THE LEGAL TEAM | LC GAZETTE WATCH

COMPLIANCE BRIEF

Employment Equity Act — Draft reviewed Code of Good Practice on the Preparation and Implementation of the Employment Equity Plan

Gazetted for the sector as GoN 7719, 24 July 2026 — read with the 2025 sectoral numerical targets regime

INDEX

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Reviewed By	Alison Lee
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1. LAW IDENTIFICATION

Name of Law / Regulation	Draft reviewed Code of Good Practice on the Preparation and Implementation of an Employment Equity Plan, made under the Employment Equity Act 55 of 1998
Short Name / Acronym	EE Plan Code (draft reviewed)
Jurisdiction	Republic of South Africa
Status	Draft reviewed Code, gazetted 24 July 2026 (GoN 7719)
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Regulatory Body / Authority	Department of Employment & Labour; Commission for Employment Equity; Director-General (EE); labour inspectorate
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Link<Gazette / source link>

2. LEGAL CATEGORY

Primary Legal Category	Employment Law / Transformation
Sub-Category	Employment equity planning; affirmative action; designated employers; sectoral numerical targets
Related Laws / Regulations	Employment Equity Act 55 of 1998; Employment Equity Amendment Act 4 of 2022; EE Regulations 2025; sectoral numerical target regulations; B-BBEE Act 53 of 2003; Labour Relations Act 66 of 1995

3. APPLICABLE TO

Industry / Sector	All sectors employing designated employers
Organisation Size / Type	Designated employers — employers with 50 or more employees (the turnover threshold was removed by the 2022 amendment)
Geographic Applicability	Republic-wide
Departments / Functions Impacted	HR, transformation/EE, legal, executive management, line management
Persons / Roles Affected	EE senior manager, EE committee members, HR practitioners, CEO/accounting officer, designated EE manager
Third Parties / Supply Chain	Indirectly — B-BBEE verification agencies; note the EE compliance certificate now required for state contracts

Applicability note. *Applies to designated employers (50+ employees). Read with the sectoral numerical targets: an employer's EE plan must now set targets consistent with the applicable sector targets, and an EE compliance certificate under s 53 is a precondition for doing business with the state.*

4. IN A NUTSHELL

This draft Code guides designated employers on how to prepare and implement an Employment Equity Plan under the Employment Equity Act.

It is being reviewed to align with the 2022 amendments and the new sectoral numerical targets:

EE plans must now be built around the five-year sector targets set by the Minister, and compliance underpins the s 53 EE certificate that employers need to contract with the state.

It is guidance (a Code of Good Practice), but non-adherence is weighed by inspectors, the Director-General and the Labour Court.

5. SYNOPSIS & SUMMARY

5.1 Purpose & objective

To provide practical guidance to designated employers on preparing and implementing an EE plan that gives effect to the purpose of the Employment Equity Act — the elimination of unfair discrimination and the implementation of affirmative action to achieve equitable representation — as recalibrated by the 2022 amendments and the sectoral numerical targets regime.

5.2 Key definitions

Term	Meaning under the instrument
Designated employer	An employer with 50 or more employees (turnover threshold removed by the 2022 amendment).
Designated groups	Black people (African, Coloured, Indian), women and persons with disabilities who are citizens or qualify as such.
EE plan	The employer's plan setting objectives, affirmative-action measures, numerical goals and timetables to achieve equitable representation.
Sectoral numerical targets	Five-year targets set by the Minister per sector and occupational level, against which an EE plan's goals must be set.

5.3 Core provisions & principles

#	Provision / principle	Summary
1	Consultation	The employer must consult with employees / representative trade unions in developing and implementing the EE plan.
2	Analysis	A workforce and policy analysis to identify under-representation and barriers must inform the plan.
3	Plan content	The plan must set objectives, affirmative-action measures, numerical goals aligned to sector targets, timetables, and accountability.
4	Alignment to sector targets	Numerical goals in the plan must be consistent with the applicable sectoral numerical targets.
5	Monitoring & reporting	The employer must monitor implementation and report to the Director-General (EEA2 / EEA4).

5.5 Key obligations

#	Obligation	Provision	Responsible party
1	Conduct a workforce analysis and identify barriers	EEA s 19	Designated employer
2	Prepare and consult on an EE plan aligned to sector targets	EEA ss 20, 16	Designated employer / EE manager
3	Assign a senior manager to EE and provide resources	EEA s 24	Designated employer
4	Report to the Director-General (EEA2 / EEA4)	EEA s 21	Designated employer
5	Hold a s 53 EE compliance certificate to contract with the state	EEA s 53	Designated employer

5.6 Exemptions & exceptions

Employers with fewer than 50 employees are not designated employers and are not bound (though unfair-discrimination provisions in Chapter II bind all employers). The instrument is a Code of Good Practice — guidance rather than a binding regulation — but it informs how inspectors, the DG and the Labour Court assess compliance.

6. REQUIRED ACTIONS

6.1 Immediate actions (quick wins)

#	Action item	Owner	Deadline	Status
1	Confirm designated-employer status (50+ employees)	HR	Aug 2026	Not started
2	Obtain the applicable sectoral numerical targets for your sector	EE manager	Aug 2026	Not started
3	Review your current EE plan against the draft Code	EE / HR	Aug 2026	Not started

6.2 Short-term actions (0–6 months)

#	Action item	Owner	Deadline	Status
1	Refresh the workforce analysis and barrier analysis	EE / HR	Q4 2026	Not started
2	Re-set numerical goals to align with sector targets and consult	EE manager / unions	Q4 2026	Not started
3	Confirm s 53 EE compliance certificate status if contracting with the state	EE / legal	Q4 2026	Not started

6.3 Long-term / ongoing actions (6+ months)

#	Action item	Owner	Frequency	Status
1	Monitor and report EE progress (EEA2 / EEA4)	EE manager	Annual	Not started
2	Track finalisation of the Code and adjust the plan	EE / legal	On finalisation	Not started
3	Embed EE targets in performance and succession planning	HR / management	Ongoing	Not started

7. NON-COMPLIANCE: CONSEQUENCES & PENALTIES

7.1 Broad consequences of non-compliance

#	Consequence category	Description
1	Regulatory sanctions	DG review, compliance orders and referral to the Labour Court for fines.
2	Financial loss	Fines up to the greater of a rand amount or a percentage of turnover for specified contraventions; loss of state contracts without a s 53 certificate.
3	Contractual impact	Ineligibility to do business with the state absent a valid EE compliance certificate.
4	Reputational damage	Adverse Commission for Employment Equity and public reporting.

7.2 Criminal penalties

Offence	Provision	Penalty	Applicable to
Obstructing an EE inspector / DG process	EEA	Penalty as provided	Employer / responsible person

7.3 Administrative / financial penalties

Tier / level	Violation type	Maximum penalty
Fines (EEA Schedule 1)	Failure to prepare / implement an EE plan or report	From R1.5m or 2% of turnover, escalating with repeat contraventions to higher rand / % thresholds
Loss of state contracts	No valid s 53 EE compliance certificate	Ineligibility to contract with organs of state

7.4 Notable enforcement / precedent

The EE amendment regime (sectoral targets and the s 53 certificate) materially raises the stakes for designated employers. Enforcement is through labour inspections, DG reviews and Labour Court referrals; note this week's Cabinet emphasis on increased labour inspections (a related but immigration-focused inspection drive) signals a more active inspectorate.

8. CONTROLS

8.1 Preventive controls

#	Control	Description	Owner
1	EE plan & policy	Current, consulted EE plan aligned to sector targets	EE manager
2	Governance	Senior EE manager appointed with resources and an EE committee	Executive
3	Recruitment & progression controls	Affirmative-action measures embedded in hiring and promotion	HR

8.2 Detective controls

#	Control	Description	Owner
1	EE monitoring	Tracking of numerical progress against goals and sector targets	EE manager
2	Reporting assurance	Review of EEA2 / EEA4 accuracy before submission	EE / legal
3	Certificate watch	Monitoring of s 53 certificate validity	EE / legal

8.3 Corrective controls

#	Control	Description	Owner
1	Gap remediation	Action plan where progress lags targets	EE / HR
2	DG-order response	Playbook for responding to a DG compliance order	Legal

9. COMPLIANCE PROGRAMME

9.1 Governance structure

Role	Holder	Responsibilities
Executive sponsor	CEO / accounting officer	Overall accountability for EE
Compliance lead	Senior EE Manager	Preparation and implementation of the plan
Legal advisor	In-house / external labour counsel	Advice on the Code and enforcement
Oversight	EE Committee	Consultation and monitoring

9.2 Programme components

#	Component	Description	Frequency
1	Policies & procedures	EE plan, EE policy and consultation procedure	Annual review
2	Risk assessment	Assess representation gaps vs sector targets	Annual
3	Training & awareness	EE committee and management training	Annual
4	Reporting	EEA2 / EEA4 and internal EE reporting	Annual / quarterly

10. COMPLIANCE CHECKLIST — SUGGESTED CONTROLS TO DEVELOP OR UPLOAD

Track development, implementation and upload of each control, policy and item of evidence. Mark as applicable and record progress.

10.1 Policies & documents

#	Document / control	Required?	Exists?	Owner	Status
1	Employment Equity Plan (aligned to sector targets)	Yes	—	—	Not started
2	Employment Equity policy	Yes	—	—	Not started
3	Consultation / EE committee terms of reference	Yes	—	—	Not started
4	Affirmative-action recruitment & progression procedure	Yes	—	—	Not started
5	Reasonable-accommodation policy (disability)	Yes	—	—	Not started

10.2 Risk & assessment documents

#	Document / control	Required?	Exists?	Owner	Status
1	Workforce & barrier analysis	Yes	—	—	Not started
2	EE gap analysis vs sector targets	Yes	—	—	Not started
3	s 53 certificate status assessment	Yes	—	—	Not started

10.3 Training & awareness

#	Item	Required?	Exists?	Owner	Status
1	EE committee training	Yes	—	—	Not started
2	Management EE awareness	Yes	—	—	Not started
3	Recruiter affirmative-action briefing	Yes	—	—	Not started

EMPLOYMENT EQUITY CODE — PLAIN-LANGUAGE WALKTHROUGH

Draft Reviewed Code of Good Practice on the Preparation, Implementation and Monitoring of the Employment Equity Plan

GoN 7719, Government Gazette 55046, 24 July 2026 · under s 55(1) of the Employment Equity Act 55 of 1998 · comment by 22 September 2026

Lee's Compliance, in association with The Legal Team · Alison Lee

How to read this walkthrough. The left column in red is the Code's own clause number, so you can find any point in the gazette. Under each section I give the plain-language meaning and then a practical action point. This tracks the draft Code's actual structure: a Definitions section followed by paragraphs 1 to 8.

Remember it is a *Code of Good Practice — guidance, not a regulation.* It is not binding while in draft, and even once finalised it sets out good practice rather than hard rules. But labour inspectors, the Director-General and the Labour Court look to it when judging whether you have complied with the Act, so in practice it is the yardstick. Where it uses the word

“must” it is echoing a binding obligation in the Act itself; where it uses “should” it is recommending good practice.

The one big change to grasp. This Code is largely the 2017 Code refreshed. The single most important change is that your Employment Equity Plan must now be built around the Minister's five-year sectoral numerical targets (introduced by the 2022 amendment and the 2025 Regulations), not just your own chosen goals. Everything in Part 7 flows from that. The other notable additions are a formal definitions section, a broadened workforce analysis that must look at over-representation as well as under-representation, tighter governance duties, and an explicit link between your annual report and your s53 compliance certificate.

This is a monitoring and awareness document, not legal advice. Confirm the clause wording against the gazette before acting, and take advice on how the sectoral targets apply to your specific sector and workforce.

Definitions — who and what the Code is talking about

What it says, in plain terms

Designated employer You are a "designated employer" — and so bound — if you employ 50 or more employees. Turnover no longer matters (the old turnover threshold was removed by the 2022 amendment). If you have 1 to 49 employees you are still designated if you are an organ of state, or if you are bound by a bargaining-council or other collective agreement under s 23 or s 31 of the Labour Relations Act.

Designated groups Black people (African, Coloured and Indian), women, and people with disabilities — but only those who are South African citizens by birth or descent, or who were naturalised before 27 April 1994 (or would have been but for apartheid). Foreign nationals do not count towards your equity numbers.

EAP "Economically Active Population" — the national and provincial demographic benchmark (by race, gender and disability) that you measure your workforce against. Stats SA publishes it.

Sector Your industry or service, or a part of it. This matters because the Minister now sets numerical targets sector by sector — see Part 7.

EE Plan Your Employment Equity Plan under s 20 of the Act — the implementation programme this whole Code is about.

⇒ **Action —** Confirm whether you are a designated employer. If you have 50+ employees you are in, regardless of turnover. If you are smaller but an organ of state or covered by a s 23/31 collective agreement, you are also in. If in doubt about the collective-agreement trigger, check which bargaining council or agreement covers you.

1. Objectives of the Code

What it says, in plain terms

1.1 The Code exists to guide designated employers and their employees on good practice for preparing, implementing and monitoring an EE Plan, as the Act and its Regulations require.

1.2 It is guidance to apply sensibly to your own workplace — not a one-size template.

⇒ **Action —** Treat the Code as your practical manual for building and running the EE Plan, and adapt its steps to your size and sector rather than copying another employer's plan.

2. Application of the Code

What it says, in plain terms

2 It applies to every designated employer that must — in consultation with a representative trade union, or its employees, or employee representatives — prepare, implement and monitor an EE Plan under the Act. Note the word "consultation": this is not something you do to your staff, it is something you do with them.

⇒ **Action —** Build genuine consultation into your EE process from the start. A plan drawn up without consulting employees or their union is procedurally defective, whatever its content.

3. Legal framework — what to read alongside it

What it says, in plain terms

3.1 The Code is issued under s 54 of the EEA and must be read together with the Act and the other EEA Codes (on integrating EE into HR practices, on disability, on HIV/AIDS, on equal pay for work of equal value, and on preventing harassment).

3.2 It must also be read with the Constitution and a list of related laws: the EEA itself; the 2013 and 2022 EE Amendment Acts; the 2025 EE Regulations; the LRA; the Basic Conditions of Employment Act; the National Minimum Wage Act; the Skills Development Act; the Employment Services Act; PEPUDA (the Equality Act); and the B-BBEE Act.

In plain terms: your EE Plan does not sit in isolation. The same facts touch your skills-development spend, your B-BBEE scorecard, your equal-pay obligations and your harassment policy, so treat these as one connected compliance picture.

⇒ **Action —** Line up your EE Plan with your B-BBEE scorecard, your skills-development (WSP/ATR) reporting and your equal-pay review. The employment-equity element of B-BBEE draws on the same numbers — do them together, not in separate silos.

4. Purpose and rationale of the EE Plan

What it says, in plain terms

4.1 The EE Plan is your programme to achieve equitable representation and fair treatment of the designated groups across all occupational levels.

4.2 It must tackle the barriers to fair employment that your analysis turns up, and put in remedial measures with set time frames.

⇒ **Action —** Make sure your plan actually names the barriers you found and pairs each with a dated remedial measure. A plan that lists targets but never addresses the barriers behind the gap will not stand up.

5. Structure of the EE Plan — the forms you must use

What it says, in plain terms

5.1 The plan must meet every requirement of s 20 of the Act.

5.2 It must be built on the EEA13 template in the EE Regulations — that is the prescribed shape of the plan.

5.3 It must be informed by your analysis (the EEA12) and must contain, as a minimum, everything the EEA13 template calls for.

The chain of forms is worth memorising: EEA1 (each employee's self-declaration of race, gender, disability) feeds the EEA12 (your analysis), which feeds the EEA13 (your plan), which you then report against on the EEA2 and EEA4.

⇒ **Action —** Use the current EEA12 and EEA13 templates from the 2025 Regulations — not an old in-house format. If your plan pre-dates the 2025 Regulations, rebuild it on the current EEA13.

6. The process — preparation, implementation and monitoring

The Code splits the work into three phases: preparation, implementation and monitoring. Section 6 covers the preparation phase in detail.

6.(a)–(b) Three phases, driven by three analyses

What it says, in plain terms

6(a) Developing the plan must be an inclusive, consultative process informed by three analyses: your policies/practices/procedures; your workforce; and your work environment (including how you manage diversity).

6(b) There are three phases — preparation, implementation and monitoring.

Action — Plan your EE work as a cycle, not a once-a-year form-filling exercise. Diarise the three phases across the year so monitoring feeds back into the next plan.

6.1.1 Someone senior must own it

What it says, in plain terms

6.1.1(a) The moment you become designated, you must start preparing an EE Plan — you cannot wait.

6.1.1(b)–(d) You must drive the process, ideally by assigning it to a permanent, senior employee who reports directly to the CEO / Accounting Officer. The CEO / Accounting Officer is deemed the accountable person for implementing the Act, and (depending on size) may assign the day-to-day work to one or more senior managers.

6.1.1(c) The board may set EE outcomes for the CEO / Accounting Officer — i.e. tie their performance to EE results.

6.1.1(e) The senior manager(s) who will run implementation and monitoring should be involved from the preparation phase, not brought in later.

6.1.1(f) You must give those senior managers real authority and means — including a proper budget — and must build key EE outcomes into their performance contracts so they are actually held to account.

This is one of the tightened governance points. The Code wants EE owned at senior level, resourced with a budget, and written into the responsible manager's KPIs — not delegated to a junior with no authority.

⇒ **Action —** Appoint an EE senior manager who reports to the CEO, give them a budget, and put EE targets in their performance contract — and in the CEO's. If you have just crossed the 50-employee line, start the plan now; do not wait for year-end.

6.1.2 Communication, awareness and consultation

What it says, in plain terms

6.1.2 Communicate about EE in clear, plain language so the whole workforce can understand it and their rights.

6.1.2.1 Everyone must be told: what the EEA, its Regulations and Codes are for; what unfair discrimination and affirmative action mean; the process you will follow; the benefits of taking part; and why everyone's involvement matters.

6.1.2.2 You must consult employees from both designated and non-designated groups, at all occupational levels — when you do the analysis, when you prepare and implement the plan, and when you report to the Department.

6.1.2.3 Managers must be told their EEA obligations, and trained where they lack skills (e.g. diversity management, coaching, mentoring).

6.1.2.4 Frame EE communication around positive outcomes — better use of talent, a more inclusive and productive workforce — not as a grudge compliance exercise.

6.1.2.5 If a union or employees refuse to consult, record the circumstances in writing and give them a copy. That written record protects you.

6.1.2.6 Consult as early as possible, through a consultative forum (new or existing). The forum must represent designated and non-designated groups across all levels; you must be represented by senior management; and you must agree how the forum is made up and how it works.

6.1.2.6(e) Forum members must be trained and capacitated on their roles — a specific, and newly emphasised, requirement.

6.1.2.7 Consultation must give real opportunity to meet and engage on the analysis, the plan and the reports; let both sides give feedback to their constituencies; and involve sharing and considering relevant information, with enough time to participate properly.

6.1.2.8 Hold regular (at least quarterly), structured, scheduled meetings and keep proper minutes. Two things to note as newly emphasised: the forum members must be trained (6.1.2.6(e)), and meetings must be at least quarterly with proper records (6.1.2.8). “Consultation on paper” will not pass.

⇒ **Action —** Set up (or formalise) an EE consultative forum with written terms of reference, make sure its members are trained, and hold minuted meetings at least quarterly. If your union declines to participate, record that refusal in writing and keep the copy — it is your evidence of good-faith consultation.

6.1.3 Conducting the analysis (the EEA12)

What it says, in plain terms

6.1.3.1 You must do the s 19 analysis: review your workforce profile, your employment policies/practices/procedures, and the working environment, to find the barriers that hold designated groups back — and report the outcome on the EEA12.

6.1.3.1 purpose (a) The analysis must measure both under-representation AND over-representation of designated groups (permanent and temporary staff) at each occupational level, by race, gender and disability. Looking at over-representation too is a broadened requirement.

6.1.3.1 purpose (b) It must also examine policies, practices, procedures and the work environment to find barriers to fair representation, barriers to inclusion and diversity, other conditions that harm designated groups, and the good practices worth keeping (including reasonable accommodation).

6.1.3.2(a)–(b) Start by classifying employees using the EEA1 self-declaration form. If an employee refuses to complete it or gives wrong information, you may work out their designation from reliable historical and existing data — but people with disabilities have the right not to declare a disability.

6.1.3.2(c) Crucially, you must measure under- and over-representation against two yardsticks: the Economically Active Population (EAP) and the section 15A sector EE targets — using the EEA8 and EEA9 in the Regulations.

6.1.3.2(d)–(e) Base the profile on a snapshot on a specific date, and use the gaps you find to prioritise strategies in the plan.

6.1.3.2(f)–(g) Recruitment strategy can vary with the seniority and specialisation of the role, and you may also weigh the inherent requirements of the job, the pool of suitably qualified people, qualifications and experience (or capacity to acquire them), turnover and attrition, and recruitment/promotion trends.

6.1.3.3 Review, critically, all policies and practices for barriers — across recruitment and selection, pre-employment testing, induction, promotion, development and retention; succession and experience planning; transfers; job assignments and training; performance and pay (including equal pay for work of equal value); discipline and dispute resolution; working conditions and accommodation of cultural/religious diversity; reasonable accommodation for disability; corporate culture; and anything else the consultation raises.

The broadened point here is over-representation: you now have to identify where a group is over-represented at a level (relative to the EAP) and avoid making it worse, not only where groups are under-represented.

⇒ **Action —** Redo your workforce analysis on the current EEA12, measuring both under- and over-representation at every occupational level against the EAP and your sector's s 15A targets. Run a barrier audit across the full list of HR practices in 6.1.3.3 — recruitment, promotion, pay, succession, discipline, accommodation — and feed the findings straight into the plan. Respect the right of employees with disabilities not to declare.

7. Developing the EE Plan — where the sector targets bite

Section 7 is the heart of the change. Having done the analysis, you build the plan (EEA13) around the EAP and — this is the new part — the five-year sector EE targets.

7.(intro) The ingredients of the plan

What it says, in plain terms

7(a)–(j) Build the plan by consulting and trying to reach consensus, taking into account: the analysis report (EEA12); the national and provincial EAP; the 5-year sector EE targets; the plan's duration; its annual objectives; affirmative-action/corrective measures including numerical goals and annual targets; time frames; the s 20 plan structure; the resources you will allocate; and how you will communicate it.

⇒ **Action —** Use this list as your drafting checklist for the EEA13 — every one of these ten ingredients should be visible in your plan.

7.1 Analysis report drives the plan

What it says, in plain terms

7.1.1–7.1.2 Consult and try to agree on the under-representation and barriers your analysis found, use that to prioritise which designated groups to target, and let it drive your affirmative-action measures. The plan must respond to the barriers, not float free of them.

⇒ **Action —** Make the golden thread explicit: barrier found in the analysis → group prioritised → affirmative-action measure → numerical goal. An assessor should be able to trace each target back to a barrier.

7.2 Duration of the plan

What it says, in plain terms

7.2(a) The plan must run for at least one year and no more than five years.

7.2(b)–(f) In choosing the length, weigh your workforce size, the nature and geographic spread of the workplace, the time needed to hit the goals, and your business/strategic plan — and give specific start and end dates (day, month, year).

⇒ **Action —** Set a plan period (1–5 years) with exact start and end dates, aligned to the five-year sector-target horizon and your business planning cycle. Vague "annual" framing without dates is a common defect.

7.3 Objectives — make them SMART
What it says, in plain terms

7.3(a)–(d) Your annual objectives must serve the Act's purpose (equitable representation free of unfair discrimination), be SMART (specific, measurable, achievable, relevant, time-bound), reflect your broader business objectives, and be prioritised against the resources you have.

⇒ **Action —** Write each annual objective in SMART form — a number, a level, a date, an owner. "Improve representation of women in management" is not an objective; "increase women at senior-management level from X% to Y% by 31 March 2027" is.

7.4 Numerical goals and targets — the sector-target mechanics

What it says, in plain terms

7.4(a)–(b) A numerical goal / target is expressed as the entire workforce profile you are aiming for (by race, gender and disability) — not merely the gap between where you are and where you want to be.

7.4(c)–(d) Goals and annual targets must flow from the analysis, be weighted towards the most under-represented designated groups against the national and provincial EAP (s 42), and take account of planned vacancies and natural attrition (resignations, promotions, terminations).

7.4(e) The 5-year sector numerical targets set under s 15A(2) are the key milestones for the four upper occupational levels (top and senior management, professionally-qualified/middle, and skilled) and for persons with disabilities, measured against the applicable EAP.

7.4(f) For the semi-skilled and unskilled levels, you set your own numerical goals and annual targets under s 20(2), taking the EAP into account. (The sector targets cover the upper four levels; you fill in the lower two.)

7.4(g) If you have already exceeded the sector targets, do not stop — keep setting annual targets towards the EAP for any designated group still short.

7.4(h) Do not perpetuate over-representation: if a group already exceeds the applicable EAP at a level, do not keep adding to it there.

7.4(i) You must comply with the s 15A(3) sector targets for your sector; identify your sector from the Minister's s 15A notice and form EEA17; and if you operate across sectors, apply the targets of the sector where most of your employees work.

This is the crux of the reform. For the top four occupational levels you no longer set your own numbers from scratch — you must meet the Minister's five-year sector targets. You still set your own numbers for the semi-skilled and unskilled levels. And you must actively avoid over-shooting the EAP for any one group at a level.

⇒ **Action —** Identify your sector from the Minister's s 15A notice and EEA17, then set your upper-level numerical targets to meet the five-year sector targets, and your semi-skilled/unskilled targets under s 20(2) against the EAP. If you span sectors, use the sector where most staff sit. Where you already meet a sector target, keep progressing toward the EAP; where a group is over the EAP at a level, stop adding there. Take advice if your sector classification is genuinely unclear — it drives all your upper-level numbers.

7.5 Affirmative-action measures

What it says, in plain terms

7.5.1 You must put in affirmative-action measures that respond to the barriers found: measures to identify and remove barriers; to advance and manage diversity; reasonable accommodation (including for disability); and measures to recruit, promote, retain and develop designated-group employees (succession planning, skills development and transfer). You may use preferential treatment and numerical goals, but NOT quotas or absolute barriers.

7.5.2 Every corrective measure must be spelled out in the plan.
The line between a lawful numerical goal and an unlawful quota matters. A goal is a target you work towards while still considering each candidate; a quota is a rigid reserved number or an absolute bar on appointing anyone else. The Code (and the courts) permit the first and prohibit the second.

⇒ **Action —** Frame your measures as flexible numerical goals with real development and succession behind them — never as a fixed reserved quota or a blanket bar on appointing a non-designated candidate. Spell every corrective measure out in the plan itself.

7.6 Consensus (and what to do without it)

What it says, in plain terms

7.6(a)–(b) Consult and try to reach consensus on the annual objectives and corrective measures. Where you cannot agree on an item, record the reasons and try to resolve them through the plan's dispute-resolution mechanism.

⇒ **Action —** Aim for consensus, but if you cannot reach it, record the disagreement and your reasons in writing and route it through the plan's dispute process — do not simply impose and move on with no record.

7.7 – 7.8 Resources and responsibility

What it says, in plain terms

7.7 Allocate proper resources — people, money and materials.

7.8 In assigning responsibility for preparing, implementing and monitoring the plan, weigh the organisation's size, line functions, geographic spread, feedback needs, and the person's responsibility and authority.

- ⇒ **Action —** Name the responsible person(s) in the plan and make sure they have the seniority, authority and budget to deliver it — responsibility without authority or resources is the classic failure point.

7.9 Dispute resolution

What it says, in plain terms

7.9(a)–(e) Agree internal procedures for disputes about interpreting or implementing the plan, with the CEO / Accounting Officer as the final internal step. You can adapt existing procedures. If a dispute survives the internal process, a party may take it to the CCMA or Labour Court. Procedures must be time-bound, cost-effective and simple for all employees to use.

- ⇒ **Action —** Write a simple, time-bound internal EE dispute procedure into the plan, ending with the CEO, and make clear the CCMA / Labour Court remains available afterwards.

7.10 Monitoring the plan

What it says, in plain terms

7.10(a)–(b) Assign one or more senior managers to implement and monitor the plan (and make sure they actually do it), and name them — and the CEO / Accounting Officer and Board — in the plan.

7.10(c)–(d) Hold regular meetings, keep progress records, and set your monitoring indicators before implementation starts (agreed in advance).

7.10(e) Monitoring outcomes must feed into strengthening implementation and into preparing the next plan — which must start at least six months before the current plan expires.

7.10(f) You may only revise the plan mid-term for major changes or restructuring.

7.10(g) Disclose the relevant information: representation at each level against the national and regional EAP; training of designated groups; recruitment and promotion steps; progress on removing barriers; retention steps; and reasonable-accommodation steps.

7.10(g)(vii) All progress reports on monitoring the plan must be discussed in the consultative forum — a specific, newly emphasised duty.
Two tightened points: agree your monitoring indicators up front (7.10(d)), and take every monitoring progress report to the consultative forum (7.10(g)(vii)). And start the next plan six months before this one ends (7.10(e)) so you are never without a current plan.

⇒ **Action —** Set your monitoring indicators before you start, review progress at regular minuted meetings involving the CEO/Board, table every progress report at the consultative forum, and diarise the start of your next plan for six months before the current one expires. Only re-open the plan mid-term for genuine restructuring.

8. Reporting — and the compliance-certificate link

What it says, in plain terms

8(a)–(b) Report to the Director-General every year under s 21, either by hand-delivering a completed EEA2 (with the EEA4 income-differential form) or electronically through the Department's online system.

8(c) Consult your union / employees / forum before you submit the EE report.

8(d)–(f) Use the report as a monitoring tool to shape future strategy; it must show progress against your current plan; and it must be completed on the EEA2 and EEA4 forms.

8(g) This is the one to underline: you will NOT be issued a s 53(2) certificate of compliance unless you submitted a compliant report in the preceding year. No compliant report, no certificate — and no certificate means you cannot contract with the state.

8(h) In your first report after becoming designated, you will not be assessed against your annual EE targets — a one-year grace on target-assessment (but you must still report).

8(i)–(j) Public companies must include their workforce profile in their financial report on the EEA10; and where an organ-of-state employer reports under s 21, the responsible Minister must table it in Parliament on the EEA10.
The commercial sting is 8(g): the s 53 certificate — which you need to do business with the state — now depends on having filed a compliant EE report the year before. That turns annual reporting from a box-tick into a gate on state revenue.

⇒ **Action —** Submit your EEA2 and EEA4 every year, on time and compliant, after consulting your forum — because a compliant prior-year report is now the precondition for the s 53 certificate you need for any state contract. If you are newly designated, you get a one-year grace on target-assessment but must still file. Public companies: put the EEA10 workforce profile in your annual financial report.

Making a submission before 22 September 2026

Because this is still a draft, you can influence it. The Department invites written comment for 60 days from 24 July 2026 — the deadline is **22 September 2026**. The gazette asks that comments use its table format (your name/organisation, the clause number, and your proposed amendment) and be emailed to the two Departmental addresses on the notice: christina.lehlokoa@labour.gov.za and tsholofelo.ndlovu@labour.gov.za. (Verify the addresses against the gazette — the scanned notice mangles some characters.)

⇒ **Action —** If any clause — most likely the sector-target mechanics in 7.4, the over-representation duty in 6.1.3, or the forum-training and quarterly-meeting duties in 6.1.2 — creates a practical problem for your workforce, lodge a written comment in the gazette's table format by 22 September 2026. We can help you draft and lodge it.

Prepared by Lee's Compliance, in association with The Legal Team, from the draft Code as gazetted (GoN 7719, GG 55046, 24 July 2026). This walkthrough paraphrases the Code for ease of use and is not a substitute for the gazetted text or for legal advice. Confirm clause wording on www.gov.za and take advice on how the sectoral targets apply to your sector and workforce before you act.