

QUARTERLY REPORT

1 JULY - 30 SEPTEMBER 2017

Quarter 2

2017/18 Financial Year



PROUDLY
SOUTH AFRICAN



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DELICIOUS
FESTIVAL 2017
African Bank
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Quarterly Report for Q2 (July to September 2017)

APPROVAL OF THE REPORT

| Recommended by the CEO for Approval | | Endorsed by the Accounting Authority | |
|-------------------------------------|---------------------------|--------------------------------------|---------------------------|
| Name: Mr. E. Mashimbye | Signature: _____ | Name: Mr. H. Gabriels | Signature: _____ |
| Rank: CEO | Date: ___/___/2017 | Rank: Chairperson | Date: ___/___/2017 |

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ACRONYMS

The following are definitions of the acronyms used in the report

| | |
|-----------------|---|
| ACCORD | The Local Procurement Accord (an agreement signed on 31 October 2011 by labour, government, business and community representatives to promote local procurement in South Africa, in support of the New Growth Path and government's aim to create 5 million jobs by 2020) |
| APP | Annual Performance Plan. |
| BRAND SA | Brand South Africa, an agency of the government of the Republic of South Africa whose objective it is to market South Africa as a foreign investment destination. |
| CGCSA | Consumer Goods Council of South Africa |
| CPO | Chief Procurement Officer. |
| CIPC | Companies Intellectual Property Commission. |
| COTII | Council of Trade and Industry Institutions. |
| CSI | Corporate Social Investment |
| EDD | Economic Development Department, a national government department in the Republic of South Africa. |
| FMCG | Fast Moving Consumer Goods. |
| IPAP | Industrial Policy Action Plan |

| | |
|-------------------|---|
| NCPC | The National Cleaner Production Centre, a programme of the dti, housed under the CSIR which focuses on assisting companies implement cleaner production and resource efficiency measures. |
| NEDLAC | National Economic Development and Labour Council, an entity of the Department of Labour. |
| NT | National Treasury. |
| PFMA | Public Finance Management Act No. 1 of 1999. |
| PROUDLY SA | Proudly South African, a not for profit company incorporated in terms of the Companies Act |
| SALGA | South African Local Government Association. |
| SAPBA | South African Premier Business Awards. |
| SAPS | South African Police Service. |
| SARS | South African Revenue Service. |
| SOEPF | State Owned Enterprises Procurement Forum |
| the dti | Department of Trade and Industry, a national government department in the Republic of South Africa. |
| The Summit | The Local Procurement Summit & Expo. |
| UN | United Nations. |

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EXECUTIVE SUMMARY

This report covers the period 1 July – 30 September 2017 and focuses on various highlights during the period:



Once again, South Africa proved to be a country of mixed fortunes during the 2nd quarter in review. According to Focus Economics, investor confidence plumbed a 30 year low in August, as the rot of corruption continued to deepen.

Unemployment remained high at above 26%, and with no perceptible drivers of growth emerging from the gloom, the Reserve bank downwardly adjusted its growth forecast, estimating that 2017's full year GDP at 0.5% rather than the anticipated 1%. The OECD reported that South Africa needs structural reforms if it is to revive its economic growth, requiring bold action from policy makers. As if in response, Finance Minister Malusi Gigaba revealed his new economic growth plan early in July.

In direct counterpoint, however, The Reserve

ECONOMIC OUTLOOK

Bank managed to reduce the repo rate for the first time in 5 years in July by 25 basis points to 6.75%. Inflation was also at its lowest for 18 months in July, remaining well within the 3-6% government target range.

Oberberg.biz reported that August vehicle sales in the private sector were up, and that retail sales had rebounded, as consumers found relief with the lower interest rate and reduced inflation.

Stats SA reported a great performance by the agricultural sector as farmers slowly recovered from the drought, although investment contracted slightly in the quarter in review. The rate of contraction in the manufacturing sector slowed, the country emerged by the end of the quarter, albeit battered and bruised, from its technical recession.



Set against this, Proudly South African had a successful quarter collaborating on a number of high profile events during July's Mandela Day commemoration, August Women's Month and September Heritage Month. These included joining with the Nelson Mandela Foundation to mark Mandela Day at the Adelaide Tambo School for the Disabled, a high level Women's Day celebration hosted jointly with Tsogo Sun, a 3-day Mall Activation in KZN together with Multichoice, an invitation to the Induction in to the Hall of Fame of the 1996 Afcon Cup winning Bafana Bafana team at Sun City, and the launch of Edcon's Spring/Summer 2017 in-house collection and David Tlale's Proudly South African label, to be sold at Edgars stores nationally. In addition, Maropeng hosted us for a youth activation at which we reached 200 grade 9-12s in an informative, light hearted presentation.

It is a mark of the higher profile that the Campaign now enjoys that our larger member companies are seeking out opportunities in which to collaborate with Proudly SA and recognising that together we are stronger and that even more can be achieved.

3

GOVERNANCE AND OVERSIGHT DURING THE QUARTER

During the period under review, the board and/or its sub-committees held the following meetings:

3.1. Board Meeting

The Proudly SA Board of Directors met on 25 August 2017 and considered the following:

- The Chairman's organisational report provided updates on strategic meetings held with the Acting Director General of Economic Development Department.
- The need to drive the Buy Local Message using the platforms provided by the Constituencies like Labour Schools, National and Provincial Labour Conferences as well as using Civil Society to assist with accessing places of worship, as well as presentations to Parliamentarians.
- The Quarterly Report for the period 1 April to 30 June 2017 was approved for submission to the dti.
- The Board considered and approved the non-financial content of the Annual Report
- The Board considered the Annual Financial Statements and ratified the recommendation from the Audit and Risk Committee to approve them.
- The Board received a Progress Report on the Tender Monitoring System
- The Board received the recommendation from the Finance and Procurement Committee to amend the MOI to allow the Board to borrow money or acquire property.
- The Board were urged to assist with introductions to potential members in key sectors.
- A comprehensive status report on the Switch Africa Green Project was presented including the Proudly South African Standard that was being implemented in 9 farms in 3 different provinces.
- The Management Accounts and the Cash flow projection schedule.

3.2. 2-Day Board Session

The Board of Directors held a 2-day session from 22 to 23 September 2017 and the focus was on the following over the 2-day period:

- This first part of Day-1 focused on training for the members of the Board, as part of the individual Director's Continuous Professional Development. The focus of the training was on the Duties and Responsibilities of Directors as well as the changes emanating from the transition from King III to King IV report on Corporate Governance. This training was done by CGF Research Institute, a leading Corporate Governance Institute and a Proudly SA member company;
- The second part of the Day 1 was facilitated by the organisation's internal auditors and this was the organisation's Risk Management workshop, aimed at identifying the organisation's strategic risks and developing the Strategic Risks Register. This followed a session held earlier on by staff which identified the operational risks and led to the development of the Operational Risk Register;
- Day 2 of the Board session was the annual Board Strategic workshop, where the Board reviewed progress made since its last strategic session, whilst also building on that and crafting the strategy for the next medium to long term period.

3.3. Audit and Risk Committee

The members of the Audit and Risk committee held their meeting on 20 July 2017 and the meeting considered the following:

- Approval of the External Audit Plan as tabled and presented by the external auditors;
- The Management Letter from the External Auditors for the 2016/17 financial year end audit;
- The Annual Financial Statements for the 2016-2017 Financial Year;
- The need for a new Risk Register to be developed and tabled at the next meeting
- The External Auditors, Internal Auditors and Audit Committee met independently of Management for the committee to receive their annual in-committee update from the auditors;

3.3. Finance and Procurement Committee

The members of the Finance and Procurement committee held their meeting on 2 August 2017 and the meeting considered the following:

- Amendments to the MOI to allow for borrowing of money and acquiring property once there was a majority resolution by the Board and approval by a lending institute
- The Draft Annual Financial Statements
- The Quarterly Management Accounts and Cash Flow
- The Committee was requested to assist with introductions to potential high value members in key sectors

3.4. Membership, Marketing and Communications Committee

The members of the Membership, Marketing and Communications Committee held their meeting on 2 August 2017 and the meeting considered the following:

- The outcomes of the Board Evaluation Report that were applicable to the Committee.
- The Membership Report for the period under review
- The Membership Hit List detailing companies being targeted for membership for the next medium to long term period;
- The Marketing Report which included reports on the 2017 Summit and Expo, the Provincial Business Forums, the Buy Back SA Advertising campaign, Women's Day event, as well as plans for future activities such as the Delicious Festival, Festive Season Campaign and the 2018 Buy Local Summit and Expo;
- The PR and Communications Report for the period under review
- The Tender Monitoring System and progress made since implementation of the system;
- The Annual Report (Non-Financial Content of the report)

3.5. HR and Remunerations Committee

The members of the HR and Remunerations Committee held their meeting on 3 August 2017 and the meeting considered the following:

- Possible commission for Directors who managed to raise sponsorship for the organisation;
 - The Salary Benchmarking and Comparisons exercise undertaken to improve the campaign's personnel retention strategy;
 - The acceptance of the retainer fee by the Chairman who chose to forgo his remuneration for meetings for the period during which he would receive the retainer, as approved by the Board;
 - HR Reports on Staff movement, Performance Management, Staff training and Development as well as Staff Retention activities;
- **3.7. Social and Ethics Committee**

The members of the Social and Ethics Committee held their meeting on 3 August 2017 and the meeting considered the following:

- Amendments to the clauses of the Terms of Reference of the committee, including on the frequency of meetings as well as the appointment of the Chairperson for the committee;
- The update on the Checklist containing the items that should ideally be considered by the committee at its meetings and fall within the scope of its responsibilities;

4

THE QUARTER UNDER REVIEW

4.1. HIGH LEVEL ACHIEVEMENTS FOR THE QUARTER

During the quarter under review, the Proudly SA campaign was able to achieve most of its targets as contained in the Annual Performance Plan (APP) for the second quarter of the 2017/18 financial year.

The following were some of the achievements and most of these are reported in detail in Section 4 of the report:

- A Members' Newsletter was launched and Edition 1 of this newsletter was issued during September 2017;
- The target of 100 new products and/or services was substantially exceeded, as 1 061 new products and services were listed during Q2
- The target of recruiting 50 new fully paid-up members was achieved, where a total of 72 members were approved for membership, with the balance just needing to make payments in order to activate their membership with the campaign;
- More than 5 million consumers were reached through logo placements on TV adverts rolled out by both Edgars and DSTV Delicious festival organisers. This was augmented by having the Buy Back SA advert flighted on both TSogo Sun's Inspire Channel in all their hotels in SA as well as on various DSTV channels;
- In continuing to roll out eco-labelling standards for SA in the agricultural sector, the SA Eco-label standard was approved during this period by the appointed Technical committee, and has now been published on various public platforms. This standard and the broader Proudly SA led Switch Africa Green project was showcased at the NCPC conference in Cape Town and at the Tzaneen Agricultural Expo and Forum.
- In addition to this, 9 farms were identified for piloting the Eco-label standard (3 farms in each of the following provinces: Limpopo, WC and KZN). Trainers meant to train and assist the farms with implementing the standard on the farms were also trained during this period and the pilot project is well underway;
- Proudly SA made a presentation to Chief Procurement Officers and/or Heads of Procurement of various State-Owned entities at their quarterly State-Owned Enterprises Procurement Forum (SOEPF) meeting held during this quarter. The focus of the presentation was on educating the procurement officers on the Proudly SA Buy Local campaign, the local content provisions as contained in the revised procurement regulations and to introduce them to Proudly SA's tender monitoring system, which looks at all tenders for designated items in the public sector;
- A partnership agreement was concluded with Massmart for their Local Manufacturing programme to be linked to Proudly SA and for all the companies that are part of this programme (and make their products locally for supplying Massmart's retailers) to be registered with Proudly SA;
- A follow up presentation was made to Nedlac's Trade and Industry Chamber on the progress made by Proudly SA in implementing its repositioning strategy, following the presentation made towards the end of the previous financial year to the same committee;

4.2. AREAS WHERE TARGETS WERE NOT MET:

During the quarter under review, the Proudly SA campaign was not able to achieve all its targets as contained in the Annual Performance Plan (APP) for the second quarter of the 2017/18 financial year, and below are some of the areas where the campaign fell short for the quarter:

- Roadshows predominantly made up of mall activations were meant to have taken place in 3 provinces were planned, however only one was implemented in partnership with Multichoice, with the rest postponed and incorporated into Festive Season plan to be implemented later during Quarter 3 of the financial year;
- The campaign could not implement the 2 Campus radio campaigns as contained in the APP, due to resource constraints and this will be implemented during Q3 as part of the broader festive season consumer targeted campaign;
- Two out of the 3 planned provincial public-sector forums were postponed to later in the year due to last-minute cancellations from the respective Finance MECs in both the Western Cape and Mpumalanga. As a result, the target to host at least 2 of these forums during this quarter was missed by 1 forum;
- The campaign needed to host at least 1 sector specific forum/workshop during the quarter, however this was not achieved, as a decision was taken to move all the sector specific forums to Quarter 4 due to capacity constraints during Quarter 2 as a result of Proudly SA month heritage activities during this period;
- No dipstick surveys were done after each of the forums to determine the levels of customer satisfaction as required in the APP. This was as a result of management oversight however, the total required number of dipstick surveys will have been undertaken by the end of the financial year;
- The actual membership retention rate for members due for renewal during the quarter was 86% against a target of 90%. A dedicated official has been assigned to focus on the renewals side of the business and it is already clear that this intervention coupled with the improved repositioning strategy will yield the desired outcomes.

4.3. MEMBERSHIP REPORT Q2 2017/2018

Overview

The second quarter of 2017/2018 saw an uptake of exactly 50 new fully paid-up members (or 72 approved memberships). This number is drastically up from previous years as historically, only approved members were accounted for.

Of the 50 newly-recruited and finalised members, 15 new memberships were activated in June (although as many as 19 were approved), 18 in the month of August (whereas 32 were approved), and 17 at the end of September (whereas 21 companies were approved for membership).

The interest in Gauteng for membership remains the highest at 38 new recruits in the second quarter, six in the Western Cape, three in KwaZulu-Natal, and one each in the Eastern Cape, the Free State and Limpopo.

The best performing sector remains Manufacturing with a total number of newly-recruited members at 14, followed by Food Products (due to the Membership Department's work done for the Delicious Festival and the active drive for recruiting in the FMCG space) at eight, Professional Services at six new recruits, and Media, Marketing and Publishing at five.

The Proudly South African database of products and services continues to grow at a rapid pace. The target of 100 new products and services for the second quarter was exceeded by over 900% at 1,061. The total number of products and services now totals 7,861 as at 30 September 2017.

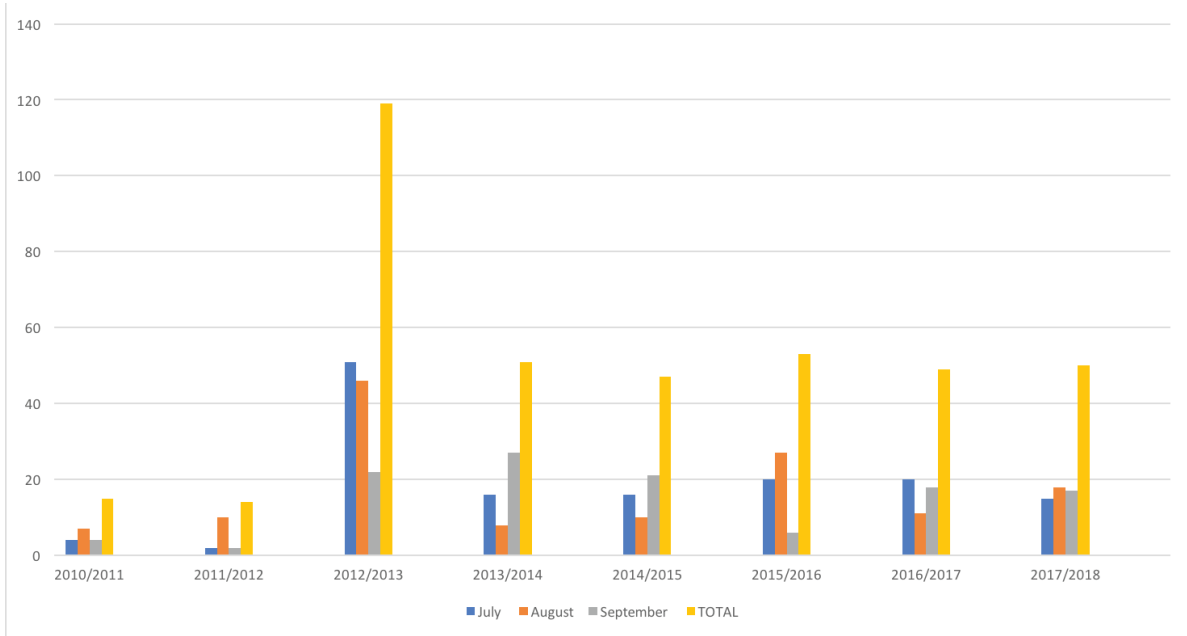
Members are retained at a monthly average of 86% for the first two quarters, just falling short of the annual target of 90%.

The membership team is actively recruiting those memberships that have expired these last two years by introducing the respective companies to the Campaign's revised value proposition for members. The team is also aggressively recruiting member companies in the FMCG space for the remaining two quarters of 2017/2018.

2017 Q2: NEWLY-RECRUITED MEMBERS Year-on-year Comparisons: 2010/2011 to 2017/2018

| Month | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 (Companies approved for membership) |
|--------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|--|
| July | 4 | 2 | 51 | 16 | 16 | 20 | 20 | 15 (19) |
| August | 7 | 10 | 46 | 8 | 10 | 27 | 11 | 18 (32) |
| September | 4 | 2 | 22 | 27 | 21 | 6 | 18 | 17 (21) |
| Total | 15 | 14 | 119 | 51 | 47 | 53 | 49 | 50 (72 approved member-ships)) |

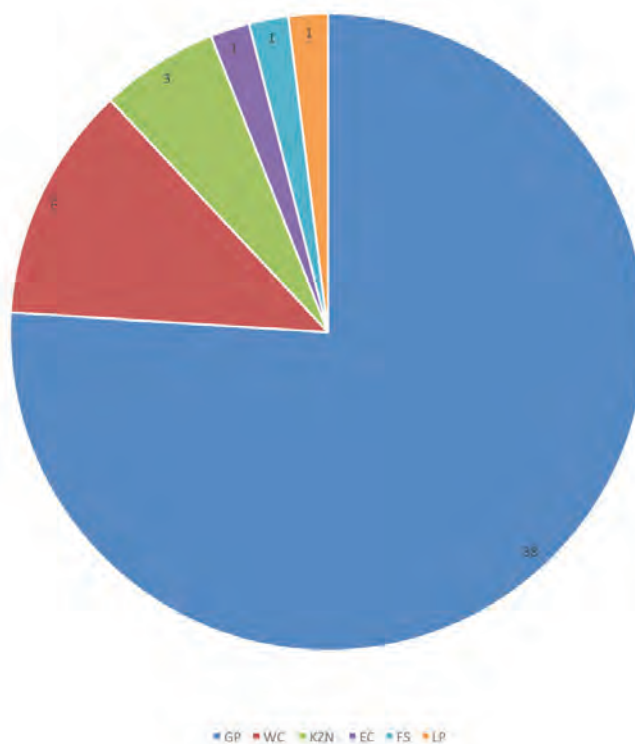
Year on Year Comparisons: 2010/2011 to 2017/2018



2017 Q2 by Sector

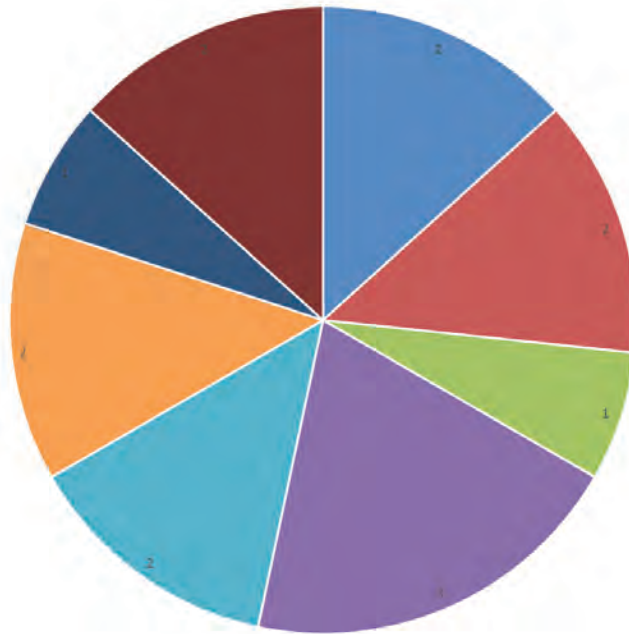
| | Sector |
|----|--|
| 14 | Manufacturer |
| 3 | Representative Organisations |
| 1 | Culture, Entertainment, Music and Recreation |
| 6 | Professional Services |
| 2 | Wholesale and Retail Trade |
| 2 | Construction, Engineering and Architecture |
| 5 | Media, Marketing and Publishing |
| 8 | Food Products |
| 2 | Agriculture |
| 2 | Community Organisations and Projects |
| 1 | Transport and Logistics |
| 2 | Tourism, Travel and Hospitality |
| 1 | Information Technology and Telecommunication |

2017 Q2 by Province



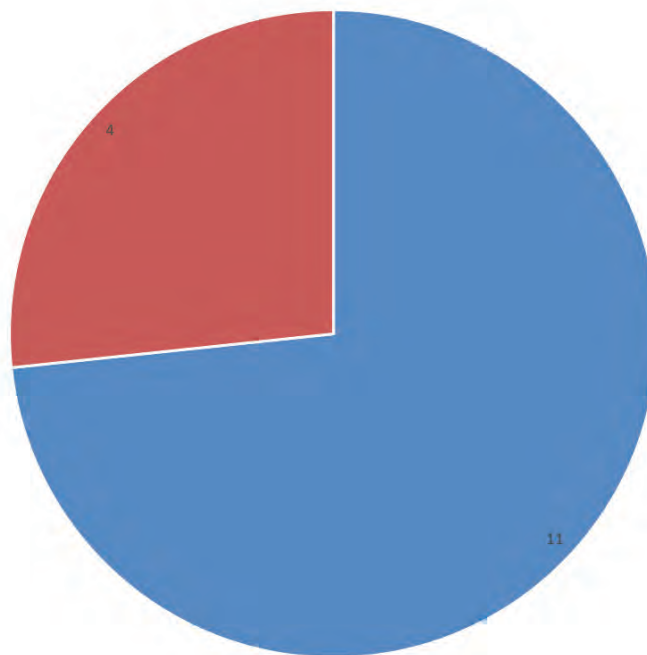
| 2017 Q2 NEW RECRUITS: JULY | | |
|---|--|----------|
| Company | Sector | Province |
| Ae-A | Manufacturer | GP |
| Craft + Design Institute | Representative Organisations | WC |
| Delicious Food Festival | Culture, Entertainment, Music and Recreation | GP |
| Franchise Association of Southern Africa (FASA) | Representative Organisations | GP |
| Herbex | Manufacturer | WC |
| Lets All Do It | Professional Services | GP |
| OBC Group | Wholesale and Retail Trade | GP |
| Paramixed | Construction, Engineering and Architecture | GP |
| Peneul Nathi | Construction, Engineering and Architecture | GP |
| Radio Islam | Media, Marketing and Publishing | GP |
| RSAMade Group | Wholesale and Retail Trade | GP |
| Sennergi | Food Products | GP |
| Southern Right Foods | Food Products | WC |
| Tlaweng Lechaba Inc | Professional Services | GP |
| Wesgro | Professional Services | WC |

July 2017 New Recruits by Sector



- MANUFACTURER
- REPRESENTATIVE ORGANISATIONS
- CULTURE, ENTERTAINMENT, MUSIC AND RECREATION
- PROFESSIONAL SERVICES
- WHOLESALE AND RETAIL TRADE
- CONSTRUCTION, ENGINEERING AND ARCHITECTURE
- MEDIA, MARKETING AND PUBLISHING
- FOOD PRODUCTS

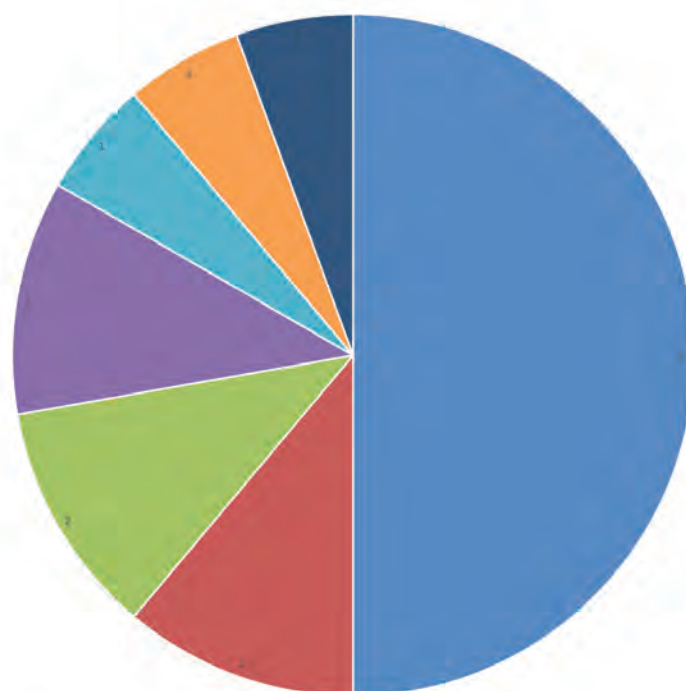
July 2017 New Recruits by Province



- GP
- WC

| 2017 Q2 NEW RECRUITS: August | | |
|-------------------------------------|--------------------------------------|----------|
| Company | Sector | Province |
| African Butterfly | Manufacturer | GP |
| Bhan Thai Massage | Professional Services | GP |
| Cappeny Estates | Agriculture | KZN |
| Country Bird Holdings | Agriculture | GP |
| DermaDore | Manufacturer | WC |
| K1 Group | Manufacturer | KZN |
| Kombo King | Food Products | WC |
| Lereko Furniture Manufacturers | Manufacturer | GP |
| Lift Rite Inspection & Load Testing | Professional Services | KZN |
| Macpherson Paints | Manufacturer | GP |
| Malati Research & Empowerment | Manufacturer | GP |
| Mediwaste Packaging | Manufacturer | GP |
| Radio Pulpit | Media, Marketing and Publishing | GP |
| Sharpeville Breweries | Manufacturer | GP |
| Sweet Gift Bakery and Catering | Food Products | GP |
| The Giant Flag Trust | Community Organisations and Projects | EC |
| Transfix Transformers South Africa | Manufacturer | FC |
| ZMA Logistics | Transport and Logistics | GP |

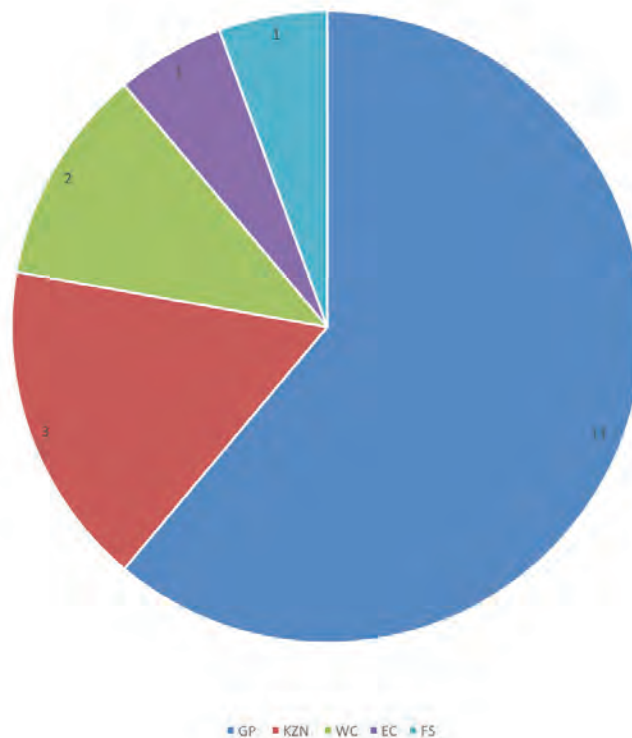
August 2017 New Recruits by Sector



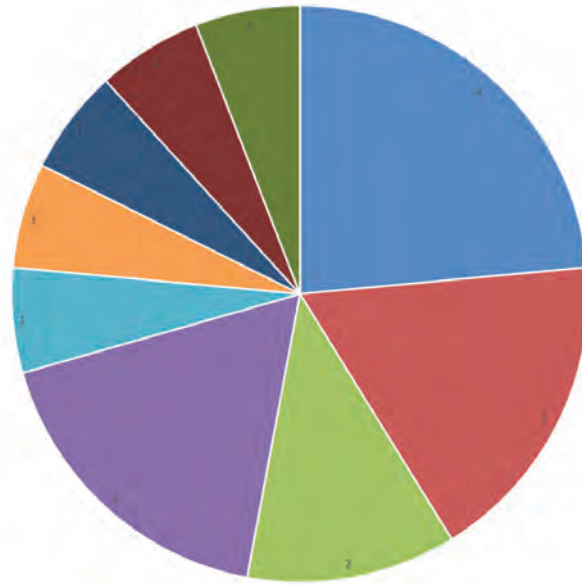
■ MANUFACTURER ■ PROFESSIONAL SERVICES ■ AGRICULTURE ■ FOOD PRODUCTS ■ MEDIA, MARKETING AND PUBLISHING ■ COMMUNITY ORGANISATIONS AND PROJECTS ■ TRANSPORT AND LOGISTICS

| 2017 Q2 NEW RECRUITS: September | | |
|---|--|----------|
| Company | Sector | Province |
| 7 Khalaz | Food Products | GP |
| Agni Media Concepts | Media, Marketing and Publishing | GP |
| Beyond Corporate Travel | Tourism, Travel and Hospitality | GP |
| David Tlale | Manufacturer | GP |
| Flip Page Communications | Information Technology and Telecommunication | GP |
| Jozi Records | Culture, Entertainment, Music and Recreation | GP |
| Kgarose Kgaros | Food Products | LP |
| Molly's Food Enterprises | Food Products | GP |
| Nothile Consulting | Professional Services | GP |
| Oarabile Katlego Investments | Tourism, Travel and Hospitality | GP |
| Pharmacare Limited | Manufacturer | GP |
| Sandvik Mining RSA | Manufacturer | GP |
| Southern African Stainless Steel Development Association (SASSDA) | Representative Organisations | GP |
| The African Story Teller | Media, Marketing and Publishing | GP |
| The Hourglass Project | Community Organisations and Projects | GP |
| The Mash Braai House | Food Products | GP |
| Through the Eyes of an African Eye | Media Marketing and Publishing | GP |

August 2017 New Recruits by Province

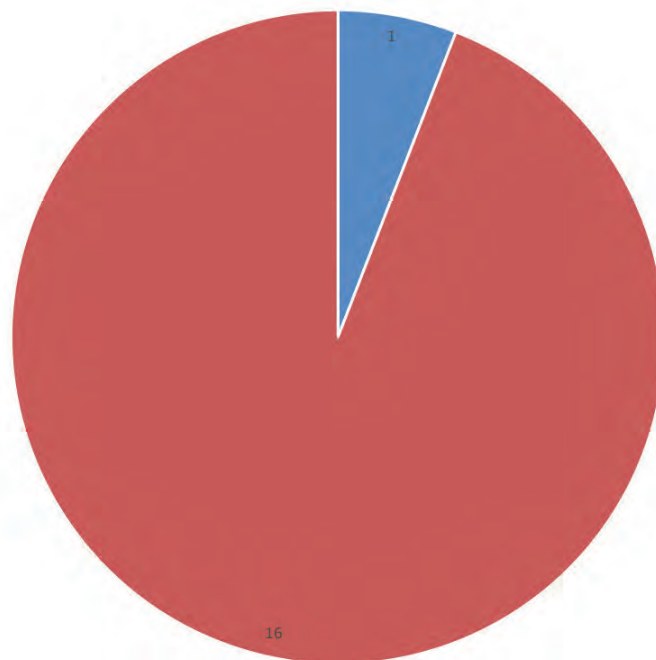


September 2017 New Recruits by Sector



- FOOD PRODUCTS
- TOURISM, TRAVEL AND HOSPITALITY
- INFORMATION TECHNOLOGY AND TELECOMMUNICATION
- PROFESSIONAL SERVICES
- COMMUNITY ORGANISATIONS AND PROJECTS
- MEDIA, MARKETING AND PUBLISHING
- MANUFACTURER
- CULTURE, ENTERTAINMENT, MUSIC AND RECREATION
- REPRESENTATIVE ORGANISATIONS

September 2017 New Recruits by Province



- LP
- GP

4.4. HIGHLIGHTS FOR THE QUARTER - EVENTS AND ACTIVATIONS



Nelson Mandela Day: 18 July 2017

Proudly South African partnered with the Nelson Mandela Foundation and Absa to provide various sponsored Proudly SA member products which were donated to the Adelaide Tambo School for the physically challenged and for which the Tambo Family showed their gratitude to all stakeholders involved. Activities later moved on to the YMCA Centre in Orlando, where painting, cleaning of the garden and building took place. This provided the campaign with an opportunity to expose the brand to the various stakeholders, including the corporates that were part of this initiative.

Reach for this event: 120

Target Audience: Members of the public





Proudly SA Polokwane, Limpopo Business Forum
27 July 2017

Proudly SA invited delegates from business in the Limpopo region, entrepreneurs, SMMEs and procurement officials. The Limpopo business forum ran smoothly and was oversubscribed on the day. This forum was held to stimulate local production and local procurement in the region, in order for more sustainable jobs to be created. A dynamic panel discussion was held which addressed challenges and the inner workings of business in Limpopo and represented bodies, namely, City of Polokwane, the dti, Productivity SA, LEDA, NCPC-SA and a representative from the office of the Economic Development, Tourism and Environmental Affairs who worked on finding solutions for the audience and outlining their respective programmes for business. The venue, Tsogo Sun Garden Court, hosted the forum and survey analysis showed that delegates found it to be an excellent networking and profiling platform.

Reach for this event: 120

Target Audience: Business, government, consumers, SMME's, Limpopo based member companies





Women in Business: 8 August 2017

Proudly South African's annual acknowledgement of the achievements of women and the gift of sisterhood, our Women's Day celebration, was held this year in partnership with Tsogo Sun. Held at the Southern Sun, under the banner of "Women in Business" at Hyde Park's Southern Sun Hotel, the event's key note speaker was Mrs. Basetsana Kumalo, celebrated business woman. She shared words of empowerment with approximately 200 influential women from the corporate sector, entertainment and media world, whilst highlighting some of the work Tsogo Sun and Proudly South African are doing.

Reach for this event: 200
Target Audience: Private sector, government, women in business

**Proudly SA Public Sector Preferential Procurement Forum
 15 August 2017**

The newly introduced Public Sector Preferential Procurement Forums are aimed at educating procurement officials in the public sector on legislated local content provisions, as contained in the revised PPPFA.

The North West provincial leg of the Public Sector Preferential Procurement Forums took place on Tuesday 15 August 2017 at Walmont Hotel at Mmabatho Palms, Mahikeng.

Reach for this event: 80
Target Audience: Procurement officers, government officials, buyers, SMME's





Proudly SA Western Cape Business Forum
16 August 2017

Stimulating inter-member trade and providing Proudly SA companies an opportunity to profile their businesses, the Western Cape business forum ran smoothly and was oversubscribed by existing member companies as well as potential new members, presenting a good problem for the campaign as this demonstrates the level of interest in the Proudly SA Buy Local campaign within that province. A dynamic panel discussion was held which addressed challenges and the inner workings of business in the Western Cape and was made up of representatives from Wesgro, the dti, Productivity SA, the NCPA-SA and SEDA, who worked on finding solutions for the audience and outlining their respective programmes for business.

The outstanding Tsogo Sun, Cullinan Hotel hosted the forum and survey analysis showed that delegates found it to be an excellent networking and profiling platform.

Reach for this event: 105
Target Audience: Business, government, consumers. SMME's, CPT based member companies

Induction of 1996 Bafana Bafana Afcon winning team into the Hall of Fame, Sun City: 20 August

Proudly South African was invited to be part of the podium presentations to the 1996 Bafana Bafana Afcon winning team into the Hall of Fame. The gala dinner was attended by an audience of 800 people and hosted at Sun City in the North West.

Proudly SA gained significant traction on social media throughout the course of the evening, as this was a very popular event on the sporting calendar.

Reach: 800
Target Audience : Public and media



3rd Annual Vita Basadi Awards in partnership with the Gauteng Provincial Legislature: 31 August 2017

Held on Thursday 31 August 2017 at the Gauteng Legislature, Johannesburg, City Hall, the awards honoured remarkable, world changing women who have made a positive impact on their communities without reward, serving selflessly to empower those around them.

Proudly SA partnered with the Legislature by sponsoring the 18 winners with gifts donated by various Proudly SA member companies. Proudly South African proposes that such partnerships with the Gauteng Provincial Legislature are maintained to ensure that relief is brought to the lives of the people of Gauteng.

This gave the Proudly SA campaign an opportunity to expose the Proudly SA brand to the audience and the short note made by the CEO at the event made this a great consumer education platform.

Reach for this event: 300

Target Audience: Women in business, entrepreneurs, young adults

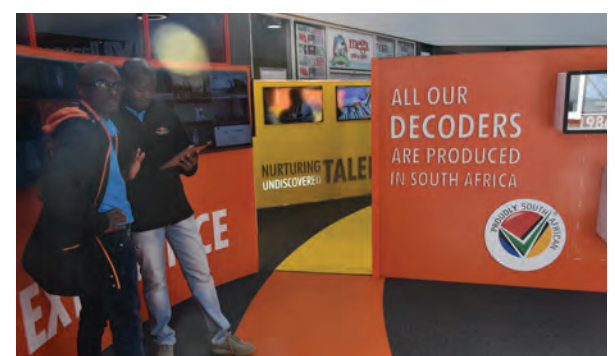


Proudly SA & MultiChoice Mall Activation: 01-03 September 2017

The three-day-long mall activation in Durban was held at the Umlazi Mega City mall in Umlazi, Kwa Zulu Natal in collaboration with MultiChoice. The purpose of the Mall Activations was to educate consumers about Proudly SA, the organisation's logo and Labels of Origin. This, in an effort to create awareness among consumers on how to identify locally made products and services. Shoppers were educated about the economy-wide benefits of buying local, including job creation and poverty alleviation. So-called "trolley checks" were also conducted to determine if shoppers had purchased local products, while being entertained and educated through music and dance.

Reach for this event: TBC

Target Audience: Consumers



SA Innovation Summit
6-8 September 2017

An annual flagship event on the South African innovation agenda, the Innovation Summit is a stage for the cultivation of thought-leadership and is created to support and endorse African innovation and to facilitate teamwork. The initiative brings together corporates, thought leaders, inventors, entrepreneurs, academia and policy makers to amplify South Africa's competitive edge and to inspire sustained economic growth across the continent of Africa. The SA Innovation Summit 2017 was held at Cape Town Stadium.

The event is hosted in partnership with a number of strategic partners, which included Chivas Regal Venture, Santam, SABC Education, The IDC, IBM and The City of Cape Town. Proudly SA exhibited at the event from 06 - 08 September 2017. A team from the membership department accompanied marketing to source members in the innovation sector.

A highlight for the event in the form of a panel discussion entitled **"How to scale a world class Business from South Africa to the world. CEOs of companies that have done just that! Global success stories that were born in Africa"** included the following panelists: Mr. Eustace Mashimbye, Pieter De Villiers, Patricia Norris and Hannes van Rensburg

Reach for this event: 800

Target Audience: Technology leaders and founders, trend specialists, policy makers and forward thinkers



National Cleaner Production Centre (NCPC-SA): 13 -15 September 2017

The biennial Industrial Efficiency Conference of the National Cleaner Production Centre (NCPC-SA) is a flagship event in the ventures mandated effort to raise awareness and educate industry on the application and benefits of Resource Efficient and Cleaner Production (RECP) methodologies. The event was held at the Century City Convention centre in Cape Town, Western Cape

The key aim was to track gender mainstreaming and increase the participation of women as well as equipping SMEs, particularly those in the downstream value chain, to contribute towards a low carbon economy.



The conference endeavoured to solidify communication channels with partners, namely, the Consumer Goods Council of SA, Proudly SA, The Western Cape Provincial Government, Green Cape, Switch Africa Green (UNEP/ EU) and the Global Reporting Initiative(GRI).

Proudly South African CEO, Mr Eustace Mashimbye was one of the keynote speakers, whilst the organisation exhibited at the event with the view to source membership and increase brand awareness.

Proudly SA Chief Officer: HR and Administration, Mr Vusi Sithole presented on the Switch Africa Green project being rolled out by Proudly SA at one of the plenary sessions.

Reach for this event: 800

Target Audience: Large, medium and small manufacturers, major retailers and their supply chains, Industry association representatives and sustainability reporting managers

Edcon Heritage Month Roof Party, Braamfontein:
23 September 2017

Edcon held an afternoon roof party to celebrate Heritage Day in Braamfontein for their stakeholders which featured Proudly South African branding. Our presence underlined our partnership in the new Spring/Summer 17 Proudly SA collection. Staff attended the event which gained a lot of social media coverage.

Reach: 300

Target Audience : Young Edcon stakeholders





Youth Engagement, Maropeng:
18 September 2017

The Proudly South African team travelled as part of our Heritage Month activities to Maropeng in The Cradle of Humankind World Heritage for a youth engagement programme. We addressed 150 learners from grades 9, 10 and 11 from Khindlimukane High School in Soweto, as well as 30 staff from the centre.

The Buy Local to Create Jobs message was conveyed in a fun, interactive way with a quiz, music and some give-aways. Maropeng's MD Michael Worsnip also addressed the learners, telling them that they were in the real 'home' of our civilization, a unique place in the whole world. Maropeng is a Proudly South African member company.

Reach for this event: 150
Target Audience: Youth





Proudly SA & Edcon Fashion Show – 20 September 2017

Held at Shine Studios in Braamfontein and presented in a typical fashion show format, the evening saw guests dressed to the theme “South African Unique” in celebration of SA Heritage with fashion. With a focus on supporting local designers and manufacturers through Edcon’s Design Innovation Challenge and showcasing the campaign and its partnership with the Department of Small Business Development, the event was addressed by Minister Lindiwe Zulu and Proudly SA board member, Mr. Michael Lawrence.

Renowned local fashion designer, David Tlale, closed the show with his Proudly SA collection which will be available in Edgars stores nationally from November. The project educated influencers on the importance of supporting local business especially in the clothing sector, whilst also showcasing the growth in the local content carried in the Edcon owned stores as a result of their commitment to improved localisation.

Reach for this event: 250

Target Audience: Business, clothing and textile manufacturers, designers, government, consumers, SMME’s, media



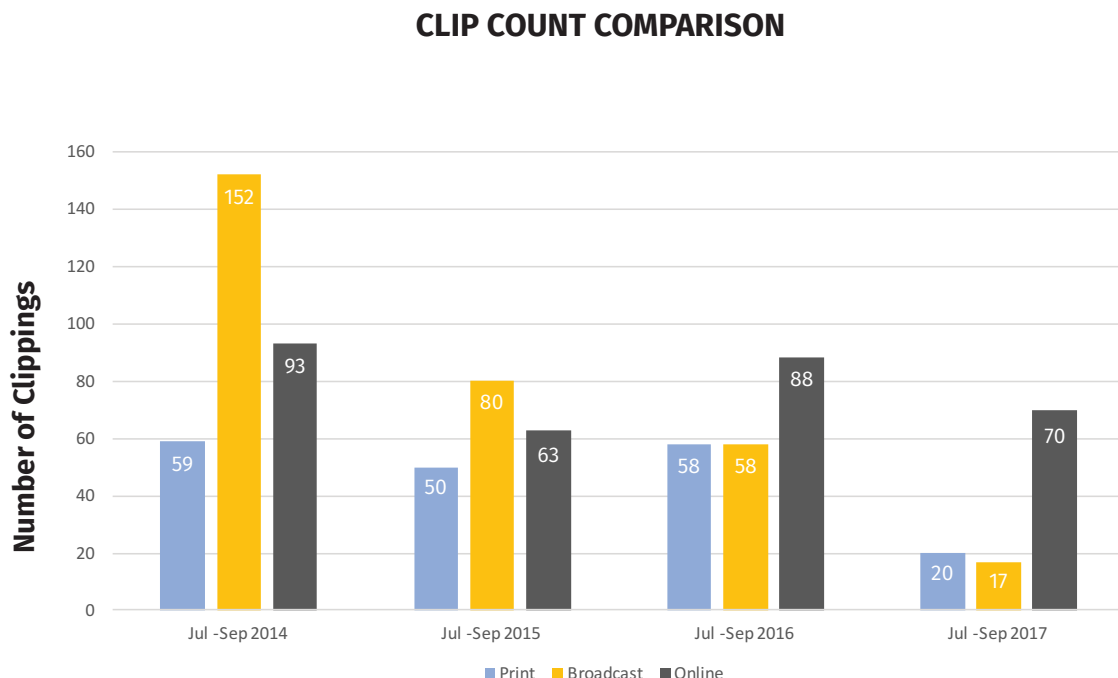
4.5. PR Communications & Media

The PR activity during the quarter in review had a strong emphasis on the DStv Delicious International Food & Music Festival into which we were significantly invested. This included collaboration on a media box drop full of Proudly South African 'goodies' to 50 media and influencers, and regular notification through August as the musical line up was announced on different dates throughout the month until the 'final reveal' on 30 August. We were part of Take over Tuesdays on Kayafm in which the Festival took a slot on every show on the station on a series of Tuesdays in the run up to the event. We received good media coverage for our involvement with Delicious. Heritage Month also featured large in our PR activities and our fashion event with Edcon, youth engagement day at Maropeng, and invitation to be part of the Dept Evaluation & Monitoring's launch of an NDP Young Ambassadors' Programme gained traction in the media and on social media.

In addition, we wrote pieces for sector specific publications including one for the tourism sector on how to steer overseas visitors to spend on locally produced and manufactured goods, for the Stainless Steel Industry's magazine, and for the first edition of a new clothing sector magazine called Wear.

Clip count comparison

The clip count comparison illustrates the total number of media clippings for each media platform i.e. print, broadcast and online for the period under review (July – September 2017). Comparison is made with the same period in 2014, 2015 and 2016.

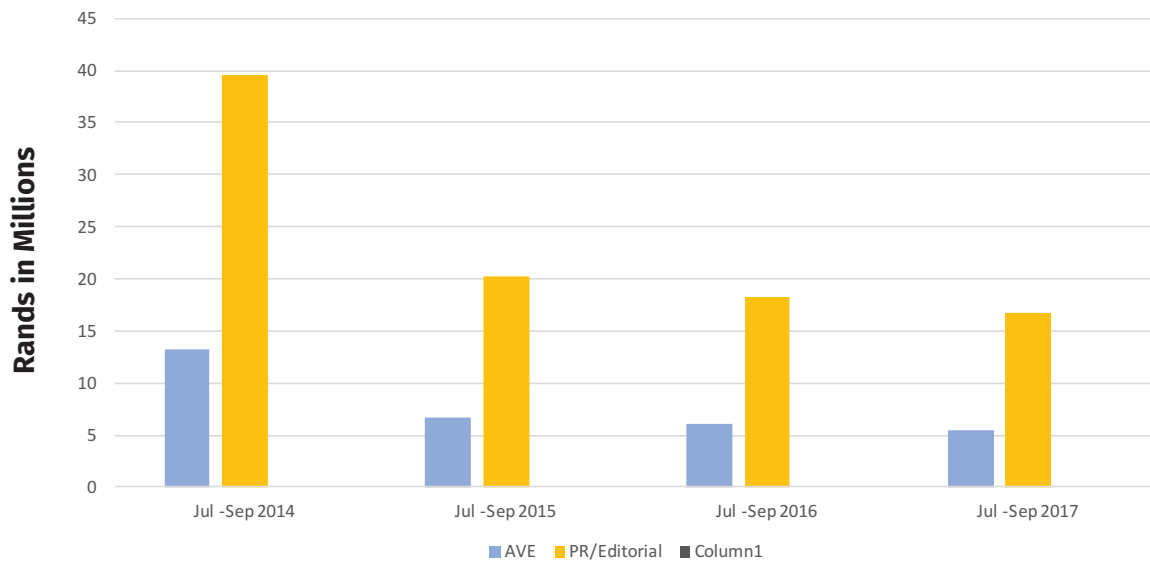


The analysis shows a decrease in the total clip count as compared to previous years. The main reason for this slight decline is attributed to the recent refining of the settings of Proudly SA's media monitoring service in December 2016, assisting the organisation in capturing only relevant media mentions which can be attributed to the efforts of the Campaign.

AVE analysis

The Advertising Value Equivalency (AVE) is what editorial coverage would cost if it were advertising space (or time). PR/Editorial value is derived by multiplying the AVE by three, as per industry norms. The total AVE value between July and September 2017 is R5,5 million. The PR value for the same period amounts to R16,7 million.

AVE ANALYSIS





By KHANYISILE NGCOBO

THE Democratic Alliance came under fire yesterday for its alleged misuse of the Proudly South African logo in a recent advertisement.

The party ran an advert in the *Sunday Times* newspaper which shows what appears to be a Proudly SA logo with the tagline "ANC policy proudly made in Dubai" against a black background on the left hand side.

On the right hand side of the ad, the party urges the country to "not sell our country to the highest bidder", this time against a blue background.

The same ad was also posted on the DA's Twitter page.

Proudly SA said it distanced itself 100% from the advert.

"The Proudly SA logo is a registered trademark and as such cannot be used without the organisation's permission. Proudly SA in a non-partisan, non-political not for profit organisation, and as such will never align itself with any political party or message," the company said in a statement.

Proudly SA CEO Eustace Mashimbye added: "This was a flagrant misuse of a legally protected trademark, incorporated into a political advert and designed to mislead the public into thinking that Proudly SA in some way endorses the DA's stance and views, which is not the case and we cannot let this go lightly without distancing ourselves from this and any other political campaign."

Proudly SA confirmed it had contacted the DA and demanded a public apology.



'MISUSE': Mashimbye

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One million jobs by growing manufacturing

Peter Middleton

COMMENT



Delivering the keynote address at the opening session of the Manufacturing Indaba, Namak CEO and Manufacturing Circle chairperson André de Ruyter talked about kick-starting industrialisation in South Africa.

He opened by highlighting the dire situation we are in: Manufacturing's contribution to GDP has fallen from 24% in the early 1980s to less than 13% by 2015. South Africa, De Ruyter says, is experiencing "premature deindustrialisation".

"For our stage of development, manufacturing's GDP contribution should be at double current rates and is lagging behind other emerging markets," he points out. The reasons? Increased competition from imports; increased labour costs; high energy costs; poor infrastructure, policy and regulatory uncertainty and asymmetrical compliance with WTO rules.

Since 1999, as the share of GDP has shrunk, South African manufacturing has shed 500 000 jobs. At 27.7%, current unemployment is the highest it has been for the past 14 years – and manufacturing contributed a further 34% in the first quarter of 2017.

"If manufacturing were to have an appropriate share of GDP (28 to 32%) for South Africa's developmental stage, 800 000 to 1.1 million jobs could be created," De Ruyter points out.

In addition, "manufacturing has the highest job multiplier of any sector" so manufacturing job losses have a larger negative impact. And, compared to mining, manufacturing generates 0.4 times higher social returns for the same private returns; 29.6% compared to 8.8% for every 10% of private income generated. The case for a radical transformation of this sector is surely made?

Quoting Jerry Jaisrowski, De Ruyter says that the economy of developed nations has tended to pass through industrialisation and into a services economy. "History teaches that a strong economy begins with a viable manufacturing base," Africa, he says, is seeking "a viable path to prosperity without passing through an industrialisation phase. This is not likely to happen. It is by no means clear that it is even possible."

Showing consecutive diagrams of the "the vicious cycle of deindustrialisation" followed by the virtuous cycle that promotes economic growth, De Ruyter says that the departure point is demand. When people have less disposable income and consumer confidence is low, then demand falls, which causes lower capacity utilisation. Returns therefore fall, causing future investments to be deferred or cancelled. From a jobs perspective, fewer staffs precede retrenchments and skills training falls away all of which cause demand to fall further.

"Without a virtuous cycle of investor and consumer confidence, supported by stable policies, South Africa will continue to deindustrialise, without the capacity to move to a services economy," he notes. The solution? "To stimulate demand for local goods: via preferential procurement, protecting local industries through more assertive trade policies and support for localisation initiatives such as Proudly SA." Simply put, this leads to greater investor confidence, more jobs and training, higher levels of disposable income and increased demand.

But investment will not take place "if demand side policies do not deal with supply side policies... and current demand from local consumers will not create impetus for growth." South Africa, De Ruyter believes, "needs a macroeconomic environment that facilitates more capital investment in local manufacturing".

Showing a matrix of possible initiatives, organised under the headings: Government incentives and support; Regulatory and policy interventions; and Private sector counter-performance requirements, he says that, while the goal is to persuade the private sector to invest in new capacity, this comes with responsibilities: job creation a commitment to remain invested, and to support black industrialists at scale.

From the Regulatory column he lifts out a suggestion for government to consider a super-ministry to drive industrialisation – "SA's Ministry of International Trade and Industry" – which would offer a less fragmented approach to the endeavours of the ministries currently involved in this area: Trade and Industry (TI), Economic Development, LDCs, Small Business Development, Finance and Public Enterprises.

Other policy suggestions include: proactive trade policies using regulatory levers; private sector participation in SOCs; reconsidering proposed dis-incentivising taxes; and better support for black industrialists. And, most notably in the incentives and support column: a favourable tax rate of 15% for existing and new business in designated industrial areas.

Concluding, De Ruyter reveals that the Manufacturing Circle, in collaboration with industry associations, has launched an initiative to create a million new jobs in the manufacturing sector in South Africa. "We are currently identifying key investments that could be made by manufacturing firms and, second, what needs to be resolved, unlocked or addressed in order for these investments to take place," he says. A long overdue process that deserves all of our support. □



Some SA companies are:

www.themashimbyeglobal.com (2017/05/23) Home SA companies are: Dalro Group - a global group

BY DONALD PRESLEY AUGUST 23, 2017 Proudly South African member companies are able to thrive in difficult economic times. Opinion by Proudly South African CEO, Eustace Mashimbye

We continued at the beginning of the financial year to feel the aftershock of the cabinet reshuffle and its political fall-out, as ratings agency S&P downgraded South Africa to 'junk status' on April 3. Soon after, Fitch followed suit rating the country as 'non-investment' grade. Later, in early June, Moody's sealed the country's short term fate in awarding us their lowest 'negative outlook' rating.

Together with other economic data, including a contraction of 0.3% of GDP in the 4th quarter of 2016, and a further 0.7% decline in the first quarter of this year, these ratings confirmed that South Africa is officially in a recession.

On August 7, new labour force figures were released which showed the balance between job losses and some modest gains left the unemployment levels the same as the previous quarter at 27.7%. Job seekers in the 15-24 age bracket remain the most vulnerable with more than 50% unemployed (56%). The agricultural sector faced the biggest losses with 40 000 jobs gone, many in the beleaguered poultry industry. However, manufacturing saw the creation of an additional 10 000 jobs – a small but positive upturn.

Whilst it is undeniable that we are working in a severely constrained economic climate, we continue to build on our successes and Proudly South African is well positioned to exploit the need for increased domestic consumption of home grown products, as the Rand's value makes imports more and more expensive. Our value proposition for members is ever more enticing as they feel the pinch and see the advantages of the movement and the benefits in can bring.

Many of our larger member companies continue, despite these constrained economic conditions in which they are operating, to invest in the country and expand their operations, demonstrating

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SASSDA MEMBERSHIP

As of August 16, 2017, SASSDA membership stood at 397. There have been 20 suspensions or terminations in the past four months and four resignations. Thirteen new members have been added in the past four months. All new members are listed below:

| COMPANY | ACTIVITIES | CONTACT PERSON |
|---|-------------------------|-------------------|
| DVR Steels Steel Suppliers | Suppliers | Deigo Nkomo |
| ETC Construction (Pty) Ltd (Voc Training & Skills) | Education/Industry | Rob Feyer |
| AGL Limited | Newly Fabrication | Eustace Mashimbye |
| DIV Steels Steel Structures | Structuring | Neil Edgar |
| CHC Clec Car | Service Provider | Thabiso Ndlovu |
| Sevens Technologies (Pty) Ltd (Voc Services) | Education/Industry | Wendy Mase |
| Global Steel Exports | Export Int. Africa | Ardena Ndlovu |
| Manufacturing Centres | Structuring | Tim de Pree |
| Proudly SA | Associate member | Eustace Mashimbye |
| Manufacturing (Pty) Ltd (Voc New Dimensional Engineering) | Education/Industry | Nigel Kwafo |
| Hutton Training (Pty) Ltd (Voc FTS Training & Skills) | Service & Supplier of | Christine Bousie |
| Industrial Well Forward | Industrial Well Forward | |
| Members (Pty) Ltd | Education | Zonke Bokoje |
| Niles Precision Engineering (Pty) Ltd (Voc Car & Scooty) | Cutting and bending | Geoff Nkomo |
| ESDV Steels - A Business Steel E&C Emergency Services | Emergency services | Neil Edgar |

ALL4WOMEN

IT'S ALL HAPPENING ONLINE
Entertainment News Celebrities Recipes Health Lifestyle Love Traveling Fashion & Beauty Home & Garden Games Money Win

David Tlale's new collection: available at select Edgars stores

August 24, 2017 | By Contributor | with 0 Comments

4.5.1. Press Releases

The following were issued / published between July and September 2017:

| NO | DATE | HEADLINE | |
|----|-----------|--|---|
| 1 | 4 July | Press Statement | Illegal Use of the Proudly SA logo by the DA |
| 2 | 5 July | Press release on Rep Trak Reputation study in which ABSA, Nedbank, Nestlé & Edcon get special mentions | When reputations all around are falling... |
| 3 | 10 July | Press release | DStv Delicious Festival is Proudly South African! |
| 4 | 21 July | Press release for Limpopo Business Forum | MEC Sekoati to give keynote address at Limpopo Networking Forum |
| 5 | 17 August | Commissioned article for SA Stainless Steel Assoc. publication | An interview with Proudly SA CEO |
| 6 | 23 August | Opinion Piece by the CEO | Proudly SA member companies are able to thrive in difficult economic times |
| 7 | 01 Sept | Press Release | Entries open for the 5th Annual SAPBA Awards |
| 9 | 01 Sept | Commissioned article for Tourism SA addressing tour guides | How tour guides can help promote South African products whilst accompanying a tour |
| 10 | 18 Sept | Press Release | Proudly SA chooses Maropeng, The Official Visitor Centre for the Cradle of Humankind World Heritage Site for its youth engagement programme |
| 11 | 19 Sept | Press Release | Proudly SA & Edcon celebrate our heritage through fashion |
| 12 | September | Editorial for first edition of WEAR magazine | Q&A with CEO |

4.5.2. Media Visits/Engagements

To build and strengthen good working relationships with the media – and to promote good media coverage of Proudly SA and its activities – the PR Manager and the PR officer had both formal and informal meetings, networking sessions and or interactions with members of the media and/or advertising officials from the following media platforms (among others).

| | |
|--------------|--------------------|
| Kaya FM | Brand South Africa |
| Power FM | Hazelbird Post |
| ENCA | Media 24 |
| Touch HD | FASA |
| Radio 2000 | Sunday Times |
| Sowetan Live | Business Report |
| Times Live | The Star |
| DStv | Saturday Star |
| Daily Sun | Soweto Life |



4.6. Presentations

The Proudly SA CEO, Eustace Mashimbye made CEO-led presentations at various events and at various media interviews. The aim of these presentations is to create awareness and to educate audiences about the Proudly South African Campaign and what it stands for. Businesses/enterprises are also invited to support and join the Proudly South African Buy Local Campaign.

The CEO-led presentations included, among others, the following:

| DATE | EVENT | VENUE |
|-------------------|--|--|
| 27 July 2017 | Limpopo Business Forum | Limpopo |
| 15 August 2017 | North West Public-Sector Forum | North West |
| 16 August 2017 | Western Cape Business Form | Cape Town |
| 20 August 2017 | Bafana Bafana Induction to the Sports Hall of Fame | Sun City |
| 31 August 2017 | NEDLAC's TIC meeting | NEDLAC |
| 7 September 2017 | SA Innovation Summit | Cape Town |
| 14 September 2017 | NCPC Conference | Cape Town |
| September 2017 | SOEPF quarterly meeting | Pretoria (Chief Marketing officer) made the presentation |

4.6. Brand Management

Below the Line

In an effort to heighten recognition of our logo by consumers we have been on an active campaign during this quarter to encourage its increased use and visibility by large member companies such as Aspen and Edcon. The development of a new CI manual was designed to make the placement of the Proudly SA logo more simple for our members and we are seeing results with the appearance of the 'tick of quality' on more and more packaging, marketing and advertising material.

Below the line activity is supplemented by above the line messaging. In order for our own messaging and that of our members to be aligned, it is important that our logo is correctly applied on all member companies' products & services. The logo provides for a physical touch point for consumers actively looking to buy local products.

This quarter the objective of increased logo use by our members and through co-branding with them has made us more visible and accessible to consumers.



1. Corporate Identity

Proudly South African member companies have the privilege of bearing the tick of quality and the symbol which says they are proud to contribute to the growth of our economy and to the creation of jobs. They sell pride. In making a local purchasing choice, you are buying pride by also contributing to the strengthening of our country's economy, and you may have saved or even created a job in the process.

We show pride in many ways. When we sing our national anthem at the top of our lungs. When we dress in our traditional clothes. The way we speak and share many languages. When we are part of the Buy Back South African movement.

The Proudly South African logo is a way in which our members can boast about their role in buying back South Africa. The logo means 'we made this here'. It tells consumers that they can have faith in the quality and integrity of the company that displays it.

This badge of pride is worn on every company touch point from the item itself to company stationery, on digital and electronic platforms such as websites and on email signatures, to posters, advertising and even around the company premises, to remind employees that they too can be proud of their work and contribution.

Our new CI Manual, The Book of Pride takes you on a journey of pride. It tells you how, and where to show your pride and how to use our Proudly South African logo, the ultimate symbol of that pride.

2. Above the Line

During the quarter in review we co-branded with partners on a number of different events. Our above the line messaging included endorsement of the DStv Delicious International Food & Music Festival as well as the SA Premier Business Awards. Our message for the quarter was 'Made in SA' and we ran this on a number of platforms.

The advertising in this quarter was aimed at getting consumers to seek and choose the products that bear the Proudly SA logo :

Delicious Festival: this ad campaign allowed us to brand build by associating the Proudly South African brand with a Proudly South African lifestyle festival. Consumers were exposed to local food and beverage brands and local music and make the connection between being proudly South African and consuming Proudly South African.

SA Premier Business Awards: These Awards celebrate local businesses and the campaign around them plays in the business space to increase the prestige of our own brand at the same time as that of the event.

Made in SA campaign: An emotionally impactful message which connects and resonates with consumers, the Made in SA campaign underscores reasons to support local, forcing consumers to think about the consequences of each their purchase decision.

Buy Back SA: A continuously running campaign, Buy Back SA educates the public about the positive impact on the economy of buying local.





- **DStv Delicious International Food & Music Festival**

This ad campaign allowed us to brand build and associate the Proudly South African Brand with a Proudly South African Festival. Consumers got to see Proudly South African as a lifestyle brand with the association to local music & food.

The event provides 2 days of family entertainment, but it is the business end of the Festival that is impressive for us as a buy local movement. The event represents millions of Rands in local procurement and is a significant creator of jobs both directly and indirectly. In 2016 there were 900 crew members working for 10 days, with an additional 3 500 workers taken on for the duration of the festival. We believe that this event has an impact on SMMEs, the Gauteng economy and jobs that goes far beyond the 2 days that the general public experiences. It is a perfect fit with our campaign. In addition, we were able to offer a great value proposition to 14 member companies who showcased and sold their food and drink products at the event. Our Proudly SA Village and Hospitality Pavilion had great prominence in front of the 40 000 visitors the event attracts.

Brand exposure included:

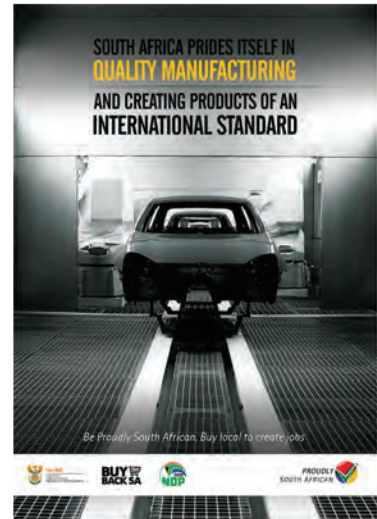
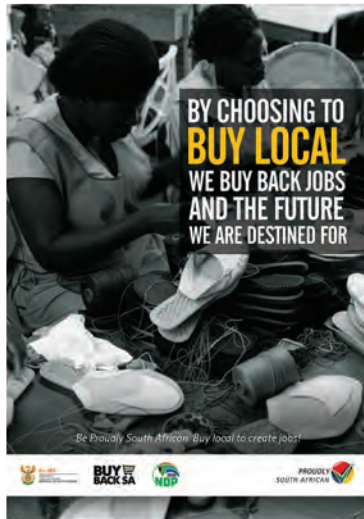
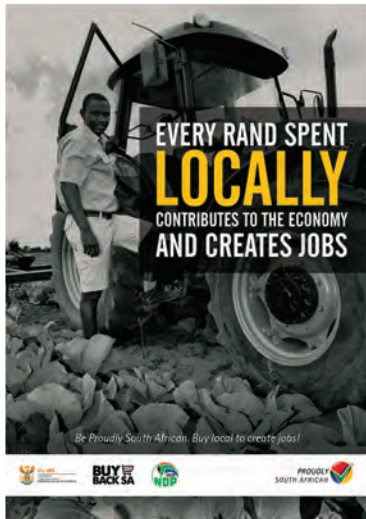
- Outdoor billboards
- Television advert
- Digital adverts
- Radio slots



- **Buy Back SA campaign**

The objective of the Buy Back SA campaign is to educate consumers to buy or use locally grown, produced or manufactured goods and services, and to encourage businesses to make local procurement decisions, in the knowledge that in so doing, money will flow back into the country's economy.

The campaign utilises various above the line platforms to reach a mass audience and is designed in such a way that whilst the wording of the message varies, the call to action as well as the look and feel of the ads is always the same - Buy Local. Through this education process, Buy Back SA aims to increase the uptake in locally manufactured goods and services and promote the positive impact this action has on the country.



- **Made in SA Ad Campaign**

The new messaging for the quarter in review was "Made in SA, it's not just a label, it's more" The advert depicts the Proudly SA logo on a number of products, with a strap line that points out that it's not simply a label, but a movement that has a real impact on the economy and job creation. The advert encourages consumers to see that there is more to their purchase decision than supporting South Africa, but that every 'Made in SA' purchase has real positive consequences in the lives of South Africans. The campaign has lived through print media and on our digital platforms.

Brand exposure included:

Print Advert : Woolworths Taste magazine



- SA Premier Business Awards

Proudly South African's mandate to promote the Buy Local message fits perfectly with the business objectives of the SA Premier Business Awards which are presented annually in a partnership between us, Brand SA and the dti.

The Awards celebrate local companies that are making a difference to our economy, and to job creation and who are championing everything South African that represents quality, innovation, and commitment to the growth and elevation of the country.

Brand exposure included:

- Television advert
- Digital adverts
- Radio
- Print advert

5th ANNUAL
SA PREMIER
BUSINESS AWARDS
2017

CALL FOR ENTRIES

CLOSING DATE: 13 OCTOBER 2017

It is with great excitement that we once again call for entries to the 5th Annual South African Premier Business Awards. The event is hosted by the Department of Trade and Industry (the dti), in partnership with Brand South Africa and Proudly South African. The Awards recognise business excellence and honour enterprises that promote innovation, job creation and sound business ethics.

All eligible companies are invited to enter in the applicable categories.

For more information, please visit:
www.sapremierbusinessawards.co.za

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

PROUDLY
SOUTH AFRICAN

South Africa
Inspiring new ways

5th ANNUAL
SA PREMIER
BUSINESS AWARDS
2017

CALL FOR ENTRIES HAS BEEN EXTENDED

CLOSING DATE: 27 OCTOBER 2017

please visit: www.sapremierbusinessawards.co.za

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

PROUDLY
SOUTH AFRICAN

South Africa
Inspiring new ways

PERFORMANCE FOR THE PERIOD UNDER REVIEW

(July - September)

Performance against the Annual Performance Plan targets for the quarter

| Strategic objective/outcome | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
|---|---|---|---|---|---|
| Educate consumers on the importance of buying local (Local Procurement Accord) – Influencing “Buy Local” purchase behaviour | To increase awareness of Proudly SA (products and services), influence purchase behaviour in favour of local products, raise the profile of local products and educate consumers on the importance of buying local through: * Above-the-line campaign , i.e. Top of mind awareness through various platforms incl. TV, radio, print, outdoor, online and social media campaigns – number of people reached; | * Above-the-line – Buy Local (Buy Back SA/Meet the Locals) activism campaign reaching at least 20 million consumers | * Reach 5 million consumers during each quarter | * More than 5 million consumers reached (TV Adverts – Edcon, Delicious & Buy Back SA on Inspire and DSTV) | |
| Educate consumers on the importance of buying local (Local Procurement Accord) – Influencing “Buy Local” purchase behaviour | To increase awareness of Proudly SA (products and services), influence purchase behaviour in favour of local products, raise the profile of local products and educate consumers on the importance of buying local through: * PR and Below the line activities through Social Media, press releases, radio interviews and other PR related activities; | * PR & Below the Line Activities reaching at least 20 million consumers per annum; * Roadshows in at least 6 provinces annually | * Reach 5 million consumers during each quarter | * More than 5 million consumers reached (Electronic and Printed Media platforms) | Capacity constraints in Q2, will be done as part of the festive season campaign in Q3 |
| Educate consumers on the importance of buying local (Local Procurement Accord) – Influencing “Buy Local” purchase behaviour | * National Consumer Educational Road show through Mall Activations (Education Through Edutainment); * Schools campaign in secondary schools and FET colleges (consumer education) * Youth targeted Campaign, incl. university radio stations and other youth targeted initiatives | * Roll out of schools’ campaign in at least 6 schools and/or FET colleges per annum * Participation in youth targeted activities reaching at least 500k youth * 8 x Campus Radio interviews/competitions or advertising campaigns per annum | * 3 Activations planned for Quarter 2 * 2 Schools campaigns planned during quarter 2 Reach 250k youth for Q2 2 campaigns per quarter | * Not achieved. Only one activation done. The other two will be done in Q3. * 2 campaigns done via campus radios * More than 250k youth reached. * Not achieved - 4 campaigns will be done in Q3 | Capacity constraints in Q2 |

| Strategic objective/outcome | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
|--|--|--|--|---|---------------------|
| Output | <p>*Proudly SA Events/Exhibitions/Expos/Villages at trade expos;</p> <p>*Increased awareness of the buy-local message in support of Heritage Day/Week/Month</p> <p>*Proudly SA CSI projects</p> | <p>*Participation in at least 8 mini trade expos or events per annum;</p> <p>*Roll out of at least one Proudly SA week activity per annum</p> <p>*At least 2 CSI projects per annum</p> | <p>*At least 2 expos or events per quarter</p> <p>*1 Proudly SA week activity planned for Q2</p> <p>*1 CSI activity planned for Q2</p> | <p>*Participated in 2 expos - Innovation Summit and NCPC</p> <p>*Proudly SA Week/Heritage activities done.</p> <p>* 1 CSI activity done - Mandela Day</p> | |
| Promoting Proudly SA logo as a Country of Origin label to improve fair and legal trade | <p>Above-the Line Campaigns promoting the Proudly SA logo as the Country of Origin label. These include Radio Adverts, TV Blurps, Print Banners, Street Posters, Social Media Campaigns, Proudly SA Website.</p> <p>*Introduction of Eco-labelling in specific sectors (partnership with UNOPS)</p> | <p>Above the line – Buy Local (Buy Back SA) Activism Campaign reaching at least 20 million consumers;</p> <p>*Promotion of Eco-labelled local products in the agricultural sector in 4 provinces</p> | <p>*Reach 5 million consumers during each quarter</p> <p>*At least one province per quarter</p> | <p>*More than 5 million consumers reached (TV Adverts – Edcon, Delicious & Buy Back SA on Inspire and DSTV)</p> <p>*Eco labelling standard and SAG project promoted at 2 events (Tzaneen Agricultural Expo and NCPC conference)</p> | |
| Increase procurement of local products and services in the public sector through increased engagements with the public sector. | <p>Educational roadshows</p> <p>Increase buy-in and support for local procurement by the public sector (all state organs) through:</p> <p>*Presentation to SOEPF (State Owned Enterprises Procurement Forum) per annum</p> <p>*Partnership with the dti, EDD, National Treasury and provincial government departments on education of procurement</p> | <p>*At least 1 presentation to SOEPF per annum</p> <p>*Presentation at 1 government's SCM forum with Heads of procurement from various</p> | <p>*At least 1 presentation to SOEPF</p> <p>*No activity planned for Q2</p> | <p>*Presentation made to SOEPF at their meeting</p> <p>*N/A</p> | |

| Strategic objective/outcome | | | | | |
|-----------------------------|--|--|---|--|---|
| Output | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
| | officials on the implementation of the public procurement regulations in support of local procurement for designated sectors in national, provincial & local government departments and to monitor procurement within the public sector | national departments government | | | |
| | *National, provincial and local departments visits – engagement with procurement officers | * Provincial Public-Sector forums in at least 5 provinces | * Provincial Public-Sector forum in at least 2 provinces | *1 Provincial Public-Sector forums held (NW) | *The unexpected cancellation by the office of the MEC prompted us to move 2 of these Forum's to the next Q. |
| | *Presentation at SALGA | *Presentation at least 1x SALGA member's forum and/or event; | *No activity planned for Q2 | *N/A | |
| | *1-2 x day Buy Local Summit – focusing on all state organs and business procurement | *At least 1 summit to be held per annum | *No activity planned for Q2 | *N/A | |
| | *1-2 x Day Buy Local Expo – of all SA companies focusing on the priority Sectors - Gallagher Estate – "Made in SA" Expo | *At least 1 Buy Local Expo held per annum | *No activity planned for Q2 | *N/A | |
| | National Educational road shows: Increased buy-in and support for local procurement by the private sector . Signing of Partnership agreements/pledges with BLSA, BBC and BUSA to commit to buying locally produced products and services through: | *1 presentation to BUSA, BBC and BLSA per annum; | *1 presentation planned to any of the targeted organizations | *No presentation made to any specific association but only to Nedlac TIC | *Presentation done at Nedlac's TIC where the associations are represented |
| | * Presentations to BUSA, BBC and BLSA members plus Business Chambers; | *Partnerships with at least 3 major retailers/manufacturers per annum; | *Partnership with at least 1 major retailer/manufacturer for Q2 | *1 partnership agreement entered into with Massmart | |
| | * Local Procurement Partnerships with large retailers and /or manufacturers; | | | | |

| Strategic objective/outcome | Output | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
|--|---|--|---|---|--|---------------------|
| | <p>*1-2 x Day Buy Local Summit – focusing on all state organs and business procurement</p> <p>1-2 x day Buy Local Expo – of all SA companies focusing on the priority Sectors - SCC – "Made in SA" Expo</p> <p>*Sector Specific Workshops</p> <p>*Business Forums with dti and other strategic partners</p> <p>*Proudly SA Events/ Exhibitions/ Expo's/ Villages at trade expos</p> <p>*SA Premier Business Awards (in partnership with the dti and Brand SA)</p> | <p>*At least 1 summit to be held per annum;</p> <p>*At least 1 Buy Local Expo held per annum;</p> <p>*3 x sector specific workshops/ forums per annum</p> <p>*9 business forums per annum</p> <p>* Participation in at least 8 major trade expos, events, etc. per annum</p> <p>* Hosting 1X annual SA Premier Business Awards event (as a partner to the dti)</p> | <p>*Buy Local Summit scheduled for Q4 (March '18)</p> <p>*Buy Local Expo scheduled for Q4 (March 2018)</p> <p>*1 sector specific forum/workshop scheduled for Q2</p> <p>*2 business forums scheduled for Q2</p> <p>*2 trade expos, events, etc. scheduled per quarter</p> <p>* Awards scheduled for Q3 (Dec 2017)</p> | <p>*N/A</p> <p>*N/A</p> <p>*Not achieved – All these forums to be implemented in Q4.</p> <p>*2 business forums held (WC and Limpopo)</p> <p>*Participated in 2 trade expos – Innovation Summit and NCPC</p> <p>*N/A</p> | <p>*Due to resource restraints and capacity, it was resolved to implement all these in Q4.</p> | |
| Educate consumers on the importance of buying local (Local Procurement Accord) – Influencing "Buy Local" purchase behaviour to increase awareness of Proudly SA, influence | <p>* Above-the-line campaign, i.e. Top of mind awareness through various platforms incl. TV, radio, print, outdoor, online and social media campaigns – number of people reached;</p> | <p>* Above-the-line – Buy Local (Buy Back SA/Meet the Locals) activism campaign reaching at least 20 million consumers</p> | <p>*Reach 5 million consumers during each quarter</p> | <p>*More than 5 million consumers reached (TV Adverts – Edcon, Delicious & Buy Back SA on Inspire and DSTV)</p> | | |

| Strategic objective/outcome | | | | | |
|--|--|--|---|--|-------------------------------------|
| Output | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
| purchase behaviour in favour of local products and raise the profile of local products | | | | | |
| Brand Management Brand research - Development of a scientific basis for local procurement | Existence of an Economic Impact Study to contribute to the increase in the uptake of local products and services and procurement by the public sector, private sector and consumers; | *Economic Impact Study conducted and results published – at least once per annum | *No activity planned for Q2 | *N/A | *Target for the year achieved in Q1 |
| | Bi-annual research, qualitative and quantitative research results as well as event or campaign dipstick surveys outcomes; | *At least 8 x Dipstick surveys per annum conducted at Proudly SA events and exhibitions/ consumer outreach campaigns and via the website | *At least 2 dipstick surveys per quarter | *Not achieved – 4 dipstick surveys will be conducted in Q3. | *Management oversight |
| Brand Compliance and IP. Effective management of Proudly SA intellectual property | Percentage of successfully executed letters of demand and court actions against identified transgressors | *Weekly monitoring of the Proudly SA logo to identify irregular use and counterfeit goods *Action/letters of demand to all (100%) irregular users of the Proudly SA logo identified *Regular compliance reviews of all members | *Weekly monitoring of the use of the logo in the market *100% of all identified illegal users sent letters *100% (All) members checked for compliance | *Weekly monitoring done *All identified irregular users were sent letters – 100% *All members contacted as part of the new and renewals membership compliance process – 100% | |
| | | *Weekly monitoring with Adams & Adams of companies that are using the Phrase and logo illegally | *Monitoring of the use of logo and phrase done illegally – 100% contact with all identified companies | *Monitoring done by Adams and Adams weekly – 100% | |
| Partnership with enforcement agencies | *To prevent illegal imports, counterfeit products, dumping of unsafe products and under invoiced products through Below and Above the line Anti | | | | |

| Strategic objective/outcome | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
|---|---|---|--|---|--|
| <p>Output</p> <p>Growing the database of South African supplier products and services for local procurement</p> <p>*Official Database for Local Products and Services to be utilized by all South Africans and all Government entities when procuring designated and local products</p> | <p>- piracy and illicit trading campaigns reaching 2 million people per annum;</p> <p>*Develop partnerships with Intergovernmental State enforcement Agencies, i.e. SAPS, CIPC, Customs, SAPS, Hawks, Brand SA and – multi disciplinary process with key stakeholders</p> <p>*Promotion of Database - NATIONAL CAMPAIGN to grow the number of companies registering on the database.</p> <p>*Call to Action campaigns (Above and Below the line campaigns) reaching businesses.</p> <p>*Promotion of database to both the public and private sector through workshops / regular communicate (this will include the promotion of other SA Made Products as per the designated sectors). Measured in terms of how many public institutions reached that are using the database.</p> | <p>*Participation in the Nedlac Task team on Anti-piracy at least once per annum</p> <p>*500 new products and/or services registered</p> <p>*Promotion of database to at least 5 provincial public sector forums</p> <p>*Promotion of database to at least 9 provincial business forums</p> <p>*Promotion of database to at</p> | <p>*Participation in the Nedlac Task team planned for Q2</p> <p>*100 new products and/or services registered</p> <p>*2 provincial public-sector forums planned</p> <p>*2 business forums scheduled for Q2</p> <p>*No workshop planned for Q2</p> | <p>*Presented to the Nedlac's TIC meeting. Task team meetings to commence in Q3</p> <p>*1 061 new products and/or services registered.</p> <p>*1 provincial public-sector forum held (NW)</p> <p>*2 business forums held (WC and Limpopo)</p> <p>*N/A</p> | <p>*First Task Team meeting scheduled for Q3 by NEDLAC TIC</p> <p>*The unexpected cancellation by the office of the MEC prompted us to move 2 of these Forums to the next Q.</p> |
| <p>Strengthening Media relations, PR and social media</p> | <p>*Daily, weekly, monthly monitoring of media coverage on the campaign and analysis thereof</p> <p>* Number of published press releases prepared per month (Regular communication in print media aimed at members, media, government</p> | <p>*Media Monitoring Regular monitoring of media reports coverage on Proudly SA, its members and other key stakeholders</p> <p>*Press releases At least 24 press releases per annum</p> | <p>*100% of Daily monitoring through Newsclip of all coverage on Proudly SA</p> <p>*6 press releases issued per quarter</p> | <p>*Monitoring done during the quarter, 100% of all coverage identified</p> <p>*11 press releases issued during Q2 (see PR section above)</p> | |

| Strategic objective/outcome Output | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
|---------------------------------------|---|---|--|--|---|
| | <p>departments, consumers and other stakeholders)</p> <p>*Number of interactions with the media per annum to increase the publicity and raise the profile of Proudly SA. This is part of the media relations strategy where the campaign can discuss with the media tactical issues, e.g. job losses in specific sectors as well as strengthen relations with the media through media breakfasts/lunches & media meetings hosted by the CEO, Chairperson, board or the PR Manager</p> <p>*Daily communication on Twitter, Facebook and Instagram. Increased activities during campaigns</p> <p>*Increase following on social media platforms and increase in publicity</p> <p>*Major PR activation to increase awareness about the campaign and the "Buy Local" campaign</p> | <p>*Media engagement</p> <p>*At least 16x individual media engagements per annum</p> <p>* At least 2 x Media meet & greet networking sessions per annum</p> <p>* Social Media activities daily</p> <p>*Increase following on all social media platforms by 10% per annum</p> <p>*Valentine's Day activation 1x per year on Valentine's day</p> | <p>*4 media/editor's meetings per quarter</p> <p>*1 media meet & greet networking session planned for Q2</p> <p>*Daily updates on Twitter, Facebook and Instagram done</p> <p>*Increase following on all social media platforms by 10% per quarter;</p> <p>*This activation is scheduled to take place during Q4 (Feb '18)</p> | <p>*21 media engagements held with various media houses (See list in PR section above)</p> <p>*No media meet & greet networking session held, but hosted 4 media people at Delicious</p> <p>*Daily updates done on Twitter and Facebook resulting in an increase in the number of followers on both platforms. The Proudly SA Twitter account now has 141,484.00 followers and Facebook has more than 10 000 followers</p> <p>*Following increased by 10% on Twitter</p> <p>*N/A</p> | <p>*Media meet and greet for Q2 replaced with hosting 4 media people at Delicious event. 2 Media events to be held in Q3 and Q4</p> |

| Strategic objective/outcome | | | | | |
|--|--|---|--|---|---------------------|
| Output | Performance Measure or Indicator | Annual Target | Quarterly Milestone (Q2 target) | Actual Achievement (Q2) | Reason for Variance |
| Retention and Recruitment Members | Number of members recruited and retained | *Recruit at least 200 new members for the year *Retain at least 90% of all members due for renewal for the year | *50 new members recruited during the quarter *90% of all members due for renewal renewed membership | *50 new fully paid up members recruited (Total of 72 members recruited) *86% of all members due for renewal, renewed their membership | |
| Financial Management: Proper processing of all financial transactions on SAP and maintenance of records and supporting documents for audit purposes in compliance with relevant standards | Percentage of processing of all financial transactions done accurately and correctly at all times | 100% accurate and correct processing of all financial transactions - unqualified opinion and clean audit reports for 2016/17 financial year end audit – Annual Financial Statements | *100% accurate and correct processing of all financial transactions during each quarter | * All financial transactions correctly and accurately processed during Q2 | |
| Human Resources Management: Organisational structure is always aligned to organisational strategy | Extent (Percentage) of alignment of the functional organogram with the approved strategy *Percentage of critical positions filled | *Organogram with positions informed by the organisational strategy and aligned completely *All (100%) critical positions filled at all times | *100% alignment of organogram to the strategy in every quarter *All (100%) critical positions filled during the quarter | *Organogram fully aligned (100%) to the strategy in Q2 * All critical positions filled during the quarter except for the HR Officer position which will be filled in November 2017 | |

PFMA AND TR COMPLIANCE CHECKLIST / COMPLIANCE CALENDER

Corporate Management

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|--------------|--------------------------|---|-----|----|-----|---|
| 1. | 49 | Accounting Authority | In terms of section 49(3) the relevant treasury, in exceptional circumstances, may approve that a functionary other than the board or CEO be the AA of the public entity. In this regard, has the Auditor-General been informed in writing of any such approval or instruction? | | | X | The Board is the Accounting Authority of Proudly SA |
| 2. | TR 27.3.1 | Chief Financial Officer | In the case of a 3A or 3C public entity, has a chief financial officer been appointed to head the finance division? | X | | | There is a Chief Financial Officer even though Proudly SA is not a public entity |
| 3. | 56(1) | Delegations of Authority | Have the powers entrusted or delegated to the accounting authority been delegated to other officials within the public entity? | X | | | There is a Schedule of Delegated Authority in place and this has been approved by the Board |
| 4. | 51(1)(a)(i) | Internal Control | Does the public entity have: an effective, efficient and transparent system of financial and risk management and internal control? | X | | | The policies and processes are in line with best practice and are being modified where required to fully comply with the PFMA |
| | 51(1)(a)(ii) | | A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77? | X | | | There is an outsourced internal audit function due to the size of the organisation and it reports to the Audit committee and complies with the provisions of sections 76 and 77 |
| | TR 27.1.1 | | Is the audit committee a sub-committee of the accounting authority? | X | | | The audit committee is a sub-committee of the Board |
| | 77(a) | | Does the audit committee consist of at least 3 persons? | X | | | The audit committee has at least 4 members |
| | 77(b) | | Does the audit committee meet at least twice a year? | X | | | The committee meets at least twice a year annually and met 3 times in the previous financial year |
| | TR 27.1.6 | | Does the audit committee operate in terms of written terms of reference? | X | | | There are approved terms of reference for the Audit and Risk committee |
| | TR 27.1.6 | | Are the terms of reference reviewed at least annually to ensure its relevance? | X | | | The terms of reference are reviewed by the Audit committee annually |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|---------------|-------------|--|--|----|-----|--|
| | 27.1.8 | | <p>Does the audit committee review the following:</p> <ul style="list-style-type: none"> • The effectiveness of internal control systems; • The effectiveness of internal audit; • The risk areas of the entity's operations to be covered in the scope of internal and external audits • The adequacy, reliability and accuracy of financial information provided to management and other users of such information • Any accounting and auditing concerns identified as a result of internal and external audits • The entity's compliance with legal and regulatory provisions • The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and • Where relevant, the independence and objectivity of the external auditors. | <p>X X X X X X X</p> | | N/A | <p>The Audit Committee considers and approves the Audit plans of both the outsourced Internal and External Audit functions which detail all the information referred to herein, as well as all the findings and recommendations of the auditors in respect of this</p> |
| | TR 27.1.10(a) | | <p>Does the audit committee report and make recommendations to the accounting authority?</p> | X | | | <p>The Audit committee does report and make recommendations to the Board on a quarterly basis</p> |
| | TR 27.1.13 | | <p>Does the audit committee meet annually with the Auditor-General or external auditor to ensure that there are no unresolved issues of concern?</p> | X | | | <p>The Audit committee meets with the external auditors prior to and after completion of external audits</p> |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|------------|-------------|---|-----|----|-----|--|
| | TR 27.2.1 | | <ul style="list-style-type: none"> Are risk assessments conducted regularly to identify the public entity's emerging risks? Does the public entity have a risk management strategy (including a fraud prevention plan) to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks? If there is a risk management strategy, is it communicated to all employees? | X | | | <ul style="list-style-type: none"> Risk Assessment is done annually and the Risk Register is updated annually and reviewed quarterly The company has a Risk Management Strategy and this informs the Risk Management Register. There is an approved Fraud prevention plan and Whistleblowing policy All staff participate in the organisational Risk Management workshops |
| | TR 27.2.5 | | Are the purpose, authority and responsibility of the internal audit function defined in an audit charter? | X | | | The purpose, authority and responsibility of Internal Audit is contained in the Internal Audit charter |
| | TR 27.2.6 | | Is internal audit conducted in accordance with standards set by the Institute of Internal Auditors? | X | | | Internal Audit is conducted in accordance with required standards, and this is checked when the internal auditors are appointed |
| | TR 27.2.7 | | <p>Has the internal audit function prepared a three-year strategic internal audit plan based on the risks facing the public entity?</p> <p>Does the internal audit function report to the audit committee detailing its performance against the plan?</p> | X | | | <p>The Internal Audit plan approved by the Audit committee is a rolling 3-year plan</p> <p>All internal audit reports are tabled at the Audit Committee and the Auditors report to the committee on all their work, including tabling their quarterly progress against the approved audit plan</p> |
| | TR 27.2.10 | | <p>Does the internal audit function evaluate the following:</p> <ul style="list-style-type: none"> The information systems environment; The reliability and integrity of financial and operational information; The effectiveness of operations; Safeguarding of assets; and Compliance with laws, regulations and controls | X | | | As part of the annual internal audit plans, the areas referred to herein, are included for audits. They are therefore evaluated (audited) annually and reported once these specific audits are concluded |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|-----------|----------------------|--|-----|----|-----|--|
| 5. | 51(e) | Financial Misconduct | <p>Have effective and appropriate disciplinary steps been taken against any employee of the public entity who has:</p> <ul style="list-style-type: none"> • Contravened or failed to comply with a provision of the PFM/A • Committed an act which undermined the financial management and internal control system of the public entity • Made or permitted irregular or fruitless and wasteful expenditure | | X | | No employee has committed any of the offences listed herein |
| | 86(2) | | Has the accounting authority been found guilty of an offence or is there any investigation pending relating to the willful or negligent failure to comply with the provisions of sections 50, 51 or 55? | | X | | |
| | TR 33.1.1 | | Have any employees of the public entity committed financial misconduct? | | X | | |
| | TR 33.1.2 | | If so, was the investigation instituted within 30 days? | | | X | |
| | TR 33.2.1 | | Is the Executive Authority, Auditor-General and relevant treasury advised if any criminal charges that have been laid against persons for financial misconduct? | | | X | If any criminal charges are instituted for financial misconduct, the Executive Authority will be advised accordingly |
| | TR 33.3.1 | | <p>Is the Executive Authority, Auditor-General and relevant treasury provided with a schedule detailing:</p> <ul style="list-style-type: none"> • The outcome of any disciplinary hearings and/or criminal charges; • The names and ranks of employees involved; and • The sanctions and any further actions taken against these employees. | | | X | The reports on any disciplinary hearings held are reported to the Accounting Authority through the relevant subcommittee (HR and Remunerations Committee). |

PFMA Checklist for Public Entities Planning and Budgeting

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|-----------|---|---|-------------------------------------|----|-----|---|
| 1. | 52 | Annual budget, corporate plan and shareholder's compact by Schedule 2 public entities and government business enterprises | <p>Did the accounting authority submit the following to the relevant treasury and to the accounting officer of the department at least one month before the start of the public entity's financial year:</p> <ul style="list-style-type: none"> • a projection of revenue, expenditure and borrowings for the financial year in the prescribed format; and • a corporate plan in the prescribed format covering the affairs of that public entity or business enterprise for the following three financial years, and if it has subsidiaries, also the affairs of the subsidiaries. | X X | | N/A | <ul style="list-style-type: none"> • The budget and cash flow for the financial year were submitted to the dti on time • The Board has approved the Strategic Plan and it was submitted to the dti and a Business plan was developed based on the approved Strategic plan. |
| | TR 29.1.1 | | <p>Does the corporate plan include the following:</p> <ul style="list-style-type: none"> • strategic objectives and outcomes identified and agreed upon by the executive authority in the shareholder's compact; • strategic and business initiatives as embodied in business function strategies; • key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives; • a risk management plan; • a fraud prevention plan; • a materiality/significant framework, referred to in Treasury Regulation 28.1.5; • a financial plan addressing – <ul style="list-style-type: none"> <input type="checkbox"/> revenue, expenditure and borrowings; <input type="checkbox"/> asset and liability management cash flow projections; <input type="checkbox"/> capital expenditure programmes; and <input type="checkbox"/> dividend policies | X X X X X X X | | | <ul style="list-style-type: none"> • The approved strategic plan and business plan has been submitted to the dti as the Executive Authority • This is built into the approved strategic plan • Risk Management plan exists • Fraud prevention plan approved • Materiality is determined prior to and during external audits <p>This is part of the corporate plan submitted to the Executive Authority after approval by the Board as the Accounting Authority</p> |

| | | | | | | | |
|----------|-----------|---|--|------------|---|---|--|
| TR 29.2. | | | Does the public entity conclude a shareholder's compact with the executive authority on an annual basis? If yes, does the shareholders compact document the mandated key performance measures and indicators to be attained as agreed between the accounting authority and the executive authority? | X X | | | A memorandum of Association (MoA) has been concluded and signed with the dti The draft MoA does detail the key performance measures and the indicators to be attained |
| 2. | 53(1) | Annual budgets by non-business Schedule 3 public entities | Did the accounting authority submit a budget to the executive authority for his or her approval at least six months prior to the start of the financial year of the department designated by the executive authority? | X | | | Specific to Schedule 3 non business entities, however Proudly SA does submit its budget to the dti as required as per the MoA |
| | 53(2) | | Was the budget submitted to the executive authority via the accounting officer of the department designated by the executive authority? | X | | | Specific to Schedule 3 non business entities and not applicable to Proudly SA, however Proudly SA does submit its budget to the dti as per the MoA |
| | 53(3) | | Did the public entity budget for a deficit or accumulate a surplus without approval of the National Treasury? | | X | | Specific to Schedule 3 non business entities and not applicable to Proudly SA however, Proudly SA does not budget for a deficit |
| | TR 30.1.1 | | Did the accounting authority submit a proposed strategic plan to the executive authority for his or her approval at least six months before the start of the financial year of the department designated by the executive authority? | | | X | Specific to Schedule 3 non business entities and not applicable to Proudly SA, however a strategic plan was submitted as per the MoA |
| | TR 30.1.2 | | Was the final strategic plan submitted to the executive authority before 1 April? | | | X | Final strategic plan submitted as per requirements contained in the MoA |

PFMA Checklist for Public Entities

Management of Working Capital

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|----------|-------------|--|-----|----|-----|---|
| 1. | 38(1)(i) | | <p>Has the public entity submitted a written assurance to the transferring department to the effect that the entity has and maintains effective, efficient and transparent financial management and internal control systems?</p> | X | | | A written assurance is submitted to the dti in the form of a letter confirming compliance with Section 38(1)(i) of the PFMA on a quarterly basis |
| | 51(1) | | <p>Does the public entity:</p> <ul style="list-style-type: none"> • have an appropriate procurement and provisioning administration system, which is fair, equitable, transparent, competitive and cost-effective? • have a system for properly evaluating all major capital projects prior to a final decision on the project? • collect all revenue due? • Have mechanisms in place to prevent irregular and fruitless and wasteful expenditure? • Manage available working capital efficiently and economically? | X | | X | <p>The procurement system is in line with section 217 of the constitution, and is fair, equitable, transparent, competitive and cost-effective. The SCM policy has been revised to ensure full compliance with the PFMA and has been approved by the Board</p> <p>There are currently no major capital projects</p> |

| | | | | | |
|--------------------------------|--|--|----------|--|--|
| <p>TR 29.1.3 TR 29.1.6</p> | | <p>Did the public entity submit a corporate plan and borrowing programme to the relevant treasury? (Schedule 2, 3B and 3D entities only)</p> <p>If a borrowing programme was submitted, did it include?</p> <ul style="list-style-type: none"> • The terms and conditions on which the money was borrowed? • Information on proposed domestic borrowing; • Information on proposed foreign borrowing (national entities) • Short and long term borrowing; • Borrowing in relation to a pre-approved corporate plan • The maturity profile of the debt; • The confirmation of compliance with existing and proposed loan covenants; • Debts guaranteed by the government; • Motivations for government guarantees, if required; and • The executive authority's approval of the borrowing programme, if required by the legislation in terms of which the entity was established. | | <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> | <p>Proudly SA is not a Schedule 2, 3B or 3D entity and does not borrow any funds</p> |
| <p>TR 32.1.1</p> | | <p>Did the public entity borrow money for bridging purposes? If yes:</p> <ul style="list-style-type: none"> • Was approval obtained from the Minister of Finance? • Was the debt repaid within 30 days from the end of the financial year? | <p>X</p> | <p>X</p> <p>X</p> | <p>No money borrowed by the campaign for any purposes, including for bridging purposes</p> |

PFMA Checklist for Public Entities Reporting

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|------------------------|--|---|-------------|----|-----|---|
| 1. | TR 26.1.1 | Quarterly Reporting | Does the public entity submit information on its actual and projected revenue and expenditure to the designated accounting officer within 30 days from the end of each quarter? (Schedule 3A and 3C entities) | X | | | Proudly SA is not a Schedule 3A or 3C entity, but does submit quarterly reports with the required information to the dti as per the MoA (30 days from the end of each quarter) |
| | TR 26.1.2 | | Does the public entity report quarterly to the executive authority (via the designated accounting officer) on the extent of compliance with the PFMA and Treasury Regulations? (Schedule 3A and 3C public entities) | X | | | Proudly SA is not a Schedule 3A or 3C entity, but does submit quarterly reports with the required information to the dti |
| | TR 29.3.1 TR 30.2.1 | | Has the public entity established procedures to report quarterly to the executive authority in relation to progress made against achieving the targets set out in the strategic and corporate plan? | X | | | Proudly SA is required in the MoA to submit quarterly reports to the dti, as per the template provided. The quarterly report sets out the progress made against achieving the set targets as contained in the APP |
| 2. | 55 | Annual report and financial statements | Did the public entity submit the following to the relevant treasury, executive authority and Auditor-General within 5 months from the end of the financial year: <ul style="list-style-type: none"> • An annual report on the activities of the public entity during that financial year; • The financial statements for that financial year after the statements have been audited; • The report of the auditors on those statements. | X X X | | | The Annual Report, Annual Financial Statements and the Auditors report on the financial statements, are all submitted to the dti on time, as required in the MoA |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|------------|---------|-------------|---|--|----|-------------------|--|
| | | | <p>Does the public entity's annual report and financial statements fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned?</p> <p>Does the annual report and financial statements include:</p> <ul style="list-style-type: none"> • Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; • Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; • Any losses recovered or written off; • Any financial assistance received from the state and commitments made by the state on its behalf; • The financial statements of subsidiaries. | <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> | | | <p>The Annual Report and Annual Financial Statements fairly presents the information referred to herein</p> <p>No material losses incurred through criminal conduct and fruitless expenditure (penalties) incurred during the previous financial year reported as such</p> <p>No criminal charges instituted as no such loss was incurred</p> <p>Proudly SA does not have any subsidiaries</p> |
| 65 | | | <p>Did the executive authority table the annual report and financial statements within one month after the accounting authority received the audit report?</p> <p>If no, did the executive authority table an explanation in the Legislature setting out the reasons why the annual report and financial statements were not tabled?</p> | | | <p>X</p> <p>X</p> | <p>The Executive Authority is not obliged to table this as Proudly SA is not a public entity, however the Annual report is submitted to the dti to enable the Minister to table this if the need arises</p> |
| TR 27.1.7 | | | <p>Does the annual report contain a disclosure to the effect that the audit committee has adopted a formal terms of reference</p> | X | | | <p>This disclosure was included in the Governance section in the Annual Report as the audit committee has an approved set of Terms of references</p> |
| TR 27.1.10 | | | <p>Did the audit committee comment on its evaluation of the public entity's financial statements?</p> | X | | | <p>The Audit committee does comment on the public entity's financial statements in the AFS contained in the Annual Report</p> |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|-----------|-------------|---|----------------------------------|----|----------------------|---|
| | TR 28.1.1 | | Does the financial statement include a report by the accounting authority that discloses the emoluments of all directors and executive members of the public entity and its subsidiaries? | X | | | |
| | TR 28.1.2 | | <p>If yes, to above, does the disclosure include?</p> <ul style="list-style-type: none"> • Fees for services as a director or executive member; • Basic salary; • Bonuses and performance related payments; • Sums paid by way of expense allowances; • Contributions made to any pension fund, medical aid, insurance scheme, etc.; • Any commission, gain or profit sharing arrangements; • Any share options, including their strike price and period; and • Any other material benefits received. | <p>X X X X X</p> | | <p>X X X</p> | <p>No commission, gain or profit sharing applicable No share options as there is no shareholding No other material benefits received by the directors and executive members</p> |
| | TR 28.1.3 | | Has your public entity adjusted its financial year in accordance with the table in TR 28.1.3? | | | X | Not applicable, as Proudly SA's financial year is in line already – 31 March |
| | TR 28.2.1 | | Does the annual report provide details of the materiality/significant framework applied during the financial year? | X | | | |

PFMA Checklist for Public Entities
Cash management, banking and Investment

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|--------------------------|-----------------|--|-------------------------|----|-----|---|
| 1. | 51(1)(b)(iii) TR 31.1 | Cash Management | <p>Are systems, procedures and processes in place in the public entity to ensure efficient and effective banking and cash management, which includes?</p> <ul style="list-style-type: none"> • Collecting and banking revenue promptly Making payment no earlier than necessary with due regard for efficient, effective and economical programme delivery and the public entity's normal terms for account payments; • Avoiding prepayments for goods and services unless required by the contractual arrangements with the supplier; • Accepting discounts to effect early settlement; • Pursuing debtors with appropriate sensitivity and vigor to ensure that amounts receivable by the public entity are collected and banked promptly; • Accurately forecasting the public entity's cash flow requirements; • Timing the in and out flow of cash; • Recognizing the time value of money, i.e. economically, efficiently, and effectively managing cash; | <p align="center">X</p> | | | <p>Proudly SA is not a public entity but conforms to best practice as prescribed by the PFMA and Treasury Regulations for its banking and cash management</p> |

| NO. | SECTION | DESCRIPTION | ACTION | YES | NO | N/A | COMMENTS |
|-----|------------------------|-------------|---|--|----|-------------------|--|
| 2. | TR 31.2.1 | Banking | <ul style="list-style-type: none"> • Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the optimum level for efficient and effective programme delivery, and selling surplus or under-utilized assets; • Performing bank reconciliations at least weekly; • Making regular cash forecasts; and • Alignment of the approved budget with monthly cash flows; • Variance analyses of actual cash flow with the approved budget | <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> | | | |
| 3. | TR 31.3.1 TR 31.3.2 | Investment | <p>Does the public entity submit a list of all its banking accounts to the National Treasury by 31 May of each year?</p> <p>Does the public entity have an investment policy?</p> <p>If yes to the above, does the investment policy include the:</p> <ul style="list-style-type: none"> • selection of counter-parties through credit risk analyses; • establishment of investment limits per institution; • establishment of investment limits per investment instrument; • monitoring of investments against limits; • reassessment of investment policies on a regular basis; • reassessment of counter-party credit risk based on credit ratings; and • reassessment of investment instruments based on liquidity requirements. | | | <p>X</p> <p>X</p> | <p>The campaign submits its list of bank accounts to the dti as per the MoA</p> <p>The Proudly SA campaign does not have enough long term cash reserves to enable it to invest. Any surplus funds are placed in Call accounts with the highest rate of returns, as negotiated with the banking institution where the funds are kept.</p> |

PROGRESS ON ACTIONS IN THE RISK REGISTER AS AT 30 SEPTEMBER 2017

| Risk No | Objective (Strategic/Operational) | Risk Category | Risk Description | Inherent risk | Current controls | Perceived control effectiveness | Residual risk | Actions to improve management of the risk | Action owner | Time Frame |
|---------|---|----------------|--|---------------|--|---------------------------------|---------------|---|--------------|---|
| 1 | Increase uptake of Membership | Strategic Risk | Lack of legislative mandate. | High | Presentations and submissions made to the Trade and Industry portfolio committee to have the Buy Local campaign legislated. Procurement regulations revised and the dti has designated products for public procurement | Satisfactory | Medium | Proudly SA to leverage off the current PPPFA regulations in its consumer education efforts. To develop a database of local products and to promote this database to the private and public sector. | MANCO | 31-Mar-18 |
| 2 | To drive a national awareness campaign on the benefits of Buying Local. | Strategic Risk | Insufficient funding to ensure sustainability of the campaign. | High | Raising sponsorships Partnership with relevant institutions | Satisfactory | Medium | Improve sponsorship drive by developing current properties (offerings) to sponsors Secure fulltime broadcasting partners for the campaign Utilize other mediums such as social media platforms and other guerilla marketing tactics | MANCO | 31 Mar 2018 (ongoing) 31 Mar 2018 31 Mar 2018 |
| Risk No | Objective (Strategic/Operations) | Risk Category | Risk Description | Inherent risk | Current controls | Perceived control effectiveness | Residual risk | Actions to improve management of the risk | Action Owner | Time Frame |

| Risk No | Objective (Strategic/Operations) | Risk Category | Risk Description | Inherent risk | Current controls | Perceived control effectiveness | Residual risk | Actions to improve management of the risk | Action Owner | Time Frame |
|---------|--|----------------|--|---------------|---|---------------------------------|---------------|---|--------------|------------|
| 3 | To work with enforcement agencies to prevent illegal imports, dumping of unsafe products and illicit trade | Strategic Risk | Lack of legislative mandate and recognition of Proudly SA as a key player by the enforcement agencies. | High | Presentations and submissions made to the Trade and Industry portfolio committee to have the Buy Local campaign legislated. Presentations made to Nedlac's Trade and Industry Committee | Unsatisfactory | High | A request made to the Nedlac TIC for Proudly SA to participate in the Task Team on illegal imports and dumping of unsafe products | MANCO | 31-Mar-18 |
| 4 | Increase uptake of Membership | Strategic Risk | Poor value proposition for existing and prospective members. | High | Value proposition based on the use of the Proudly SA logo and the Proudly SA activities and campaigns conceptualized for the Buy Local campaign. Membership fee restructured to make it more affordable | Weak | High | The Proudly SA membership value proposition needs to be improved to provide for items that impact on the bottom line of the member companies, including participation in foreign missions. Roll out more advertising campaigns. Communicate the Restructured membership fee | MANCO | 31-Mar-18 |
| 5 | To educate South Africans on the importance of 'Labels of origin' in order to promote fair and legal trade with other countries. | Strategic Risk | Lack of uptake of Proudly SA products and services by all spheres of governments including SOE's (Non-compliance with regulations on designation of sectors) | High | Procurement regulations revised and products designated for local procurement by all organs of the state | Weak | High | Roll out provincial public sector procurement forums - educational campaigns on PPPFA local content provisions (regulations) to all spheres of government in partnership with NT, SALGA, provincial ED and Finance departments as well as SOEPP | MANCO | 31-Mar-18 |
| Risk No | Objective (Strategic/Operations) | Risk Category | Risk Description | Inherent risk | Current controls | Perceived control effectiveness | Residual risk | Actions to improve management of the risk | Action Owner | Time Frame |

| Risk No | Objective (Strategic/Operations) | Risk Category | Risk Description | Inherent risk | Current controls | Perceived control effectiveness | Residual risk | Actions to improve management of the risk | Action Owner | Time Frame |
|---------|---|----------------|---|---------------|--|---------------------------------|---------------|--|---|------------|
| 6 | To drive a national awareness campaign on the benefits of Buying Local. | Strategic Risk | Lack of funding to undertake meaningful research to inform consumer education campaigns | High 16 | Deep stick surveys undertaken after every event. | Weak | Medium 11 | An Economic impact study on Buy Local done by Pan African Research and results finalised. To utilize this data to strengthen the campaign's case in the market – study to be extended. To package case studies of member success stories for use in the market. | MANCO | 31-July-17 |
| 7 | To compile a database of locally produced products and services. | Strategic Risk | Lack of comprehensive LPA supplier database | High 16 | Developed a database of local products and services on the website | Weak | Medium 11 | Require a campaign to promote the database of local products and the use of the database by both the private and the public sector. Identify strategic partners to assist with growing and publicizing the database | Executive Manager: Marketing & Comms CFO | 31-Mar-18 |
| 8 | To compile a database of locally produced products and services | Strategic Risk | Existence of multiple databases in the market, including a proliferation of similar industry sector organisations with similar objectives to Proudly SA | High 16 | Attempts to conclude partnerships with organisations that have databases in order to merge the databases have been made. i.e. SALGA, NT, SOEPF | Weak | Medium 11 | Partner with NT on the integration of Proudly SA onto government's Central Supplier Database Promotion of database required to improve credibility and use of the Proudly SA database | MANCO | 31-Mar-18 |

| Risk No | Objective (Strategic/Operational) | Risk Category | Risk Description | Inherent Risk | Current Controls | Perceived control effectiveness | Residual Risk | Actions to improve management of the risk | Action Owner | Time Frame |
|---------|---|----------------|---|---------------|--|---------------------------------|---------------|---|--------------|------------|
| 9 | To drive a national awareness campaign on the benefits of Buying Local. | Strategic Risk | Threat of counterfeit goods, dumping of illegal and toxic waste and unfair trade. | Medium | Proposed partnerships with law enforcement agencies to roll out anti-dumping and prevent illegal imports | Unsatisfactory | Medium | <p>Roadshows at borders and customs to educate consumers and customs staff about illegal imports</p> <p>A request made to the Nedlac TIC for Proudly SA to participate in the Task Team on illegal imports and dumping of unsafe products</p> <p>Proudly SA to participate in the citi's random searches for pirate or dumped products at the ports. Request to be made to the Minister</p> | MANCO | 31-Mar-18 |

PROGRESS AGAINST POST-AUDIT IMPLEMENTATION PLAN - 2016/17

| No. | Finding | Corrective Action (Plan) | Status |
|-----|--|--|--|
| 1. | Payment made on invoice which do not comply with the VAT Act | In future, all invoices that do not comply with all the requirements of the VAT Act will be returned to the respective supplier/service provider for correction prior to making the payment. No payments will be effected on non-compliant supplier invoices. | Completed |
| 2. | Operating lease asset understated | Management did not agree with the prior year calculation and prepared a schedule for the auditors review but inadvertently omitted to follow up with the auditors and process the entry. The AFS has since been amended | Completed |
| 3. | Difference noted between EMP 201 and EMP 501 forms | The variances between the EMP201 and EMP501 were due to additional payments made later in the year and these were in respect of penalties/interest arising from the previous years. In some instances, they were due to PAYE payments for Board members which were made in arrears. With immediate effect only amounts declared would be paid over to SARS in each respective period | Completed - has been resolved since May 2017 |
| 4. | Payments to employees without increment letters | The practice in the previous years was that the basis for payment of annual salary increments to all personnel would be based on the resolution by the Board which would have been presented and recommended by REMCO, and such resolution would be presented to auditors together with Staff Meeting Minutes reflecting confirmation to staff of the percentage increment they will get for that financial year. This practice was improved during 2017/18 financial year by issuing individual increment letters to every staff member who qualified for such increment. The auditor was presented with all this evidence. | Completed |
| 5. | Accuracy of leave days | Deryn Graham joined the institution in November 2016 and did not have leave days at the time of the Annual Closure of Business as approved by the Board of Directors, and was therefore compelled to take leave, even though she did not have sufficient leave days during such recess. The initial Leave Provision given to Auditors was not accurate, and was later thoroughly reconciled and given to the auditors. Furthermore, the Closing Balances of 2015/16 for general staff will not necessarily be the same as Opening Balances of 2016/17 since the company Leave Policy do not allow general staff to carry over more than 5 working days. The Auditor were presented with this policy | In progress |
| 6. | Useful lives of assets not reassessed | This was a management oversight and the useful lives of all assets would be re-assessed annually. | Planned for completion in February 2018 |
| 7. | Issues on the Fixed Asset Register | 1) There was a casting (formula) error in the calculation of the cost column but the accumulated depreciation and NBV columns were correct. 2) The fully depreciated cell phone will be removed from the asset register, however the net effect of this is zero as the cost and accumulated depreciated were overstated by R6800. | Completed |

| No. | Finding | Corrective Action (Plan) | Status |
|-----|---|---|-------------|
| | | 3) The tag numbers of the assets listed above were erroneously deleted from the asset register. | |
| 8. | Statutory information not updated on the CIPC | This update was registered with the CIPC together with all the other changes submitted following the AGM where the required resolution for Nexia SAB&T to remain as auditors of Proudly SA was approved | In Progress |
| 9. | Minutes of meetings were not signed by the chairman | This was a management oversight and in future all minutes adopted will be presented to the chairperson, at the meeting subsequent to the one where the minutes were approved, for his signature. | Completed |
| 10. | Nomination and Social Ethics don't exist as per the requirements of the MOI | The Social and Ethics committee has been formed and the first meeting of this committee was held on 9 June 2017. | Completed |
| 11. | No contracts exist between Proudly SA and Nestle | The deliverables and the agreement was for a sponsorship and membership commitment made by Nestle and it is for continued sponsorship of the Buy Local Summit and Expo from prior years. There is written communication between the two entities confirming the agreement and the commitment from Nestle to pay the amount due, as agreed. A draft sponsorship agreement has been forwarded to Nestle and follow up will be made to ensure that the agreement will be signed, as per the terms agreed upon between Proudly SA and Nestle. It is envisaged that the contract will be signed during the first week of July 2017 The draft contract between Proudly SA and Nestle will be signed in the first week of July 2017 | Completed |
| 12. | No provision for long outstanding debtors raised | Kasi Brewery and The Perfect Hair Africa Collective did not pay VAT, as they are current members, a concerted effort is being made to recover the shortfall. Trader's Friend is a valid trade exchange which can still be used, hence it is a valid debtor. Matcom Technologies only paid 50% of the membership fees, the outstanding amount needs to be written as irrecoverable as the member does not wish to remain a member. A duplicate invoice was erroneously raised for Grid Control Technologies. | Completed |
| 13. | Difference between the staff loan schedule and the trial balance | Management oversight and erroneous submission of incorrect staff loans spreadsheet to auditors for audit purposes | Completed |
| 14. | Cash and Cash equivalents – Difference between the trial balance and the bank statement | The approved Bank Reconciliation for 31 March was correct but the bookkeeper erroneously processed an April 2017 entry in the March 2017 accounting period after the Trial Balance was given to the auditors for audit purposes. The entry has been corrected and the in future the prior accounting period on SAP will be locked after the finalization of month-end and year end to ensure that similar errors do not occur again. | Completed |
| 15. | Trade and other payables with debit balances | Management oversight, in some instances, as a result of pre-payments required by suppliers prior to delivery of the required services, as per their policies. Annual Financial Statements will be updated accordingly to correct the respective creditors accounts. | Completed |
| 16. | No justification of the 40% tax withheld from directors' salaries | The Board of Directors were previously not paid Meeting Fees, and when a resolution was passed to start remunerating them it was done manually with | Completed |

| No. | Finding | Corrective Action (Plan) | Status |
|-----|--|--|-----------|
| | | <p>40% tax withheld from their gross fees. With the migration of such manual payment method to VIP Payroll system, all monies withheld from the Board Directors was declared over to SARS and paid in August 2016 as part of Mid-Year Tax Reconciliation and submission to SARS. Since then, all withheld tax from Board Directors are based on individual tax tables and are paid over to SARS by the 7th of each month as required.</p> <p>Withheld Tax amounts from Board Directors were declared and paid over to SARS since 01 September 2016. This is now a standard practice and are as per individual tax tables. Comprehensive evidence of such rectification was presented to the Auditors.</p> | |
| 17. | Membership renewal forms not completed | <p>This is mostly, as a result of the choice made by renewing members to make payments to Proudly SA of the required fees, without submitting the required renewal forms. Efforts have been made to ensure that the renewing members submit all the required renewal forms and documentation, despite the difficulty in this regard. In order to correct this, the Board through its relevant committee has also approved a new process to ensure that this is dealt with as easily as possible in future, by requesting renewing members to submit and sign declarations indicating that they are still compliant with the campaign's membership criteria.</p> <p>Although, the required membership renewal forms were not completed in the above instances, there is supporting documentation on file to confirm evidence of follow up – the latter is available for the auditor's perusal. Membership renewal forms will be completed and duly signed off timeously in future, as per newly approved processes.</p> <p>The newly appointed Executive Manager: Membership, Compliance & Legal is in the process of tightening the controls around both new membership and renewal processes.</p> | Completed |

FINANCIAL REPORT

Expenditure vs. budget

Quarter 2: 1 July - 30 September 2017

| Description of item | Budget for the quarter (Q2) Rands | Actual for the quarter (Q2) Rands | Variance for the quarters (Q2) Rands | % Variance | Reason for Variance | Annual Budget Rands | YTD Actual (30 September 2017) Rands | YTD Variance (30 September 2017) Rands |
|-------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|---------------|---|---------------------|--------------------------------------|--|
| INCOME | | | | | | | | |
| Membership Fees | 750,000 | 793,411 | 43,411 | 6% | Inclusive of Trade exchanges | 3,000,000 | 1,461,464 | (1,538,536) |
| Grant – the dti | 8,000,000 | 8,000,000 | 0 | 0% | | 29,611,000 | 16,000,000 | (13,611,000) |
| Project based funding - UNOPS | 0 | 0 | 0 | 0% | | 950,000 | 844,008 | (105,992) |
| Sponsorship | 500,000 | 350,000 | (150,000) | (30%) | Some sponsors paid for the respective events eg Edcon | 13,000,000 | 725,000 | (12,275,000) |
| Other Income | 0 | 69,235 | 69,235 | 100% | Interest income & sale of promotional items | 0 | 109,918 | 109,918 |
| Total Income | 9,250,000 | 9,212,646 | (37,354) | (0.4%) | | 46,561,000 | 19,140,390 | (27,420,610) |
| EXPENDITURE | | | | | | | | |
| HR and Staffing costs | 4,476,302 | 4,343,741 | 132,561 | 3% | Timing nature of certain cost elements & delayed appointment of Senior HR Officer | 18,816,885 | 9,013,619 | (9,803,266) |
| Administrative costs | 1,615,441 | 1,619,925 | (4,484) | (0.3%) | Timing nature of certain cost elements | 5,933,771 | 2,527,721 | (3,406,050) |
| Membership costs | 156,612 | 63,583 | 93,029 | 59% | Cost cutting exercise undertaken | 626,450 | 143,989 | (482,461) |
| Marketing costs | 2,054,997 | 2,557,332 | (502,335) | (24%) | Timing nature of certain cost elements | 19,991,894 | 6,636,234 | (13,355,660) |
| Capital Expenditure & IT | 159,000 | 108,778 | 50,222 | 32% | Timing nature of certain cost elements | 1,192,000 | 467,479 | (724,521) |
| Total Expenditure | 8,462,352 | 8,693,358 | (231,006) | (3%) | | 46,561,000 | 18,789,042 | (27,797,877) |