issued to employers. However, employers will not be evaluated on their progress towards achieving the five-year targets for this initial reporting cycle.

The first assessment of annual employment equity targets, in relation to the attainment of the five-year targets, will commence in 2026. The reporting period for this assessment will run from 1 September 2026 to 15 January 2027.

### What is the required duration and timeline for an EE plan?

Designated employers must prepare and implement an EE plan covering the period from 1 September 2025 to 31 August 2030. Employers who attain designated status after 1 April 2025 must develop an EE plan for the remainder of the period, ending 31 August 2030.

When preparing an EE plan, designated employers must consult the relevant Codes of Good Practice issued under section 54 of the Act.

### If an employer operates in more than one sector, which sectoral numerical target should it apply?

An employer that operates in more than one sector must use the sectoral numerical targets of the economic sector where the majority of its employees are located.

## How will the sectoral numerical targets impact a designated employer's EE plan?

An amendment to section 20 of the EEA (which deals with EE plans) links the sectoral numerical targets to the numerical targets set by a designated employer in its EE plan. A designated employer is now required to set numerical targets in line with the applicable sectoral targets set by the Minister. An amendment to section 42 aligns the assessment of compliance with employment equity with the new requirements relating to sectoral numerical targets.

In developing the EE plans, employers must set annual numerical targets for all population groups in each of the upper occupational levels where there is under representation in relation

to the applicable sector targets and EAP. A designated employer that has exceeded the numerical target set for a particular designated group at an occupational level should continue to set targets that maintain compliance with the EAP.

The employer is required to take the following factors into account when setting annual numerical targets:

- The employer's workforce profile
- The five-year sectoral numerical targets; and
- The applicable EAP (either national or provincial)



In addition to the above, the 2025 Regulations reiterates the following factors that may be taken into account by the employer:

- The inherent requirements of the job;
- The pool of suitably qualified persons;
- The qualification, skills, experience and the capacity to acquire, within a reasonable timeframe, the ability to do the job;
- The rate of turn-over and natural attrition within the workplace; and
- Recruitment and promotional trends within a workplace.

## Can an employer apply either or both the national and/or the provincial EAP?

Designated employers operating across multiple provinces must consider both the nature and geographical scope of their operations when determining whether to apply national or provincial EAP statistics for the purposes of conducting workforce analyses, preparing EE plans, and reporting to the DoEL.

Where an employer's operations span more than one province but are predominantly based in a single province, the employer may elect to use the EAP of that dominant province.

Employers opting to use either the national EAP or the EAP of a province in which the majority of their operations are located must nevertheless take into account variations across provincial EAPs. This ensures that their targets promote equitable representation of designated groups across all occupational levels.

### How will compliance be assessed for designated employers?

A designated employer's compliance will be measured against the annual targets set in alignment with the applicable five-year sectoral numerical targets. However, a designated employer will not incur any penalty or disadvantage if there are reasonable grounds to justify non-compliance with a specific target, as provided for in section 53(6)(b), read with section 44(2) of the EEA.

## What are the annual reporting obligations and deadlines for designated employers?

An amendment to section 21 of the EEA dealing with employment equity reports and annual submission of reports by a designated employer removes a specific date for annual submissions. The amendment empowers the Minister to make regulations with regard to the requirements of employers in submitting their EE reports and the timing of the submission.

The 2025 Regulations indicate, in accordance with section 21 of the EEA, that every designated employer is required to submit an annual EE report to the Director-General using one of the following methods:

#### Manual Submission:

A completed EEA2 form, accompanied by the EEA4 form must be signed by the Chief Executive Officer or Accounting Officer. These forms must be delivered in person to the Head Office of the DoEL.

Manual submissions must be made between 1 September and the first working day of October each year. On submission, departmental staff will assist in capturing the information into the system and provide immediate feedback.

#### • Electronic Submission:

Reports may also be submitted online via the Department's Employment Equity Reporting System, available at www.labour.gov.za.

The online reporting window opens on 1 September and closes on 15 January of the following year.



### Is verification and authorisation of EE reports required?

Yes. The information submitted in an employment equity report must be verified and authorised by one of the following:

- the Chief Executive Officer; or
- in the case of an employer governed by the Public Finance Management Act, 1999 (Act No. 1 of 1999) or the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Accounting Officer.

In addition, a designated employer must promptly notify the Director-General in writing of any changes to:

- the organisation's trade name; or
- the details of the Chief Executive Officer or Accounting Officer, as well as any managers assigned responsibilities under section 24 of the EEA.

### Are there reasons that justify an employer's non-compliance with either the annual numerical targets or the five-year sectoral numerical targets?

The 2025 Regulations indicates justifiable grounds for an employer not complying with their annual numerical targets or the five-year sectoral numerical targets as contemplated by section 53(6)(b), read with section 42(4) of the EEA. The justifiable grounds are as follows:

- Insufficient recruitment opportunities;
- Insufficient promotion opportunities;
- Insufficient target individuals from designated groups with relevant formal qualifications, prior learning, relevant experience or capacity to acquire, within a reasonable time, the ability to do the job, as contemplated by sections 20(3) to (5) of the EEA;
- The impact of CCMA award or court order;
- A transfer of business;
- Mergers and acquisitions; and
- The impact of economic conditions on the business.

## Could the sectoral numerical targets impact an employer's eligibility for the awarding of state contracts?

Yes. An amendment to section 53 of the EEA dealing with state contracts provides that the Minister may only issue a compliance certificate if the employer has complied with the sectoral numerical targets set by the Minister for the relevant sector, or has demonstrated a reasonable ground for non-compliance, among other compliance requirements, including:

- the submission of a report in terms of section 21 of the EEA;
- that there is no finding by the CCMA or a court within the previous 12 months that the employer breached the prohibition on unfair discrimination; and
- the CCMA has not issued an award against the employer in the previous 12 months for failing to pay the minimum wage in terms of the National Minimum Wage Act 9 of 2018.

A certificate issued in terms of section 53 is valid for 12 months from the date of issue or until the next date on which the employer is obliged to submit a report in terms of section 21 of the EEA, whichever period is longer.

### What is the process of obtaining a compliance certificate?

Although section 53 of the EEA has not yet been fully operationalised, the amendments and the 2025 Regulations introduce a framework for implementing this section and outline the process for acquiring a compliance certificate, including the circumstances under which non-compliance may be justifiably excused.

An employer must submit a request for a compliance certificate online via the DoEL's website: www.labour.gov.za.

- A designated employer may apply for a compliance certificate in terms of section 53 after submitting its annual EE report in accordance with section 21 of the EEA.
- An employer that is not designated may also apply for a certificate, provided it declares compliance with Chapter 11 of the EEA and with the National Minimum Wage Act, 2018, by completing the EEA15 form.

Where a designated employer has not met all the requirements for certification, it must clearly set out in the EEA15 form the grounds it relies on to justify:

- non-compliance with any requirement for the issuance of a certificate, as contemplated in section 42(4) of the EEA; or
- non-compliance with a sectoral target, as contemplated in section 53(6)(b) of the EEA (relevant grounds for justification are outlined above).

Once approved, an Employment Equity Compliance Certificate will be issued as follows:

- to a designated employer, in the form of EEA16A:
- to an employer that is not designated, in the form of EEA16B.

Each certificate is valid for a period of twelve months from the date of issue.

### Under what circumstances may a compliance certificate be withdrawn?

A compliance certificate issued in terms of section 53(2) of the EEA may be withdrawn by any of the following persons:

- the Minister;
- a labour inspector appointed in terms of section 63 of the Basic Conditions of Employment Act; or
- an official of the DoEL who has been duly delegated or assigned this function in accordance with section 56 of the EEA.

A certificate may be withdrawn if the authorised official is satisfied that:

- it was issued on the basis of a misrepresentation, or fraudulent or inaccurate information; or
- a condition necessary for its issuance no longer exists.

However, a certificate may not be withdrawn unless the following procedural safeguards have been met:

- the employer has been provided 14 days to make written representations following service of a notice of intention to withdraw (Form EEA16C); and
- any representations submitted by the employer have been duly considered.

If the decision is made to proceed with the withdrawal, a formal notice of withdrawal must be issued using Form EEA16D.

### Are the sectoral numerical targets equivalent to a quota?

The law distinguishes between a quota and a numerical target or goal. A quota is rigid, or applied rigidly, and amounts to job reservation. On the other hand, a target is a flexible employment guideline. Quotas are prohibited because they constitute an absolute barrier to the future or continued employment or promotion of people who are not from designated groups. Section 15 of the EEA states that a designated employer is not required to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups.

The amended section 15A allows the Minister to identify national economic sectors, and then set "numerical targets for any national economic sector identified in terms of subsection (1)". Importantly, this is a discretionary power and requires consultation with the relevant sectors and the advice of the Employment Equity Commission. Furthermore, the target must be set to help achieve the purpose of ensuring the equitable representation of suitably qualified people from designated groups at all occupational levels in the workforce. The outcome of this exercise should ideally result in the Minister setting numerical targets based on the reality of the sector, the composition of the workforces within the sector, and the shifting needs for certain skills or proficiencies. This means that the target should be neither arbitrary nor rigid.

The introduction of sectoral numerical targets and the power of the Government, by way of the Minister, to set these targets has been controversial. Some parties have concerns that the sectorial numerical targets set by the Minister may constitute a rigid quota and therefore potentially render the application of the sectoral numerical targets unconstitutional. The view of the DoEL is that there is a built-in flexibility for employers to set their own targets on an annual basis with the aim of achieving the five-year sectoral targets published by the Minister.



### Do the sectoral numerical targets and compliance in this regard impact an employer's obligations in terms of B-BBEE legislation?

B-BBEE assessment, compliance and measurement is a separate process to employment equity compliance under the EEA and regulations issued thereunder.

However, for purposes of assessing compliance with the management control element in the B-BBEE Codes, the EEA and the regulations issued thereunder are pertinent as the definitions and designations like employee categorisations and demographics and race groups classifications are all drawn from this legislation.

The targets for compliance under the various B-BBEE Codes are not necessarily the same as those provided under the EEA and the regulations. Nonetheless, compliance with any proposed targets under the EEA will also be relevant for assessing B-BBEE compliance even though targets and weighting may differ. As a general proposition, compliance with numerical targets under the EEA regulations will also be recognisable under the B-BBEE Codes and hence positively impact B-BBEE scoring.

# Do the amendments offer any clarity relating to a designated employer's obligation to consult with a trade union?

Yes. An amendment to section 16 of the FFA clarifies the consultation process between a designated employer and its employees. Where there is a representative trade union the designated employer must only consult with that trade union, and not with its employees. The consultations relate to the implementation of an employment equity plan, the analysis conducted by a designated employer to identify employment barriers which adversely affect people from the designated groups, and the content and submission of the employment equity report.

### Are there any changes which impact the powers of labour inspectors?

Yes. Section 36 of the Amendment Act revives the power of a labour inspector to secure an undertaking to comply from a designated employer. This power had been removed in an earlier amendment.

### Are there any changes in relation to compliance orders and to what extent does this affect compliance with numerical targets?

Yes. An amendment to section 37 of the EEA empowers the Minister to make regulations regarding the manner of service of compliance orders, in relation to the affirmative action aspects of the EEA, on designated employers.

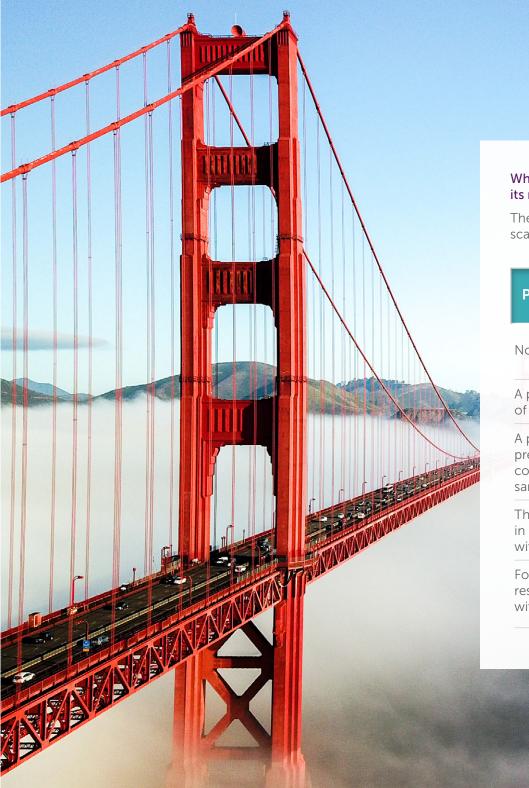
While section 37 provides that a labour inspector may serve a compliance order on a designated employer if the employer has failed to comply with sections 16, 17, 19, 22, 24, 25 or 26 of the EEA, it notably excludes sections 15 and 15A. This means that a failure to comply with sections 15 or 15A (the sections relating to sectoral numerical targets) may not be penalised by means of a compliance order.

Section 42 of the EEA is amended to include an assessment of whether an employer has complied with the sectoral targets set in terms of section 15A. If, after an assessment, it is determined that the employer has

failed to comply, section 45 states that the Director-General may apply to the Labour Court for an order directing the employer to comply or, if the employer fails to justify its non-compliance with the request or recommendation, impose a fine in accordance with Schedule 1. In the circumstances, non-compliance with sectoral targets will have the same effect as non-compliance with an employment equity plan.

### What is the fine for non-compliance and if the employer fails to justify its non-compliance with applying the sectoral numerical target?

The fines are listed in Schedule 1 of the EEA and are tabulated on a sliding scale depending on previous contraventions by the same employer.



What is the fine for non-compliance and if the employer fails to justify its non-compliance with applying the sectoral numerical target?

The fines are listed in Schedule 1 of the EEA and are tabulated on a sliding scale depending on previous contraventions by the same employer.

### **Previous contravention**

No previous contravention

A previous contravention in respect of the same provision.

A previous contravention within the previous 12 months or two previous contraventions in respect of the same provision within three years.

Three previous contraventions in respect of the same provision within three years.

Four previous contraventions in respect of the same provision within three years.

### **Fine**

The greater of R1,5 million or 2% of the employer's turnover.

The greater of R1,8 million or 4% of the employer's turnover.

The greater of R2,1 million or 6% of the employer's turnover.

The greater of R2,4 million or 8% of the employer's turnover.

The greater of R2,7 million or 10% of the employer's turnover.

### MARKET RECOGNITION

#### Our Employment Law team is externally praised for its depth of resources, capabilities and experience.

Chambers Global 2025 ranked our Employment Law practice in Band 1 for employment and from 2014-2024 in Band 2. The Legal 500 EMEA 2020-2025 recommended the South African practice in Tier 1. The Legal 500 EMEA 2023-2025 recommended the Kenyan practice in Tier 3 for employment.

#### The way we support and interact with our clients attracts significant external recognition.

Aadil Patel is the Practice Head of our Employment Law team, and the Head of our Government & State-Owned Entities sector. Chambers Global 2024-2025 ranked Aadil in Band 1 for employment. Chambers Global 2015-2023 ranked him in Band 2 for employment. The Legal 500 EMEA 2021-2025 recommended Aadil as a 'Leading Individual' for employment and recommended him from 2012-2020.

The Legal 500 EMEA 2021–2025 recommended Anli Bezuidenhout for employment.

Chambers Global 2018-2025 ranked Fiona Leppan in Band 2 for employment. The Legal 500 EMEA 2025 recommended Fiona in the 'Hall of Fame' for employment. The Legal 500 EMEA 2022-2025 recommend Fiona for mining. The Legal 500 EMEA 2019-2024 recommended her as a 'Leading Individual' and from 2012-2018 recommended her for employment.

Chambers Global 2021–2025 ranked Imraan Mahomed in Band 2 for employment and in Band 3 from 2014–2020. The Legal 500 EMEA 2020–2025 recommended him for employment.

The Legal 500 EMEA 2023-2025 recommended Phetheni Nkuna for employment.

The Legal 500 EMEA 2025 recommended Desmond Odhiambo for employment. The Legal 500 EMEA 2022-2024 recommended him for dispute resolution.

Chambers Global 2025 ranked Ngeri Wagacha in Band 2 for Fintech, and in Band 3 in 2024. Chambers 2025 ranked her in Band 4 for corporate/M&A. The Legal 500 EMEA 2022-2025 recommended Njeri for employment. The Legal 500 EMEA 2023-2025 recommends her for corporate, commercial/M&A. IFLR1000 2024 ranked Njeri as a highly regarded lawyer in Private equity, and M&A. Njeri was shortlisted for the PSG Capital Individual DealMaker of the Year 2024 (East Africa).

The Legal 500 EMEA 2023 recommended Thabang Rapuleng for employment.













#### **BBBEE STATUS:** LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

#### PLEASE NOTE

This information is published for general information purposes and is not intended to constitute legal advice. Specialist legal advice should always be sought in relation to any particular situation. Cliffe Dekker Hofmeyr will accept no responsibility for any actions taken or not taken on the basis of this publication.

#### **JOHANNESBURG**

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa. Dx 154 Randburg and Dx 42 Johannesburg.

T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

#### **CAPE TOWN**

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town. T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

#### NAIROBI

Merchant Square, 3<sup>rd</sup> floor, Block D, Riverside Drive, Nairobi, Kenya. P.O. Box 22602-00505, Nairobi, Kenya. T +254 731 086 649 | +254 204 409 918 | +254 710 560 114 E cdhkenya@cdhlegal.com

#### **NAMIBIA**

1st Floor Maerua Office Tower, Cnr Robert Mugabe Avenue and Jan Jonker Street, Windhoek 10005, Namibia PO Box 97115, Maerua Mall, Windhoek, Namibia, 10020 T +264 833 730 100 E cdhnamibia@cdhlegal.com

#### **STELLENBOSCH**

14 Louw Street, Stellenbosch Central, Stellenbosch, 7600. T +27 (0)21 481 6400 E cdhstellenbosch@cdhlegal.com

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