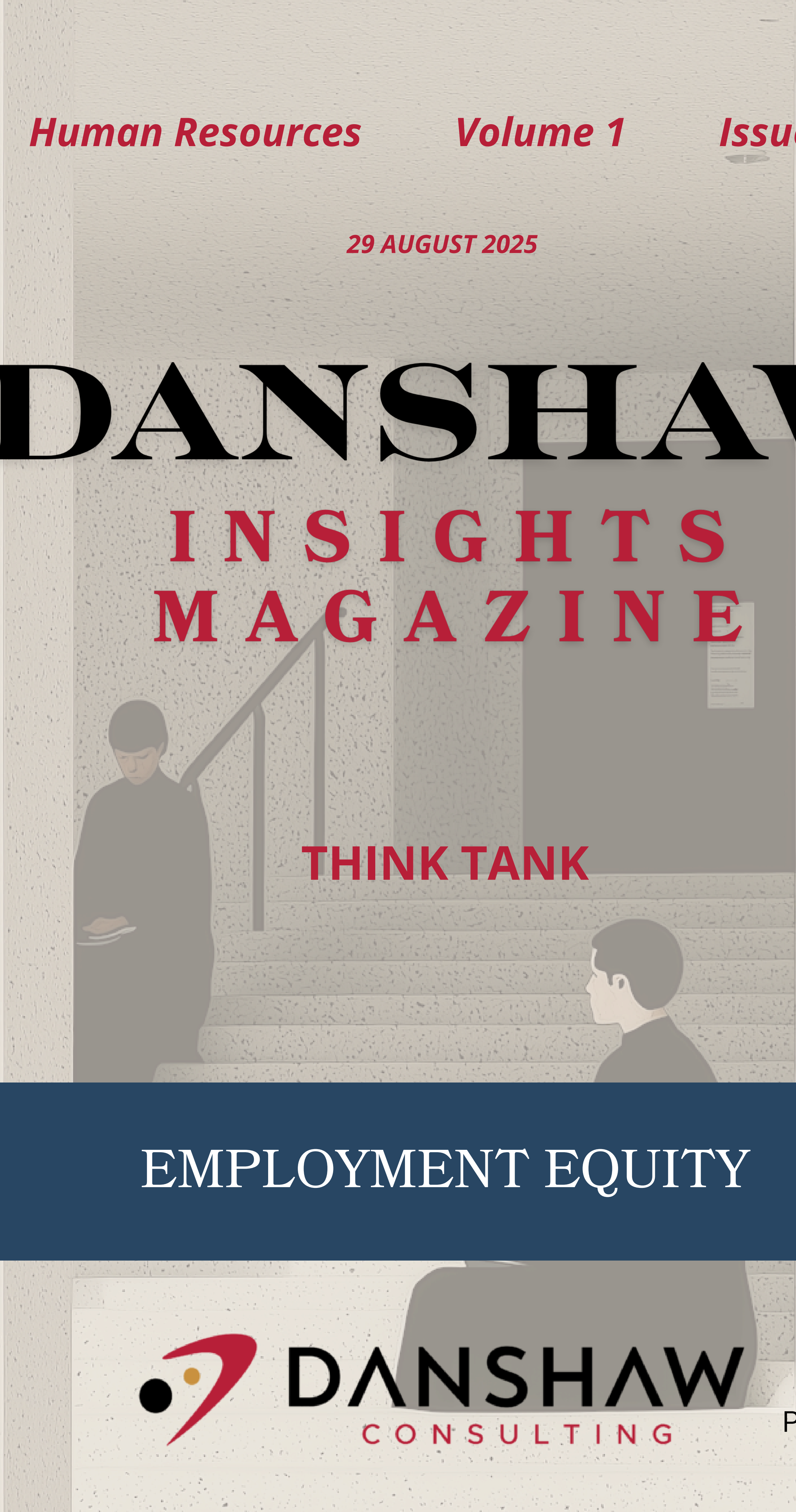
Human Resources *Volume 1* *Issue 2*

29 AUGUST 2025

DANSHAW

INSIGHTS MAGAZINE



THINK TANK

EMPLOYMENT EQUITY

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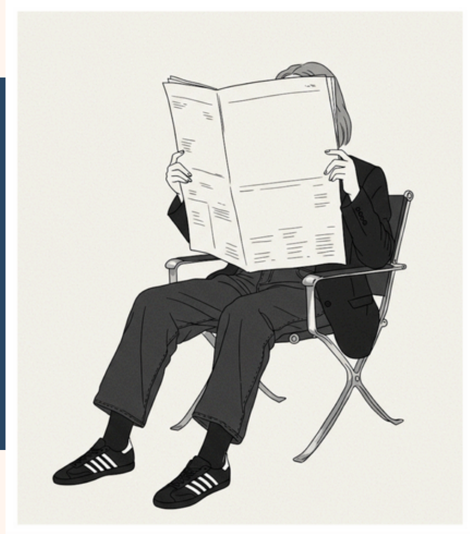


Dear Team,

Our Think Tank topic on the 29th of August, was Employment Equity.
Employment Equity is legislation designed to promote equal opportunity and fair treatment in employment by eliminating unfair discrimination and implementing affirmative action.

A special thanks goes to **Shaun Raubenheimer**, who masterfully guided us through the complexities of Employment Equity legislation. His insights into both the legal requirements and the practical realities of implementation were invaluable, helping us understand not just the "what" but the "how" of planning and implementing EE.

We're also thrilled by the enthusiastic participation in our post-event quiz. With an impressive average score of 84%, it's clear that our team is not only engaged but truly absorbing these critical concepts.

Thank you all for making the Think Tank event fun, meaningful, and impactful!

Best regards,
Michelle Mostert

UNDERSTANDING SOUTH AFRICA'S EMPLOYMENT EQUITY ACT & DANSHAW'S METHOD AND PROCESS

This is a foundational overview of the Employment Equity Act (EEA), its recent changes, and our collective responsibilities.

What is the Employment Equity Act (EEA) and why does it exist?

Enacted in 1998, the EEA is a key piece of legislation in South Africa's transformation agenda. Its primary purpose is to create a fair and equitable workplace.

The Act has four main objectives:

- **Eliminate unfair discrimination:** It prohibits both direct and indirect discrimination based on race, gender, disability, age, religion, sexual orientation, and other grounds.
- **Promote equal opportunity:** It ensures all employees have equal access to opportunities, particularly those from historically disadvantaged groups.
- **Achieve equitable representation:** It aims for the workforce at all levels to reflect the demographic makeup of the country.
- **Implement affirmative action (AA):** It mandates proactive steps to accelerate the advancement of designated groups.

Therefore, the Employment Equity (EE) Plan is the company’s roadmap to achieve these goals.

WHO IS A "DESIGNATED EMPLOYER"?

(A MAJOR CHANGE IN 2025)

The full obligations of the EEA apply to "designated employers". This definition has recently changed to reduce the burden on small businesses.

- **Before 2025:** Employers with 50 or more employees OR those with a high annual turnover (regardless of employee count) were designated.
- **From 2025:** Only employers with more than 50 employees are considered designated employers.

Designated employers must use the new forms (EEA 12 and EEA 13).

Therefore, a company with more than 50 employees, is an employer and is legally required to develop, implement, and monitor an EE Plan.

The roadmap: The 10-Step EE Plan process

The Department of Labour outlines clear steps and a process for an EE Plan, broken into three phases:

Phase 1: Preparation

– Laying the Groundwork

Phase 2: Implementation

– Taking Action

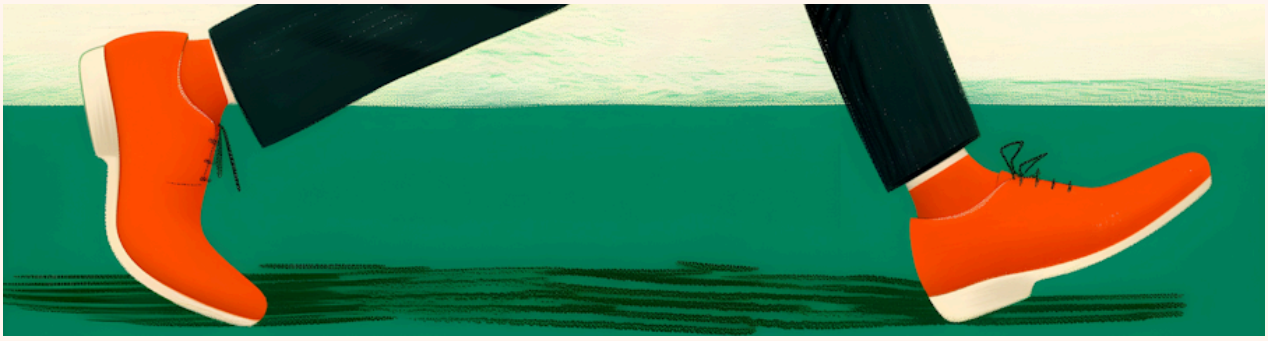
Phase 3: Monitoring

– Ensuring Progress

Phase 1: Preparation – Laying the Groundwork

1. **Assign responsibility:** Senior management is assigned to lead the process, with direct reporting to leadership and the necessary authority and resources.
2. **Communication and training:** All employees will be informed about the EEA. Managers will receive training on diversity and inclusion to lead effectively.
3. **Consultation:** Establish a consultative forum with representatives from across the company to identify barriers and collaborate on solutions.
4. **Analysis:** Conduct a two-part review:
   - ***Workforce profile:*** Analyse the current workforce demographics against national and regional data to identify areas of under-representation.
   - ***Policy review:*** Examine all the HR policies, practices, and the working environment to identify any hidden barriers to equity.

Phase 2: Implementation – Taking Action



Set goals and measures: Based on the analysis, develop specific affirmative action measures and numerical goals.

Set timeframes: The EE Plan will span 1-5 years, with SMART (Specific, Measurable, Attainable, Relevant, Time-Bound) annual objectives.

Allocate resources: Dedicate an appropriate budget, personnel, and time to ensure the plan's success.

Communicate the Plan: The finalised plan, including goals and responsibilities, will be shared with everyone in the company.

Phase 3: Monitoring – Ensuring Progress

Monitor and evaluate: Regularly track the progress, report to the consultative forum, and revise the plan as needed.

Reporting: A company is legally required to submit an annual Employment Equity report to the Department of Labour, detailing their progress.

What is new?
Key changes effective 2025

Several critical amendments have taken effect, significantly changing the landscape:

- **Sectoral targets:** The government has now set specific numerical targets for each industry sector (e.g., financial, retail, manufacturing). The company's internal EE targets must align with these new sectoral targets.
- **Compliance certificate:** To do business with any government entity, a company must obtain an Employment Equity Certificate of Compliance. This will be issued only if the company:
  a. Meets their sectoral targets, **OR**
  b. Can justify any non-compliance on reasonable grounds, **AND**
  c. Have no findings of unfair discrimination against them.
- **Updated definition of "people with disabilities":** The definition now explicitly includes "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".
- **Consultation with trade unions:** Where a representative trade union exists, designated employers are primarily required to consult with the union on employment equity matters, rather than directly with all employees.
- **Submission of income differentials:** The income differentials statement will no longer be submitted to the Employment Conditions Commission but to the National Minimum Wage Commission.

Challenges and consequences: *Why this matters to us*

Implementing EE effectively is complex with lots of fine details. Common challenges include:

- Resistance to change and misconceptions.
- Perceptions of tokenism, which can damage morale.
- A historical skills shortage in certain designated groups.
- The inherent complexity of the legislation itself.

Non-compliance is not an option and carries serious consequences:

- **Hefty fines:** Penalties can reach millions of Rands or a percentage of annual turnover.
- **Loss of business:** Without a Compliance Certificate, a company can be barred from doing business with all government and public entities.
- **Reputational damage:** Negative publicity can affect the brand of the company and their ability to attract talent.
- **Legal claims:** Courts can order compensation for employees affected by unfair discrimination.
- **B-BBEE impact:** Non-compliance directly negatively impacts the overall B-BBEE score.

As a Company, they commit to:

- Conducting regular risk assessments to identify biases in policies and practices.
- Providing comprehensive training for all leaders.
- Ensuring transparent and objective decision-making in hiring and promotions.
- Maintaining meticulous records of their progress.

Collective Responsibility: A proactive approach

Success requires more than just ticking boxes.

As Employees, you can:

- Participate in consultations and provide constructive feedback.
- Champion an inclusive culture in your teams.
- Utilise transparent grievance mechanisms if you have concerns.
- Engage with training and communication initiatives.

Complete breakdown of Employment Equity, and how Danshaw uses and implements it for our clients:

Summary of Procedural Information

EEA Forms used:

- **EEA1:** Employee self-declaration form (stored at client site only).
- **EEA2 and EEA4:** Annual submission reports to the Department of Labour (stored by both Danshaw and the client). EEA4 contains sensitive remuneration data and is highly restricted.
- **EEA12 and EEA13:** The core internal templates for analysing barriers and formally documenting the EE Plan.
- **EEA5, EEA6, EEA7:** Compliance orders and review documents issued by authorities.

The development process:

The plan is developed through a structured consultative process:

- **First Consultation -** Awareness training and election of a representative EE Committee.
- **First Meeting -** Explain committee roles and conduct a Qualitative Analysis of 15 potential workplace barriers (e.g., recruitment, remuneration, culture).
- **Second Meeting -** Conduct a Quantitative Analysis by comparing the workforce profile to the new sectoral targets and draft the EEA12 and EEA13.
- **Third and Fourth Meetings -** Finalise the plan by consulting with all employees and the owner for sign-off.

***General Rules:** Strict protocols are outlined for scheduling meetings, writing minutes, managing the workforce profile spreadsheet, and, crucially, engaging with trade unions (which must be handled exclusively by the Industrial Relations team).*

Danshaw's process: *The "How" (The 10-step process and our internal phases)*

1. **Assign responsibility** (Senior management)
2. **Communication and training** (All employees and managers)
3. **Consultation** (Establish an EE Committee)
4. **Analysis** (Workforce profile and barrier identification)
5. **Set AA Measures and goals** (Link to sectoral targets)
6. **Set timeframes** (1-5 years, with SMART goals)
7. **Allocate resources** (Budget, Personnel, Time)
8. **Communicate the final plan**
9. **Monitor and evaluate progress**
10. **Reporting** (Submit EEA2 & EEA4 Annually)

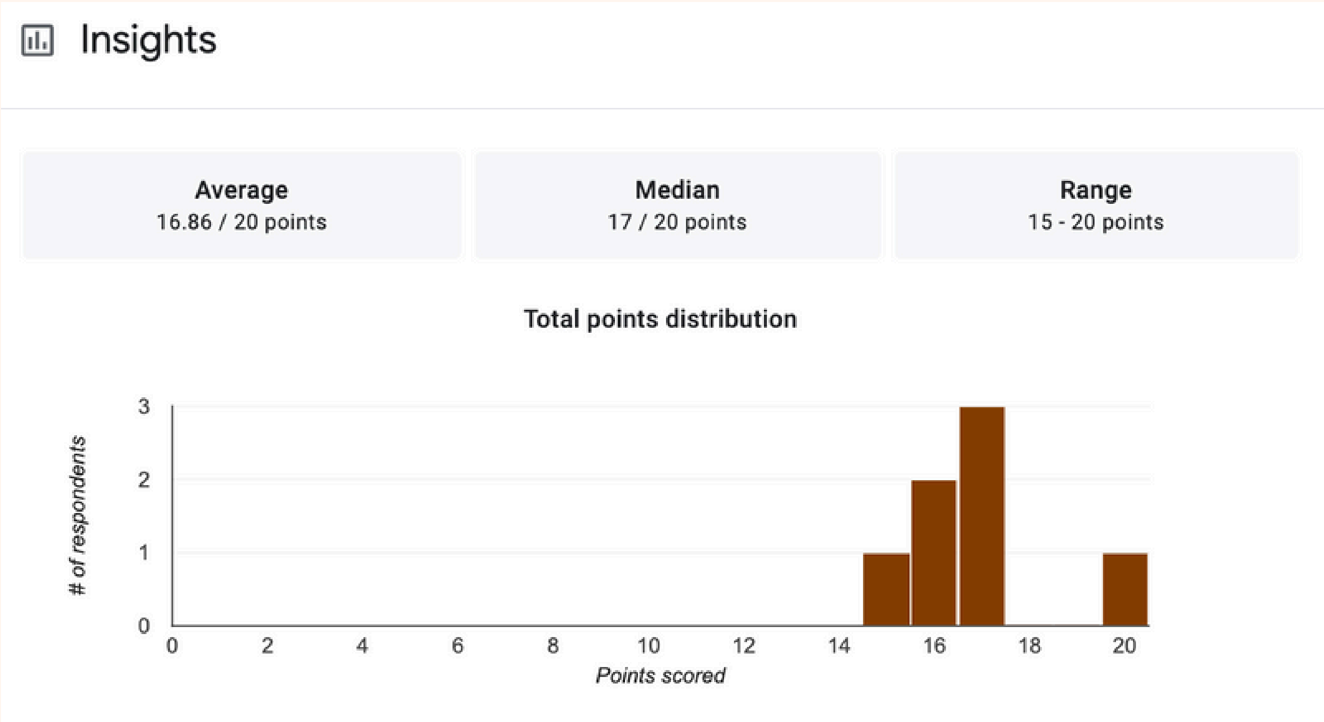
Our development process:
How we at Danshaw execute steps 1-8

- **First Consultation -** Awareness training and election of a representative EE Committee.
- **First Meeting -** Committee training and Qualitative Analysis of 15 barrier areas (e.g., recruitment, pay, culture).
- **Second Meeting -** Quantitative Analysis (workforce vs. sectoral targets) and drafting the EEA12 & EEA13.
- **Third and Fourth Meetings -** Company-wide consultation, final revisions, and owner sign-off on the final plan.

Our implementation process:
How we at Danshaw execute step 9

For ongoing clients, we hold structured meetings to draft, review, and finalise the new policies and measures required by the EE Plan.

Quiz Insights



The results show strong performance on this Employment Equity quiz, with an average score of 16.86 out of 20 points (84.3%).
The median score of 17 out of 20 (85%) indicates that everyone performed well, suggesting good understanding of Employment Equity concepts among the group.

Well done Team!
And thank you all for participating.

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