INTEGRATED REPORT

2020

ESTABLISHED IN 2001

ECIC

EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD

YOUR EXPORT RISK PARTNER

CONTENTS

REFERENCE INFORMATION

Registered name	Export Credit Insurance Corporation of South Africa SOC Ltd
Registration number	Registered Financial Services Provider FSP No 30656
Founded	2 July 2001
Enabling Act	Export Credit and Foreign Investments Insurance Act, 78 of 1957 (as amended)
Shareholder	Shareholder South African government, represented by the Department of Trade, Industry and Competition **(the dtic)**
Registered address	Block C7 & C8 Eco Origins Office Park, 349 Witch Hazel Avenue, Highveld Ext 79, Centurion 0157, South Africa
Postal address	PO Box 7075, Centurion 0046, South Africa
Telephone	+27 (0)12 471 3800
Email	info@ecic.co.za
Website	www.ecic.co.za
External auditor	SNG Grant Thornton, 20 Morris Street East, Woodmead, Sandton 2191, Johannesburg, South Africa
Banking details	First National Bank, Fehrsen Street, Steven House, Brooklyn 0181, Pretoria, South Africa
Company Secretary	Charles Kgoale
Contact person for this report	Warren Koen, Manager: Office of the Chief Executive Officer +27 (0)12 471 3800 wkoen@ecic.co.za
Reporting period	Reporting period 1 April 2019 to 31 March 2020

ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
Afreximbank	African Export-Import Bank
ALM	Asset-Liability Matching
B-BBEE	Broad-based Black Economic Empowerment
Berne Union	International Union of Credit and Investment Insurers
BRICS	Countries of Brazil, Russia, India, China and South Africa
CA(SA)	Chartered Accountant (South Africa)
CEO	Chief Executive Officer
DIRCO	Department of International Relations and Cooperation
ECA	Export Credit Agency
ECIC	Export Credit Insurance Corporation of South Africa SOC Ltd
EXIM	Export-Import
FSCA	Financial Sector Conduct Authority
Government	The Government of the Republic of South Africa
ICT	Information and Communications Technology
IMF	International Monetary Fund
IMU	Interest Make-up
<IR> Framework	International Integrated Reporting Framework
NDP	National Development Plan
OECD	Organisation for Economic Cooperation and Development
PCE	Personal Consumption Expenditure
PFMA	Public Finance Management Act, 1 of 1999
SAA	Strategic Asset Allocation
SCR	Solvency Capital Required
SMME	Small, Medium and Micro Enterprise
SO	Strategic Objective
SOE	State-Owned Entity
the dti	Department of Trade and Industry
the dtic	Department of Trade, Industry and Competition

REFLECTING ON THE PAST 10 YEARS ...

Mozambique/Malawi Nacala Corridor

The project encompasses the design, financing, construction, completion, testing, operation and maintenance of the Nacala Corridor railway and port including 230 km new and 682 km refurbished railway infrastructure and a new 18 million tonnes per annum Port of Nacala coal terminal in Nacala-à-Velha, Mozambique.

Lesotho Liqhobong Diamond Mine

The project entails the design, financing, construction, testing, completion, commissioning, insurance, ownership, operation and maintenance of the diamond mine, including infrastructure, mining and tailings facilities and recovery plant, owned and operated by an insured debtor in Butha-Buthe.

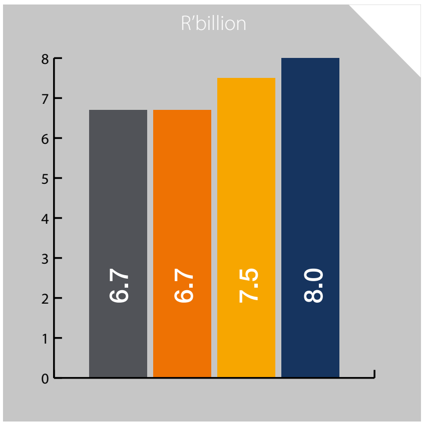
Nigeria Veecraft Marine CC

The project entails the provision of construction and delivery of two 20 m crew boats to the buyer in Nigeria.

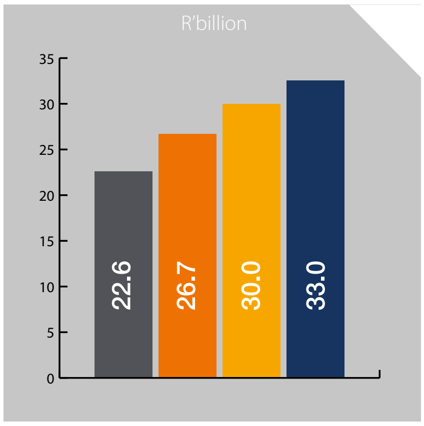
Malawi Paladin (Africa) Ltd

The project entails the engineering, procurement, construction, commissioning and operation of a uranium mine at Kayelekera in Karonga, Malawi.

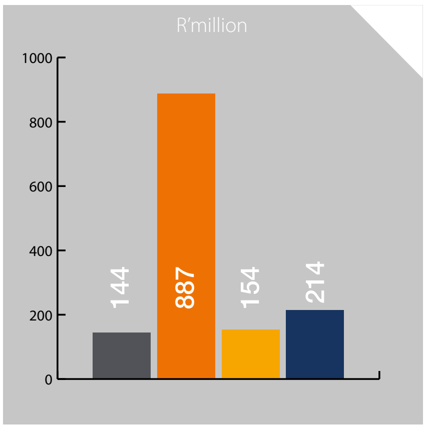
2017 2018 2019 2020



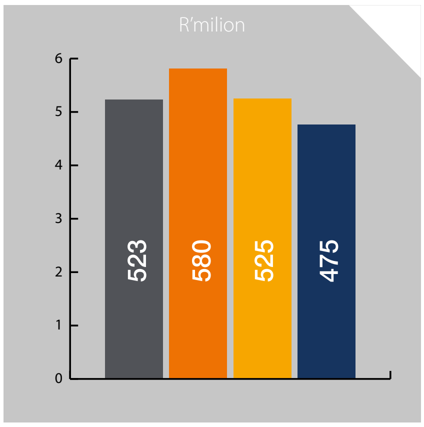
Financial assets



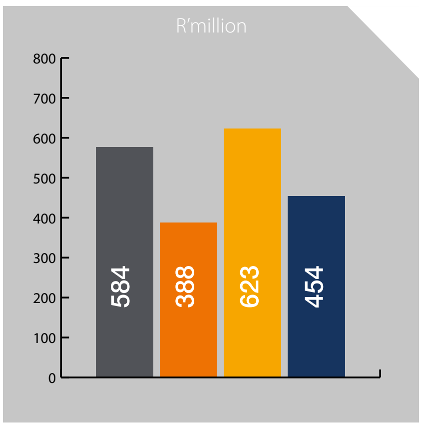
Total insured value



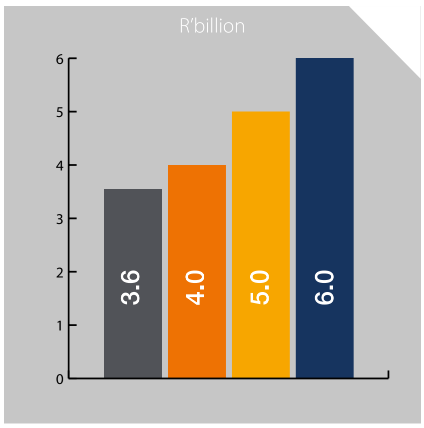
Written insurance premium



Net Insurance premium revenue



Underwriting profit

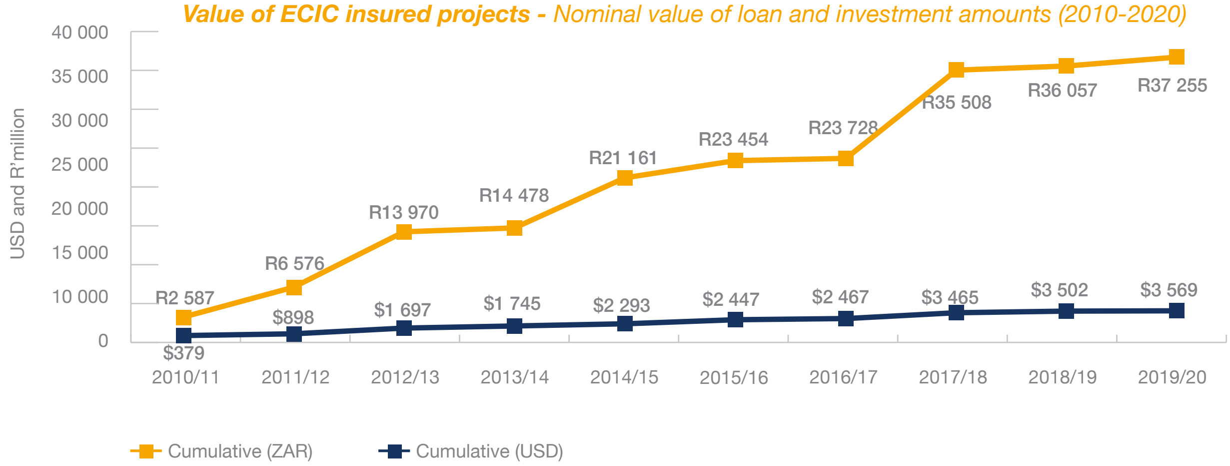


Total equity

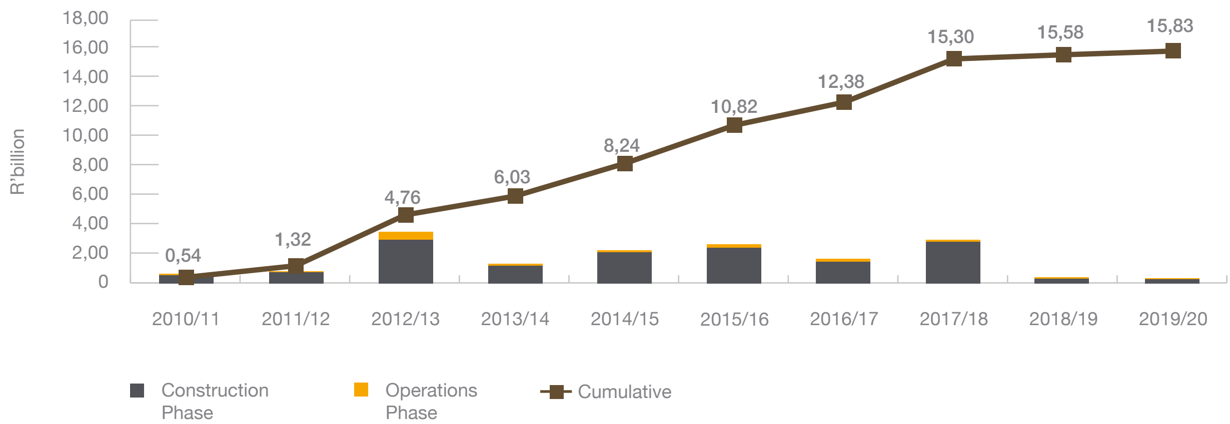
ECONOMIC IMPACT ANALYSIS 2010/11 - 2019/20

The graphs on this page reflect the cumulative impact of ECIC support over the past 10 financial years.

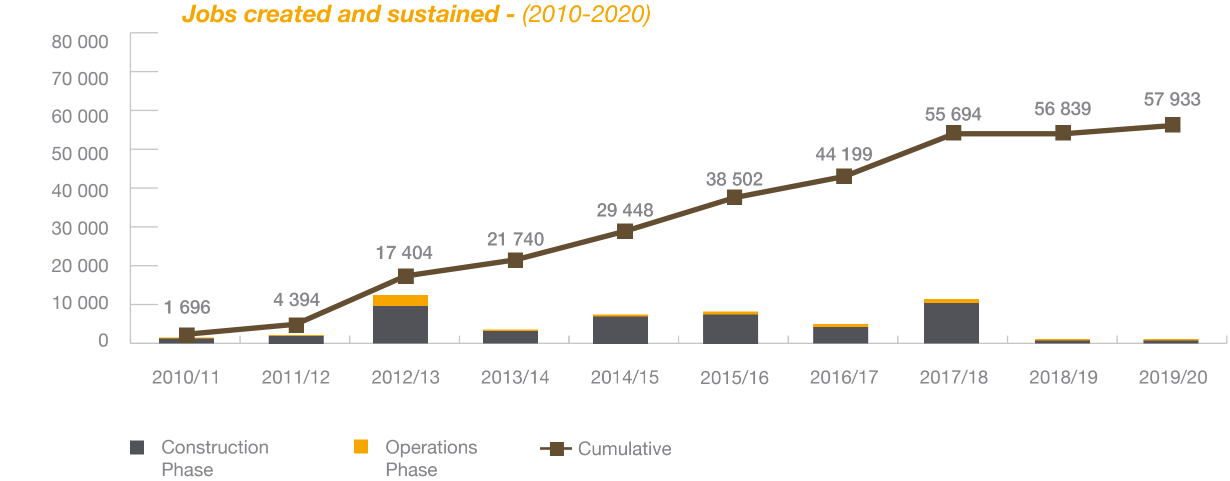
***Value of ECIC insured projects** - Nominal value of loan and investment amounts (2010-2020)*



***Value added to the South African economy** – ECIC impact on South African GDP (2010-2020)*



***Jobs created and sustained** - (2010-2020)*



ECONOMIC IMPACT ANALYSIS FOR 2019/20

Background

Assessing the macroeconomic impact of the construction and operational phases of projects was calculated locally and in the host countries (trading partners).

Jobs created during the construction phase are temporary and measured in person years*, while employment created during the continuous operational phase is permanent.

The impacts were calculated in terms of the following macroeconomic indicators:

- Gross Domestic Product (value added to the national economy);
- Employment creation (creation of new jobs for skilled, semi-skilled and unskilled workers);
- Capital utilisation (investments in machinery, transport equipment, buildings, and other social and economic infrastructure);
- Income generated for households (incremental income available to low-income households) as a specific measure of poverty alleviation; and
- Fiscal Impact (Government revenue).

The exchange rate used throughout is USD = R17.98, which was the prevailing rate on 31 March 2020. The drawdown value was used mainly to determine the impact on host countries and the local content of the drawn amount was used to determine the impact on South Africa.

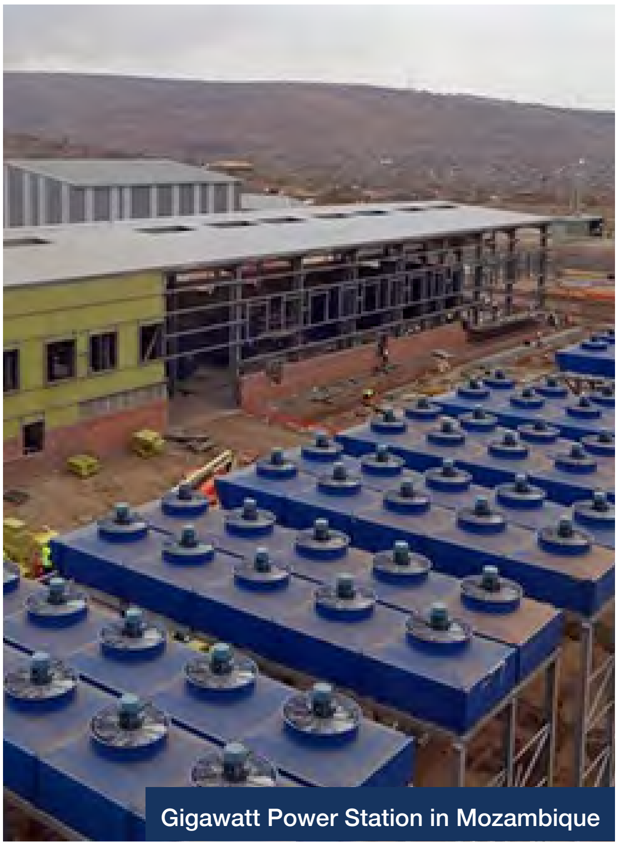
Impact on South Africa

Measurement based on the export credit drawdowns recorded in the Corporation's insurance portfolio for the financial year 2019/20 confirmed that the Corporation again succeeded in facilitating projects that contributed significantly to domestic economic growth, employment creation and public finances.

During the construction phase, a total of 961 job opportunities (man-hours) are estimated to have been created/sustained in South Africa (see Table 1). In terms of the operational phase, an estimated 133 job opportunities (man-hours) are expected to be sustained on an annual basis for the next 20 years. Across both phases, the major beneficiaries of employment creation/sustainability are will be semi-skilled and unskilled workers in South Africa.

Likewise, in terms of economic output (GDP), the direct, indirect and induced impacts arise from the implementation of the approved ECIC projects. The estimated total GDP contribution of R227 million shows the additional economic output that is anticipated to be generated during the construction phase of the project and the estimated GDP contribution of R24 million shows the additional economic output that is anticipated to be generated during the operational phase. The ECIC-supported projects are expected to be instrumental in the addition of an estimated R129 million and R7 million to fiscal revenue, during the construction and operation phases, respectively.

The ECIC-supported project is estimated to generate income for local households and positively contribute towards poverty alleviation in the country. During the construction phase, R260 million is estimated to be generated for household incomes, of which R7 million is estimated to accrue to low-income households. During the operational phase R17 million is estimated to be contributed to household incomes, of which R0.1 million is expected to be received by low-income households.



Gigawatt Power Station in Mozambique

* *Person-years is used in project management as a unit of the work done by one person in a year composed of a standard number of working days. It represents the amount of work performed by the average worker in one year.*

Table 1: Impact of construction and operational phases on South Africa

	Construction Phase Impact	Operational Phase Impact
GDP (R'millions)	**227**	**24**
Employment [numbers]	**961**	**133**
- Skilled labour	227	27
- Semi-skilled labour	568	75
- Unskilled labour	166	31
Impact on capital formation (R'millions)	**442**	**77**
Impact on households (R'millions)	**260**	**17**
- Low-income households	7	0.1
- Medium-income households	55	4
- High-income households	198	13
Fiscal revenue (R'millions)	**129**	**7**

Sectoral impact

The total GDP impact on the South African economy are anticipated to be most pronounced in the construction phase relative to the operational phase of the projects. Moreover, these impacts are anticipated to be most reflective in the manufacturing, and financial and business sector (see Table 2).

Table 2: GDP impact by sector (R'millions)

	Impact on South Africa	
Economic sectors	Construction Phase	Operational Phase
Manufacturing	186	13
Trade and Accommodation	-	3
Transport and Communication	-	1
Financial and Business Services	41	6
Community and Social Services	-	1
TOTAL GDP IMPACT	**227**	**24**

The estimated impact of the Corporation in facilitating employment opportunities in key sectors of the economy in South Africa and the host country is presented in Table 4. The estimated employment impact on the South African economy is expected to be most pronounced in the construction phase. These impacts are estimated to be most reflective in the manufacturing sector.

Table 3: Employment impact by sector [number]

	Impact on South Africa	
Country	Construction Phase	Operational Phase
Agriculture	-	6
Mining	-	2
Manufacturing	631	82
Trade and Accommodation	-	18
Transport and Communication	-	2
Financial and Business Services	330	16
Community and Social Services	-	7
TOTAL EMPLOYMENT IMPACT	**961**	**133**

NOTES

- The total impact of employment consists of direct, indirect and induced impacts. The employment opportunities created during the construction phase are expected to result mainly from induced and indirect impacts. Induced employment opportunities refer to the number of jobs created where the salaries and wages from the direct employment is being spent. Indirect employment opportunities refer to the creation of jobs in other sectors due to supplying goods and services to ECIC supported projects.
- The capital investment phase impact represents value created over the total construction period of the various projects. The impact lasts for a limited period only (not more than three to four years), after which the activity stops or is scaled down substantially.
- Operational impact represents the annual value over the life span of the various projects. The impact of the operational (or production) phase is an ongoing process with a long-term, annual impact on the economy.
- The impact on GDP reflects the magnitude of the additional value added annually, within and outside South Africa's borders. Value addition consists of employee remuneration, gross operating surplus (gross profit) and net indirect taxes (VAT, levies, etc.) The total impact on GDP also indicates economic growth annually for the next 20 years in the local and host countries.
- Employment creation during the construction phase is temporary, while it refers to sustainable job opportunities during the operations phase. Employment during the construction phase is measured in person years. The imperative of creating jobs, whether temporary and permanent, should be seen in the context of the global trend towards less labour-intensive and more capital-intensive production processes.
- Capital employed refers to capital investment in technology, equipment and buildings, as well as labour (skills) and entrepreneurship, as integral to a productive economy.
- This indicator refers to any contribution to low-income households defined as those eligible for government housing subsidies.
- Fiscal impact refers to additional fiscal revenue earned locally and outside South Africa's borders during the construction and operational phases of a project.

Gigawatt power station in Mozambique

FOREWORD BY THE MINISTER OF TRADE, INDUSTRY AND COMPETITION

Mr Ebrahim Patel

This Annual Report provides an account of the Export Credit Insurance Corporation (ECIC) for the past financial year ending March 2020. In the last month of the financial year, the effects of the pandemic began to influence the work of agencies.

The work of the ECIC impacts on overall industrial and trade policies. The last financial year started well: the sixth government administration took office following the national elections in May 2019, with a re-imagined industrial strategy for the country focused on localisation and a renewed promise, passion and urgency to address long standing socio-economic challenges.

The 2019 Presidential Investment Conference, held in November 2019 demonstrated sustained commitment and productive partnerships between the public and private sector in rebuilding the economy. Some R364 billion of further commitments were made (21% higher than at the inaugural Conference the previous year), with potential to create over 400 000 jobs over a five year period. This brings the total of investment commitments made at the two Conferences (2018 and 2019) to R664 billion, more than 50% of the five-year target set by the President in 2018.

The new **dtic** family accelerated the development and implementation of sector masterplans, completing these 'industry social pacts' in the automotive, poultry, sugar and clothing and textile sectors. These serve as a blueprint to harness energies amongst industry players for investment and increased output and jobs in sectors which together employ some 500 000 people. The Master Plans set out practical and reciprocal actions that each social partner at industry level would take to build more resilient businesses and industries. We are now working on sector

masterplans in the steel and furniture sectors, which we expect to complete in the coming year.

Significant progress was made with the finalisation of the modalities of the new African Continental Free Trade Area (AfCFTA), and with a trade agreement to address access to the United Kingdom in the event of a no-deal Brexit.

Covid-19 interrupted the rollout of the new industrial strategy. The economic environment brought on by Covid-19 has dented growth both locally and globally. The pandemic and its economic fallout have been described by leading economists as unprecedented in our generation. Across the world, countries are reporting or forecasting their lowest growth in at least a generation. China, for example, is experiencing its slowest annual growth since the death of Mao Zedong in 1976. In May this year, the Bank of England said the UK might experience its worst recession in 300 years and the US has recorded its highest level of unemployment since the Great Depression

For public entities, the pandemic principally impacted on their work beyond the financial year, placing pressure on delivery platforms and in a number of cases, on their finances.

To repair the damage of Covid-19 and reconstruct the economy to create more jobs, bring more young people into entrepreneurship and increase economic inclusion, we need to think boldly and implement smartly.

To address the immediate and urgent challenges of the economy, government and its social partners have agreed to an Economic Reconstruction and Recovery Plan. The Plan includes structural reforms and a commitment to greater levels of localisation and infrastructure investment. These measures will impact and shape the work of the **dtic** and its agencies.

Every agency of the **dtic** will be required to play its role in ensuring a steady recovery from the pandemic, and to continue execution of the re-imagined industrial strategy, outlined by President Ramaphosa at the start of this administration.

The ECIC can play a growing role in supporting exports to other African countries and an amendment of its mandate is currently being considered to include cover for value-added manufactured goods.

I thank the Chairperson, Dheven Dharmalingam, the Board, Chief Executive Officer, Kutoane Kutoane and the management team and employees for their work during 2019/20.

Mr Ebrahim Patel
Minister of Trade, Industry and Competition

ABOUT THIS INTEGRATED REPORT

This Annual Integrated Report of the Export Credit Insurance Corporation of South Africa SOC Ltd (ECIC) for the financial year ended 31 March 2020, provides material information about the Corporation's strategy and business model, operating context, material risks and opportunities, stakeholder interests, performance, prospects and governance. The scope and boundaries of the report are similar materially to those of the previous financial year.

The principles of the International Integrated Reporting (<IR>) Framework guide our integrated reporting to report our activities:

- in terms of the two fundamental <IR> Framework concepts: organisational value creation over time and organisational resources and relationships
- against the six <IR> Framework capitals of financial, intellectual, human, social & relationship, natural and manufactured.

The contents of the report relate to our purpose, core business and usefulness to stakeholders in our business sector and is aligned with best practice in integrated reporting.

The following Acts and guidelines are critical to the nature of our business and the sector in which we operate:

- Short-term Insurance Act, 53 of 1998 (as amended)
- Insurance Act, 18 of 2017
- Export Credit and Foreign Investment Insurance Act, 78 of 1957 (as amended)
- Public Finance Management Act, 1 of 1999
- Companies Act, 71 of 2008
- King IV Report on Corporate Governance for South Africa (2016)
- Broad-Based Black Economic Empowerment (B-BBEE) Act, 53 of 2003 (as amended by 46 of 2013)
- National Development Plan 2030.

Responsibility and assurance

The Board, as the Accounting Authority, is responsible for the accuracy of this report. In the opinion of the Board, the report addresses all strategic and material issues and presents an integrated and accurate view of the Corporation's performance during the year under review. This assurance is based on effective internal processes and precludes the need for third party assurance over any information in the report.

The Board believes that the report provides the South African government, as shareholder and key stakeholders, with an accurate summary of its financial and sustainability performance and a balanced appraisal of the material issues that affected its business value during the 2019/20 financial period.

The Board approved the report on 23 September 2020 and submitted it to the Corporation's shareholder representative, the Department of Trade, Industry and Competition **(the dtic)** and related entities, including National Treasury, the Auditor-General of South Africa and Parliament.

Directors visit to Delberg Engineering (ECIC ESD Beneficiary)

The Corporation's approach to identifying and managing material issues are guided by Board and governance processes and its risk framework. The Executive team regularly identifies material issues to recognise their impact and significance to the Corporation and its stakeholders.

We continuously monitor, review and assess the following to define the materiality of issues that affect the Corporation:

- our external environment with an emphasis on outlook, products and pricing and research
- legislative and regulatory developments, such as our compliance universe
- emerging risks
- our annual audit plan, outsourced to an internal audit firm in consultation with the Corporation's CEO and financial and risk executives and approved by the Audit Committee
- stakeholder engagement feedback based on the implementation of the Stakeholder Engagement Plan
- economic performance data and analysis regarding finance, investments and our portfolio
- input from internal subject matter experts, thought leaders and external stakeholders through workshops and interviews facilitated by our marketing and communication and business development functions
- social and environmental issues with a potential impact on stakeholders under oversight by the Social and Ethics Committee
- issues arising from stakeholder engagements under quarterly oversight by the Board
- alignment with our strategy under oversight by the Board.
- annual approval of the Materiality and Significance Framework by the Audit Committee [*https://www.ecic.co.za/*]

A key objective of integrated reporting is to report on value creation over time. Value creation depends on resources that are influenced by an organisation's external environment and stakeholder relationships.

IDENTIFIED MATERIAL ISSUES

The material issues, with our strategic objectives, are integral to the way in which we manage the implementation of our strategy and performance assessments (refer to the strategy section on pages 54-57 of this report for further information).

The Board concurs that the following four material issues are salient to our business operations and most likely to cause risk for the Corporation, our shareholder and key stakeholders. We describe the issues here, as well as their impact on our key stakeholders to either create or erode value.

ECIC legislation

The Corporation is reviewing its mandate to ensure that it remains strategically relevant regionally and within government. A broader mandate will extend the Corporation's scope to facilitate local exports and provide greater operational flexibility, such as with other ECAs and private sector insurers in short-term trade finance.

An extended mandate will include short-term insurance instruments and link well with the establishment of a stand-alone EXIM Bank. The focus will be on short-term trade finance that provides emerging Black businesses with access to trade financing opportunities, while the Corporation continues to provide export credit insurance facilities.

SA EXIM Bank

The Corporation is exploring the establishment of a South African Export Import Bank to fill an identified gap in the private sector market for trade finance. The Minister of Trade, Industry and Competition expressed strong support and urgency for establishing the EXIM Bank, which should play a critical role in mobilising funding for SA exporters within the context of the AfCFTA. **The dtic** requested the Corporation to lead the EXIM Bank establishment process and explore a creative approach to its capitalisation, as well as addressing the SA Inc approach. We formed a working group with the IDC, PIC and DBSA to explore seed funding for the SA EXIM Bank.

Sovereign credit rating downgrade

The Corporation insures export credit and investment insurance risk on behalf of the South African government. The difference between our net balance sheet and exposure book reflects as a contingent liability in government's budget. Any government downgrade will also downgrade and reclassify the Corporation with a higher risk profile. In turn, this will increase the cost to customers to work with us with a potential loss of business and significant impact on our competitiveness.

In March 2020, South Africa's long-term local and foreign currency debt was officially downgraded to sub-investment grade status. The downgrade will affect the Corporation's underwriting business and investment portfolio. The banks will have to hold additional capital for existing ECIC-related exposures and new transactions will attract a higher risk margin. We will work closely with reinsurers with investment grade credit ratings to improve the blended pricing of export credit facilities.

The next two-to-three years will determine the country's economic growth trajectory and ability to mitigate the risk of further downgrades.

Economic and political outlook

Our portfolio relies on the ability of South African exporters and buyers to repay debt to banks or financial institutions. COVID-19 has triggered the deepest global recession in decades, which has disrupted markets and caused significant financial losses globally, the extent of which will only become quantifiable over time. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging markets and developing economies and may do significant damage to productivity and output.

The immediate policy priorities are to alleviate the human costs and attenuate the near-term economic losses. Once the crisis abates, it will be necessary to reaffirm a credible commitment to sustainable policies and undertake the reforms necessary to buttress long-term prospects. Global coordination and cooperation will be critical.

The Corporation ran a "Validation of Business Continuity" programme in November and December 2019, which included the review and update of business unit resumption plans. The rapid global spread of COVID-19 and subsequent South African lockdown provided an unfortunate, unwelcome but timely test of those plans. During the lockdown the Corporation functioned effectively, which displayed the robustness of the crisis management processes, business continuity plans and digital readiness to embrace Industry 4.0.

The pandemic has highlighted the possibility of defaults that could trigger claims against our insurance cover. Business disruption is already evident through the increase in waiver requests during the past few months of lockdown in South Africa and in some of the countries where projects are located. Should Africa become an epicentre of infections without strong containment measures, there could be downstream implications for the performance of our portfolio and pipeline.


WBHO - Government of Eswatini road rehabilitation and upgrade, Eswatini

ORGANISATIONAL OVERVIEW

WHO WE ARE

Our legislative and strategic operating environment

As a self-sustaining, limited liability company and registered financial services provider regulated by the FSCA and Prudential Authority (FSP No: 30656) and Schedule 3B entity under the Public Finance Management Act (PFMA), 1 of 1999 (as amended), we operate within and comply with the requirements of South Africa's legislative framework for corporate entities.

The Corporation is regulated by the Financial Sector Conduct Authority and Prudential Authority, respectively, and subject to legislation that applies to state-owned entities (SOEs). The business operations are governed by the Export Credit and Foreign Investments Insurance Act, 78 of 1957 (as amended) (ECIC Founding Act) and the PFMA.

The Corporation complies with regulations that ensure transparency, accountability and the sound management of revenue, expenditure, assets and liabilities in SOEs, as well as the Companies Act, 71 of 2008, that came into effect in 2011. The Corporation maintains all the governance structures and arrangements required by this Act and remains up-to-date on emerging legislation, standards and regulations that may affect its operations materially.

Non-binding guidelines

The Corporation participates actively in the Berne Union (International Union of Credit and Investment Insurers), an international non-profit association and community of global export credit and investment insurers and the Prague Club Committee within the Berne Union, an information exchange network for new and maturing export credit and investment insurers.

The Berne Union is guided by principles of ethical conduct that favour sustainability, sound business practice, environmental responsibility, transparency and cooperation.

Influence of target economies

We use an internal country rating method to assess in-country risk. We track country ratings through international credit agencies and liaise closely with the Department of International Relations and Cooperation (DIRCO) about political environments in countries where we carry, or plans to carry, risk.

WHAT WE DO

We provide risk mitigation solutions for South African exporters who offer capital goods and services into the international market. Our focus is on Africa and other emerging markets outside the continent that are considered too risky for conventional insurers.

The Corporation's goal – as mandated by the South African government as the sole shareholder and aligned with South Africa's national imperatives – is to make South African export attractive to international buyers. The aim is to stimulate economic growth through exports that contribute to foreign income, job creation and global competitiveness.

The Corporation's export credit and investment insurance solutions are founded in best practice risk management principles and intercede as a catalyst for private investments and access to finance where commercial lenders are unwilling or unable to accept long-term risks.

The Corporation's insurance products facilitate international trade and protect parties involved in cross-border projects, from financing institutions to foreign buyers and exporters. Single projects are often linked to comprehensive ECIC policies that cover both commercial and political risk.

Respectively, such risks relate to buyers who, for whatever reason, do not honour contractually-agreed payments and projects that fail due to the actions of host governments. The Corporation's footprint in Africa and substantial appetite for insuring against political risk despite political volatility and underwriting large, long-term projects with flexible terms and conditions that suit project-specific needs and cash-flow profiles, give us a competitive advantage.

Our legislated, strategic and operating environment gives context to our business model and the relationship between the inputs, output, outcomes and impact of our activities.

VISION, MISSION AND VALUES

VISION

To be a world-class export credit agency in facilitating South African export trade and investment globally.

MISSION

To provide export credit and investment insurance solutions in support of South African capital goods and services by applying best practice risk management principles.

VALUES

- **Integrity:** We strive to conduct every aspect of our business with honesty, integrity and fairness
- **Accountability:** We accept transparency and responsibility for our decisions and actions
- **Excellence:** We are committed to the highest level of performance through continuous improvement of our skills and business practices
- **Innovation:** We encourage open-mindedness and support innovation and the development of new ideas and processes for the continued improvement of our Corporation
- **Teamwork:** We work together as a team internally and collaborate externally with our stakeholders and customers. We appreciate that as a team, we can achieve much greater things than as individuals.

Our values are reinforced by the ECIC Code of Ethics and Business Conduct ("the Code") and reflected in our policies and procedures.

ETHICS AND CULTURE

The continued high-profile lapses in corporate governance in private and public sector entities over the past years emphasise the importance of a strong culture of integrity and ethical leadership.

As an insurer, the Corporation is regulated by the Prudential Authority and Financial Sector Conduct Authority on prudential matters and conduct issues, respectively. The Social and Ethics Committee drives ethical leadership and a culture of ethical business conduct among employees throughout the Corporation.

The Committee fulfils its functions and responsibilities in terms of the Companies Regulations, 2011 and other Board-assigned functions, as required.

During the reporting period, the Committee confirmed that the Corporation's business conduct as aligned with the applicable UN Global Compact Principles and OECD Recommendations Against Corruption regarding human rights, labour standards, the environment and anti-corruption.

In its ethical conduct overview, the Committee ensured that the Corporation's Fraud Prevention Policy, Whistle-Blowing Policy and Code of Ethics and Business Conduct were reviewed regularly and communicated to all employees to combat corruption, manage identified fraudulent activities and ensure that the essential features of ethical conduct are governed and managed effectively.

WHERE WE OPERATE

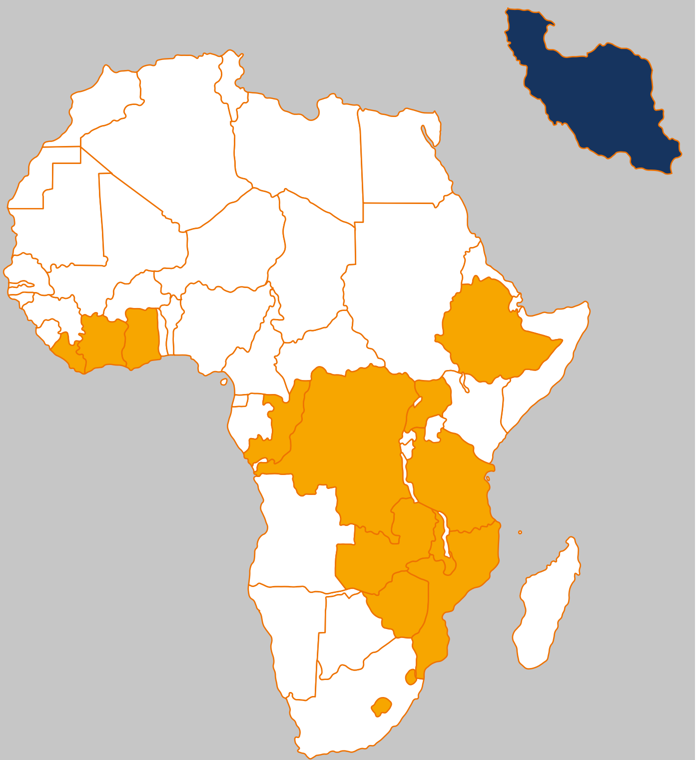
OUR FOOTPRINT

The Corporation remains committed to increasing its footprint on the African continent.

Countries where ECIC has exposure as at 31 March 2020

Countries	Value (ZAR)	Exposure
Ghana	9 904 490	29,74%
Iran	8 091 990	24,30%
Mozambique	5 996 009	18,00%
Zimbabwe	2 871 173	8,62%
Malawi	2 567 401	7,71%
Lesotho	1 245 232	3,74%
Liberia	932 737	2,80%
Uganda	439 446	1,32%
Zambia	411 283	1,23%
Ethiopia	218 484	0,66%
Tanzania	189 187	0,57%
Swaziland	130 297	0,39%
Democratic Republic of Congo	123 550	0,37%
Mauritius	79 505	0,24%
Republic of Congo	60 026	0,18%
Côte d'Ivoire	46 013	0,14%
	33 306 823	

Rand to USD exchange rate of 17.98 applied



Economic Sector Analysis as at 31 March 2020

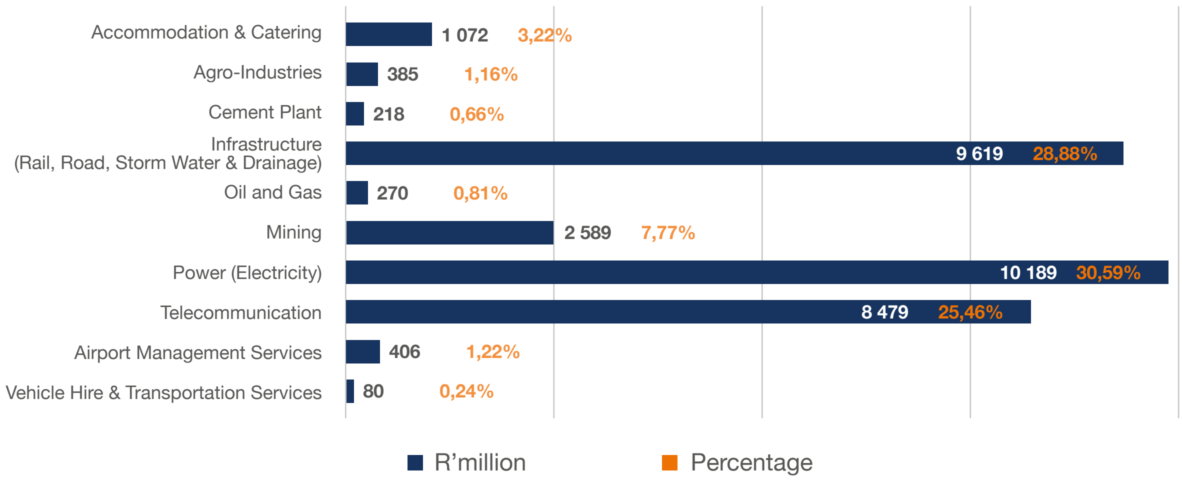


Figure 1: Economic Sector Analysis.

CORPORATE STRUCTURE

HIGH LEVEL ORGANISATIONAL STRUCTURE

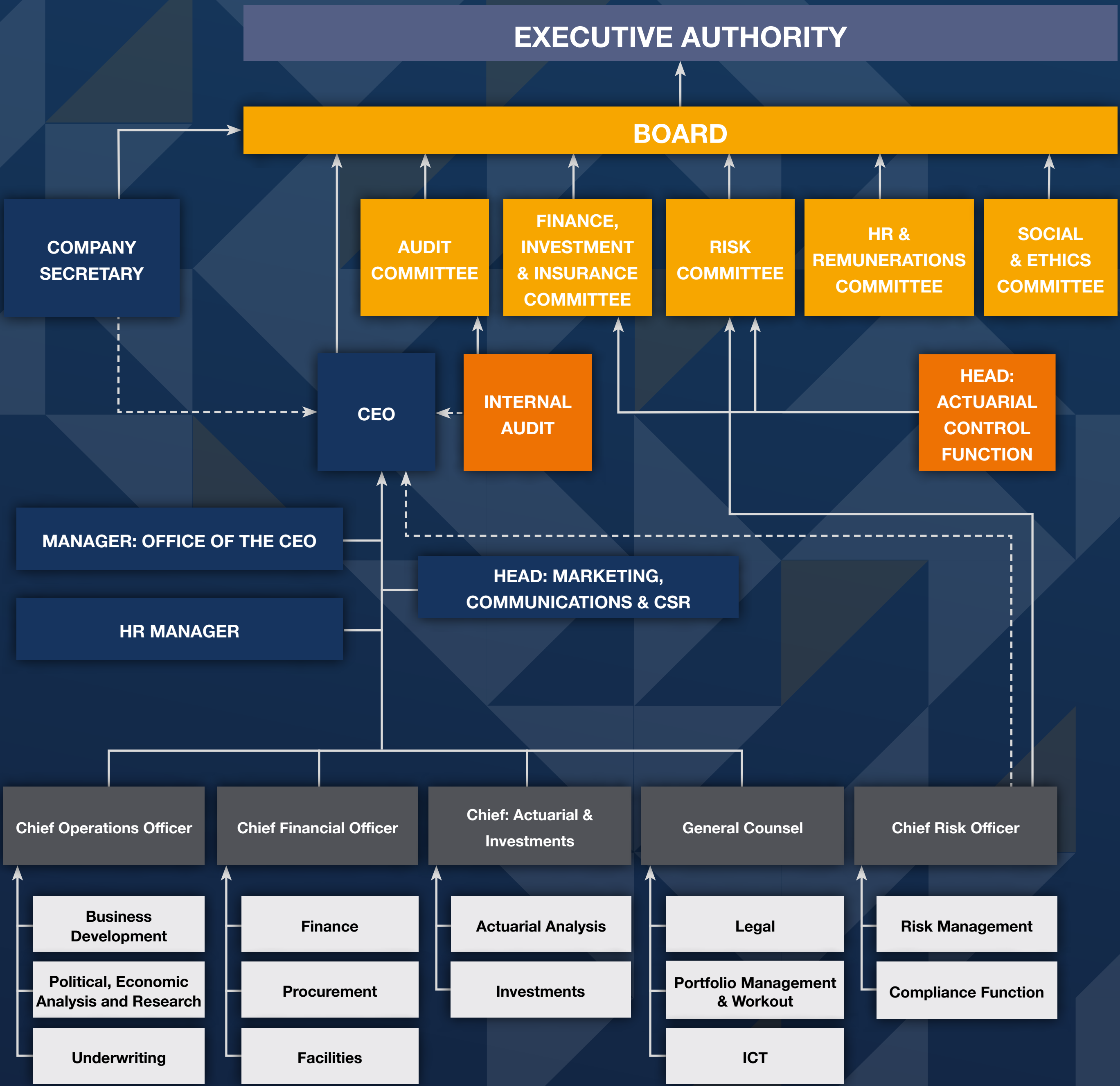


Figure 2: Corporate structure.

BOARD OF DIRECTORS

Dheven Dharmalingam, Chairperson
Age: 54
Qualifications: CA(SA), Member of the Institute of Directors
Areas of expertise: Finance; taxation and insurance; strategy; change management and organisational redesign
Position on other boards: NED and chairman of the audit committee for HBZ Bank SA Limited, Executive Director of Companies with personal investments
Years of service: 2 years

Kutoane Kutoane, Executive Director
Age: 51
Qualifications: MA (Economics), Advanced Management Programme, Programme on Investment Appraisal and Management, Advanced Credit and Trade Finance
Areas of expertise: Project finance; international trade finance; economics and investment management
Positions on other boards: None
Years of service: 7 years

Vuyelwa Matsiliza, Independent Non-Executive Director
Age: 53
Qualifications: MBL, BA (Hons) (Economics) (Cum Laude), Secondary Teachers Diploma
Areas of expertise: Treasury management; project finance; corporate finance and investment management
Position on other boards: Board member at Chris Hani Development Agency (CHDA)
Years of service: 7 years

Siobhain O'Mahony, Independent Non-Executive Director
Age: 33
Qualifications: BSc (Hons) (Actuarial Science), Fellow of the Actuarial Society of South Africa, Fellow of the Institute and Faculty of Actuaries
Areas of expertise: Actuarial valuations; asset-liability matching; capital adequacy requirements and calculations; analytics, pricing and profitability (banking); loyalty programme design and modelling
Positions on other boards: None
Years of service: 7 years

Sisa Mayekiso, Independent, Non-Executive Director
Age: 37
Qualifications: BCom (Hons) (Accounting), CA(SA), CFA
Areas of expertise: Accounting; treasury; investment and risk management
Positions on other boards: Executive Director of companies with personal investments, Southern African Music Rights Organisation – Board member, Mines 1970 Unclaimed Benefits Preservation Pension & Provident Fund – Board member
Years of service: 2 years

Lerato Mataboge, Non-Independent Non-Executive Director (the dtic)
Age: 41
Qualifications: BA (Law and International Relations), Honours (International Relations), Masters (International Political Economy and International Trade and Global Finance), Certificates in Trade Negotiations, Bilateral Investment Treaty Negotiations and Project Management, Executive training in Infrastructure Project Conceptualisation and Preparation
Areas of expertise: Strategy, trade and investment
Position on other boards: None
Years of service: 2 years

The ECIC Board is responsible for determining its strategic direction and ensuring that the implementation of the strategy is legislatively and regulatory compliant. The directors serve a maximum of two three-year terms each. The six Board committees include representatives from **the dtic**, as shareholder, and help the Board to fulfil its roles.

Lerato Mothae, Independent Non-Executive Director
Age: 43
Qualifications: CA(SA)
Areas of expertise: Auditing, finance; financial management
Positions on other boards: The South African National Accreditation System (SANAS)
Years of service: 2 years

Deshni Subbiah, Independent Non-Executive Director
Age: 36
Qualifications: BSc Actuarial Science (Cum Laude), Fellow of the Actuarial Society of South Africa, Chartered Enterprise Risk Actuary (CERA), Postgraduate Diploma, General Management (Distinction), Masters in Business Administration (MBA), Certificate in Investments from the Institute of Actuaries (UK)
Areas of expertise: Actuarial and risk management
Position on other boards: None
Years of service: 2 years

Stefanus Botes, Alternate Non-Independent Non-Executive Director (the dtic)
Age: 63
Qualifications: BCom (Econ), University of Stellenbosch; BCom (Econ) (Hons), UNISA
Areas of expertise: Financial management, Export development and promotion, Investment recruitment
Positions on other boards: None
Years of service: 2

Charles Jaarman Kgoale, Company Secretary
Age: 40
Qualifications: LLB, Management Development Programme, Postgraduate Diploma Programme and Project Management, Advanced Certificate for Municipal Governance, Compliance Management, Senior Management Development Programme
Areas of expertise: Compliance and Corporate Governance
Positions on other boards: Non-Executive Director (volunteer) Childhood Cancer Foundation (non-remunerated)
Years of service: 2 years

EXECUTIVE MANAGEMENT

The Chief Executive Officer (CEO) is responsible for the Corporation's day-to-day operations and is supported by the Chief Operations Officer, Chief Financial Officer, Chief Risk Officer, Chief Actuarial and Investments and General Counsel. Various units report to the CEO and his executive team. With the exception of the CEO, who is on a three-year contract with a three-month notice period, all other executives are permanent employees who are required to give a month's notice when resigning.

Executives are not bound by a restraint of trade agreement when leaving the Corporation.

Kutoane Kutoane, Chief Executive Officer

Age: 51

Qualifications: MA (Economics), Advanced Management Programme, Programme on Investment Appraisal and Management, Advanced Credit and Trade Finance

Areas of expertise: Project finance, International trade finance, economics and investment management

Years of service: 7 years

Noluthando Mkhathazo, Chief Financial Officer

Age: 38

Qualifications: CA(SA), Management Advancement Programme

Areas of expertise: Finance, auditing and financial management

Years of service: 10 years

Mandisi Nkuhlu, Chief Operations Officer

Age: 52

Qualifications: B. Juris, LLB, Management Advancement Programme, Executive Leadership Programme, Senior Executive Programme

Areas of expertise: Law and Finance

Years of service: 14 years

John Omollo, Chief Risk Officer

Age: 52

Qualifications: Master of Business Administration (MBA) Wits, Certified Public Accountant of Kenya (CPA II, III)

Areas of expertise: Risk Management, Project & Structured Finance, Banking and Credit Rating of Financial Institutions

Years of service: 9 years

Ntshengedzeni Gilbert Maphula, General Counsel

Age: 48

Qualifications: BPROC (UNIVEN), LLB (UP), LLM (UP), LLM (UNISA)

Areas of expertise: Accounting, Treasury, Investment & Risk Management, Cross Boarder Financing, Export Credit Insurance, Political Risk, International Trade and Foreign Investments Project Finance and Sovereign Lending

Years of service: 14 years

Sias Esterhuizen, Chief Actuarial & Investments

Age: 40

Qualifications: BSc (Hons) (Actuarial Science), Fellow of the Actuarial Society of South Africa

Areas of expertise: Actuarial pricing, reserving, capital modelling and risk management disciplines

Years of service: 4 years

LEADERSHIP REVIEW

MESSAGE FROM THE CHAIRMAN

Mr Dheven Dharmalingam

"International trade financing is the lifeblood of moving goods and services across the globe. The impact of the Coronavirus pandemic on world economies is set to change trade and supply chains rapidly and significantly. Financiers, exporters and policymakers will have to navigate a 'new normal' to keep trading despite demand and supply shocks, while governments may turn to their export credit agencies (ECAs) to fill the financing gaps."

Following a difficult year in 2019, signs of subdued economic recovery in 2020 dissipated swiftly with the rapid onslaught of the Coronavirus pandemic during the final quarter of the 2019/20 financial year. There is no doubt that dealing with the impact of COVID-19 has become and will remain for some time, the overriding issue worldwide. The outcome is uncertain and it would be foolish for anyone to predict what the post-COVID-19 future will look like.

The changing landscape – a new normal

At the time of writing, the stranglehold of COVID-19 forecasts a human tragedy and a deep global recession in the year ahead. The impact on Africa is expected to be serious. For South Africa, the dual impact of a lockdown and sovereign credit rating downgrade will have devastating effects in a country already struggling with financial and social disparities. Turbulent times lie ahead and we will have to adjust to the short-term realities of a new normal before we can start thinking about an after COVID-19 'next normal', when the pandemic will have run its course.

Our ability to weather the pandemic will depend on our agility to embrace innovative thinking, such as financing specifically for COVID-19 relief, optimising a healthy balance sheet with maximum liquidity for the next 12 to 18 months and retaining jobs.

Risks and opportunities

As an export credit agency, our insurance products facilitate international trade and protect those involved in cross-border projects, from financing institutions to foreign buyers and exporters. The nature of our business is long-term and we rely on large infrastructure investments that require us to envision developments beyond a 10-year horizon. Our competitive advantage is a substantial appetite for insuring against political risk and underwriting large projects with flexible terms and conditions.

A recent assessment of our underwritten risk indicated that funders of major projects in our portfolio remain committed to funding risks throughout the COVID-19 cycle. This bears testimony to the proficiency of our underwriting skills and expertise and to a management team that is prudent in taking on insurable risks.

A concern and also a major risk, currently, our inability to determine how long the pandemic-led uncertainties will keep financiers shy of committing again to large infrastructure projects. Concerning too, is that a shortage of trade finance could constrain economic recovery by preventing companies to re-engage in export. Access to global demand could be the springboard to reignite economic activity.

The significant opportunity for the Corporation is our involvement in the mega TOTAL-led liquefied natural gas (LNG) project in Mozambique. The Afreximbank Board approved a USD400 million reinsurance guarantee of our investment, following extensive due diligence. The project will be critical to our success over the next three-to-five years.

The Board also approved the expansion of the Corporation's insurance cover to include Euro-denominated policies. This will contribute to trade facilitation and position the Corporation to support the upcoming implementation of the African Continental Free Trade Agreement (AfCFTA). Considering the Corporation's track record on the continent and ability to price risk, I believe it is well-placed to play a critical role in closing the financing gap. We will continue to seek innovative and flexible product offerings that enable South African exporters to offer attractive financial solutions to international buyers of their products and services.

From an export perspective, it seems that the effect of COVID-19 on supply chains globally will renew the realisation that essential services, such as the manufacturing of face masks, should be kept in-country or near-country rather than outsourced completely. South Africa, too, should investigate its total supply chain network to determine what can be brought back and/or retained in-country.

Governance and ethical business conduct

Failure by public entities to comply with governance principles harm public trust and confidence, while foreign investors use watchdog reports on ethical business conduct to decide on foreign direct investment (FDI) destinations. The King IV Report on Corporate Governance for South Africa also indicates that corporate governance is the exercise of ethical and effective leadership towards the achievement of an ethical culture and sustained good performance.

Recent research into the failure of state-owned enterprises (SOEs) in South Africa clearly highlighted a lack of ethical leadership and ethical organisational culture, which led to government's zero-tolerance stance to corruption.

Our continuing investment in embedding ethical leadership and a culture of ethical business conduct within the Corporation, with support from the Board's Social and Ethics Committee, is one of the reasons for the quality of outputs and performance of the ECIC team. I firmly believe that for the past almost 20 years, the Corporation's boards, management and employees succeeded in building a standalone SOE that can be proud of a balance sheet that can deal robustly with the risks that we underwrite.

Partnerships and stakeholder relations

In pursuit of the Corporation's vision of being a world-class export credit agency that will position South Africa at the cutting edge of the world's dynamic trade landscape, we acknowledge the need to improve our strategic partnerships and further increase stakeholder satisfaction and our contribution to trade facilitation.

Certainly, our involvement in the African Continental Free Trade Agreement and our partnership with Afreximbank enable us to play a more prominent role in assisting exporters to access trade finance and opportunities across the African market. These partnerships will stand us in good stead over the next three-to-five years as we collaborate in joint projects in Africa. The return of essential services supply chains into Africa will open up new business and the opportunity to play a critical role in trade and export finance.

Historically, Africa may not have been a natural choice for a manufacturing plant for critical services but under the new normal, we should identify and pursue new opportunities that result from COVID-19. We must also support Government's growth strategies, such as investing in rail infrastructure into Africa to, *inter alia*, decrease our dependence on the import of diesel.

Appreciation

I want to give special thanks to our employees who stepped up to the plate when lockdown changed the way we do business. Your commitment and tenacity ensured that we could continue serving our clients, which was greatly appreciated.

I thank our shareholder representative, **the dtic**, and our clients and stakeholders for their continued support and encouragement. My appreciation also extends to the ECIC executive team for their skilful leadership and agile response to COVID-19 and to my fellow board members for their wisdom and guidance through difficult and challenging times.

A future view

The social and economic effects of COVID-19 seem set to deteriorate before they improve. Undoubtedly, economies worldwide will grapple with the pressure to deal effectively with the fallout. The dual impact of lockdown and ratings downgrades has brought our country to a turning point. Wilful leadership and unified efforts across all financial, social and political sectors are needed to resolve issues effectively for South Africa to regain its standing as an attractive investor destination.

I am heartened, as never before, by the Corporation's ability to navigate turbulent times. With a footprint of almost two decades in Africa, we remain well-positioned to increase our impact on the African continent. I am also confident that our determination to fulfil our mandate of creating value for our clients, employees, shareholder and society as a whole, is stronger than ever.

Mr Dheven Dharmalingam
Chairman
23 September 2020

Directors visit to Delberg Engineering (ECIC ESD Beneficiary)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OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr Kutoane Kutoane

Whether the Coronavirus (COVID-19) is truly a Black Swan event – hard-to-predict and vastly outside the normal realm of our expectation and range of expertise – the human tragedy is irrefutable. While the extent is still unknown, the severity of economic contraction worldwide, and especially in Africa, is already evident.

Little did we suspect that the uncertainties of lagging economic growth globally and turbulent geopolitical events during 2019/20 would be a precursor to the far greater disruptive uncertainties that confront us in the year ahead. The abrupt onslaught of the COVID-19 pandemic during the final quarter of the 2019/20 financial year scuppered optimistic forecasts of improved growth in emerging markets or even slight medium- to long-term recoveries in developing economies.

At the time of writing, it is already evident that the pandemic's ubiquitous toll on human life and mass disruption of manufacturing, production and supply chains worldwide are exacerbating the turbulence of existing trade, economic and political uncertainties.

Geopolitically, the withdrawal of the United States (US) from the Iran nuclear agreement – signed by the UN Security Council (China, France, Russia, United Kingdom, United States) and Germany – raised fears of a military clash in the Persian Gulf. This fuelled negative sentiments towards any related trade and collaboration that would escalate tensions.

Economically, hostilities between the world’s two major economies – the so-called US-China trade and technology wars – increased protectionist tendencies and a fallout risk from already-stressed supply chains, which further reduced international cooperation. The impact of this turbulence on countries that trade with China, especially those in Africa, has been devasting. China is a major importer of African raw materials and despite the gradual reopening of global economies that will slowly increase trade with Africa, growth in the short-term (one-to-two years), may fall short of expectation. The ongoing conflict between the US and China can only deepen the business, economic and cultural divides and complicate any potential for recovery in a world confronted by a virus that seems set to ravage economies across the globe.

Highlights and significant developments

During the past year, the rising public debt levels in countries where the Corporation provides insurance cover was evident. Sluggish economies left many countries with a huge debt burden and concomitant inability to secure export credit agency (ECA)-secured loans for major projects, such as infrastructure development. South Africa is an example of a country with a significantly deteriorating fiscal position.

As many countries were trying to resuscitate their economies and diversify from producing and exporting raw materials to creating a broader manufacturing base, the world fell victim to the indiscriminate and insidious stranglehold of the COVID-19 pathogen, arguably the greatest health crisis of our lifetime.

Similar to our partners, peers and competitors, we had to protect our balance sheet and positioning as an export credit agency. Our portfolio relies on the ability of South African exporters and/or African buyers to repay debt to banks or financial institutions. The economic fallout from COVID-19 highlighted the possibility of defaults that could trigger claims against our insurance cover. Fortunately, the medium- to long-term nature of our projects provides built-in resilience against short-term shocks the option to restructure arrangements, waive loan conditions or prolong repayment periods.

The recourse to these options and long-term nature of our projects, which kept investors interested in our portfolio despite turbulent times, certainly contributed to our ability to brave the Coronavirus storm with greater resilience than many other companies. There is no ground for complacency, however, as the pandemic will undoubtedly impact on or delay important economic growth initiatives, such as operationalising the African Continental Free Trade Agreement (AfCFTA).

We are excited about the potential of an AfCFTA platform to provide African countries with free trade access to markets across the continent. SMMEs in South Africa, especially, will benefit. Despite the loss of some momentum in launching AfCFTA, I am confident that the countries involved are ready to proceed and also keen to define the Corporation’s role in AfCFTA. Our 20-year footprint in Africa has honed our understanding of the trading dynamics, risks and challenges on the continent. I believe that we are best-placed to assist South African companies to enter African markets and expand their businesses across the continent.

We continually assess key challenges to our portfolio as sustaining the ECIC balance sheet is critical to the national export strategy. Our aim is two-fold: to position the Corporation prominently in areas ill-suited to private sector credit insurance and establishing the South African Export-Import Bank (SA EXIM Bank) as a direct lender, in line with the trend among ECAs globally after the 2008/09 financial crisis.

I am confident of the need locally for such a trade finance banking environment. Discussions with government and key private sector stakeholders are ongoing. Given the current need for government to deal with national priorities such as fiscal challenges and the immediacy of COVID-19, we are working with **the dtic**, IDC, PIC and DBSA to explore the establishment of the SA EXIM Bank and address the SA Inc approach of capitalising the venture without burdening the country's fiscal position or the national budget.

Challenges

Most funders and investors anticipated the sovereign downgrade of South Africa to below investment grade in March 2020. This will affect our underwriting business and investment portfolio and impact negatively on the attractiveness of our insurance paper for commercial banks. The banks will have to hold additional capital for existing ECIC-related exposures and new transactions will attract a higher risk margin. We will work closely at reinsurers with investment grade credit ratings to improve the blended pricing of the export credit facilities and find a competitive funding solution for South African exporters who are bidding for international contracts.

While the IMU grant tax treatment has been addressed, we are still resolving our taxation challenge with National Treasury and the South African Revenue Service. Since our premiums and projects insurance cover are in US dollars while we report in Rand-terms, our taxation depends on the vicissitudes of the exchange rate.

We translate the annual financial statements into Rand and with the continually depreciating Rand, we are taxed at levels of income far higher than our actual US dollar income. This means that our financial statements are sometimes over- or understated for tax purposes, depending on how the Rand performed against the US dollar. This is a key challenge that we aim to resolve in the near future as we seek to expand our underwriting capacity.

Stakeholder engagement

Our engagement continued with government stakeholders, National Treasury and **the dtic** on the Corporation's strategic positioning and operational issues. During the reporting period, we also engaged regularly with our customer base, especially the exporter groups and other organisations that promote their membership in the business environment. We also introduced our offerings successfully to SMMEs and are exploring ways to engage stakeholders across digital platforms. This includes engagement through trade and business events, such as the 2020 TXF conference in which we participated on a virtual platform very effectively.

We remain strongly committed to serving the interests and needs of our customers, shareholders, employees and stakeholders who are critical to the long-term growth and sustainability of the Corporation.

Financial performance

Table 4: PREMIUMS, CLAIMS AND UNDERWRITING PROFIT SUMMARY 2015/16 to 2019/20 (R'000)

	2019/20	% Movement 2019/20	2018/19	2017/18	2016/17	2015/16
Insurance premium revenue	213,930	39	154,278	886,948	144,262	411,894
Net insurance premium revenue	523,290	-10	580,843	525,036	475,955	621,103
Claims paid	(373,787)	81	(206,469)	(19,968)	-	-
Underwriting profit	453,596	-27	623,402	388,496	584,199	615,603
Investment income	122,549	-62	320,224	259,570	135,374	254,300

ASSET GROWTH 2015/16 to 2019/20 (R'000)

	2019/20	% Movement 2019/19	2018/19	2017/18	2016/17	2015/16
Financial assets at fair value	8,271,983	11	7,461,180	6,715,775	6,685,902	7,072,663
Total assets	10,784,073	13	9,734,607	8,651,787	8,560,482	9,432,312
Total equity	6,049,617	21	5,013,602	4,030,045	3,569,876	5,247,856

Reinsurance and new projects

We look forward to building our reinsurance expertise. We are concluding a template private reinsurance market transaction for an existing project in Ghana as a foundation for increased use of this market in future. All emerging risk indicators currently point towards reinsurance as the way forward for the Corporation. The intention is to transfer risks away from the state to the reinsurance market, which is well-placed to handle such risks, while enabling us to release capacity for emerging priority projects on the continent.

We believe that reinsurance will become a way of life and assist us to increase capacity without affecting the South African content requirements in the projects we handle. Since we front the projects, by selling down certain sums insured to the reinsurance market, we can meet the content requirements with our risk management and capacity enhancement strategies.

We are excited about our involvement in the TOTAL-led Mozambique liquefied natural gas (LNG) project. The Corporation played a central role in facilitating two projects in Mozambique, sponsored by ExxonMobil and Total. The projects will provide South African companies with opportunities to bid for work streams to deliver gas, while they have the potential to help transform Mozambique from a less-developed to a middle-income country. The projects are massive and our involvement in both will require more than a billion-dollar commitment. While we have the appetite to handle both, we are taking a cautious approach of handling one initially and reviewing the other at a later stage. The Board approved our involvement in the Mozambique LNG project.

Given the long-term nature of our projects, we reviewed the outlook of our portfolio and I am satisfied that it is sufficiently resilient to meet the challenges ahead. Going forward, we will continue to restructure projects that show signs of distress.

Our involvement with Afreximbank continued on a sound footing in a number of projects, including their reinsurance role in the Mozambique LNG project. We are exploring several joint transactions across the continent and look forward to a continuation of the relationship.

Acknowledgements

I would like to thank the ECIC Board members for their guidance and wise counsel and our shareholder, **the dtic**, for the continued support towards our projects and initiatives. A special and heartfelt word of appreciation to our employees and management teams who unhesitatingly adapted to a digital environment to continue delivering our full range of services despite the unprecedented challenges wrought by COVID-19. To our clients, we remain grateful for your continued support and confidence in our abilities to take care of your projects. Thank you for flying the ECIC flag.

Way forward

I am satisfied that we have shown resilience and remain agile in dealing with the impact of COVID-19. Our teams are working hard to prepare repositioning scenarios to ensure that the Corporation does not experience undue harm should the pandemic be prolonged.

We are also keen to take on a more prominent role in assisting the country to recover from the negative impact of the pandemic. Certainly, the Corporation is a key instrument for use by government to help South African businesses achieve success on the continent.

We also want to be more relevant in intervening in projects, such as covering foreign banks that support South African exports. This will position South Africa as integral to actualising the benefits of the AfCFTA for the country.

The forthcoming period will be challenging for the ECIC, the country and the world as we confront the impact of COVID-19. We are committed to meeting the challenges head-on, remaining sustainable and contributing to national and international efforts to reignite economic growth and restore the health and well-being of the world's population.

Mr Kutoane Kutoane
Chief Executive Officer
23 September 2020

Memorandum of Understanding (MoU) signing with Etihad Credit Insurance

EXTERNAL ENVIRONMENT

The Corporation remains a key risk mitigator for the African continent because we have a risk appetite for the region. Mobilising capital on a global scale requires people with a similar risk appetite. We can provide political and commercial risk assurance that meets the needs of investors. That's where we fit in.

There is no doubt that as a country that is indisputably part of today's global village, we faced a year of significant challenges. Even before the COVID-19 pandemic, the global economy was in distress. Worldwide, the 2019/20 financial year was marked by a tough environment for financial markets, with a high volatility in market prices. Locally, South Africa's anticipated sovereign credit downgrade to below investment level in March 2020 set further challenges for the Corporation.

Competitive landscape

Our credit rating is linked directly to that of government. The majority of our transactions are funded by commercial banks subject to the Basel III regulation that determines the level of capital that banks should hold for debt exposures. Those that we deal with now must hold more capital against our paper, while lending and insurance will become expensive and we will have to find innovative ways to facilitate export credit finance cost-effectively to remain competitive. As an export credit agency (ECA) we compete with other ECAs that on the back of their stronger credit rating may enter the African market with lower-priced offerings. Diversifying our sources of finance and financiers to mitigate harm to our funding pool will be taken up actively going forward.

We will also continue to work closely with private market reinsurers with high credit ratings that can provide banks with guarantees for large projects, such as our reinsurer partners in London and the Afreximbank in Egypt for the Mozambique LNG project.

Activities and markets

The Corporation's strategic focus on the African continent and other emerging markets remains robust. Our project pipeline includes sectors such as infrastructure, mining, road construction, telecommunications, equipment supply, electricity and waste management. It also includes a USD800 million export credit facility for the Total-led Mozambique LNG project, for which Afreximbank has approved a guarantee facility to ECIC of up to USD400 million. Our risk appetite for the continent attract investors who need additional project funding despite the relatively expensive financing in South Africa. Mobilising capital on a global scale by attracting those with a risk appetite for transactions in Africa, is a niche market for the Corporation. Our ability to provide political and commercial risk bodes well for our continued relevance despite current challenges.

We will closely monitor the impact of the COVID-19 pandemic on our pipeline, especially where a delayed effect may increase the risk profile of projects we support. The impact on several countries in Africa and other emerging markets will become increasingly negative over time as governments incur additional public debt to finance their response to COVID-19. The onus on the Corporation is to select acceptable counterparties to mitigate the probable fallout from deteriorating country credit profiles and consider supporting income generating projects.

Economic and political analysis

The shock of COVID-19 on South Africa's lagging economy will make the road to economic recovery more difficult. An imperative during the next five years will be to support government's efforts to resolve the fiscal, political and socio-economic issues that currently impede a strong recovery. Such support will be a priority going forward.

Judicious project selection and effective due diligence have always been key success factors for the Corporation. Certainly, continuously revising our risk appetite and preserving our balance sheet remain paramount. This enhances our counter-cyclical role to help resuscitate the South Africa economy. This ability is bolstered by trade links with the rest of the continent. Using our political and commercial instrument effectively to crowd in our banks to finance transactions will further stimulate economic growth locally and across the continent. The Corporation's partnership with Afreximbank will also contribute to driving intra-Africa trade initiatives through the AfCFTA.

Market positioning

While some issues need resolution during the forthcoming period, there are opportunities to explore and risks to mitigate. We will continue to ride the wave of revenue fluctuations due to the medium- to long-term nature of our projects. A resolution about our authorisation to support international banks will provide South African exporters with more cost-effective financing from overseas. It will also allow us to support the short-term insurance market, affected severely by COVID-19, since we could enhance the capacity of existing short-term insurers, especially in intra-Africa trade opportunities. This resonates with our role to complement and not compete with the private sector insurance market in Africa.

We are committed to managing our capital prudently to retain our credit standing and the trust of our key stakeholders in our ability to remain financially sustainable and not become a burden on the fiscus, especially in light of the enormous pressure on National Treasury currently to divert resources in dealing with the fallout from COVID-19.

The Corporation has always set out to add value. Our financial performance attests to continued profitability based on our underwriting results. We manage risk through responsible project appraisal, portfolio management and recoveries from claims to generate underwriting profits. We also contribute to government's ability to fund national priority projects, such as job creation to reduce poverty, by honouring our tax liability to the fiscus.

Certainly, the next three-to-five years will be challenging but we are ready to reposition the company to meet these challenges and more importantly, pursue the opportunities to support exports from South Africa and cross-border investments.

Gigawatt Power Station in Mozambique

BUSINESS MODEL

THE CAPITALS EMPLOYED

The Corporation pursues its mandate through a set of strategic objectives aligned with national priorities. These are reflected in the African integration and industrial development focal area of the Industrial Policy Action Plan (IPAP) and aligned with encouraging private sector investment as indicated in Government's Nine-Point Plan, as well as the National Development Plan (NDP), specifically the 2019-2024 Medium-Term Strategic Framework (MTSF).

The crux of achieving our objectives lies in value-creation.

The capitals employed to create value are defined as:

Financial capital

Financial capital is created through insurance premiums and investment income. The Corporation maintains sufficient capital to meet regulatory and financial capital requirements to support its sum insured, with trade-offs in utilising available capital to fulfil its mandate through employing the capitals indicated herewith.

Human capital

The Corporation's approach to selecting, managing and developing people aims to meet current and future human capital needs and requires high-performing and innovative employees who use their knowledge, skills, diversity and experience to fulfil its mandate. In return, employees benefit from a productive and ethical work environment that promotes engagement, wellness and diversity and rewards excellence.

Intellectual capital

The Corporation's intellectual capital vests in intangibles such as brand value, reputation, software, rights and licences, systems, policies and protocols, as well as tacit knowledge that includes significant expertise in underwriting, undertaking due diligence research and analysing the reports to inform investment decisions and an understanding and appetite for managing political risk in Africa that is unmatched in the private sector.

Social and relationship capital

Leveraging relationship capital is imperative to accessing new markets and increasing business reach, as well as responding to the legitimate and reasonable needs, interests and expectations of stakeholders in the best interest of the Corporation over time. A stakeholder-centric approach gives parity to all sources of value creation, including internal stakeholders who are always material to business, while this may or may not hold true for external stakeholders. The Corporation is B-BBEE Level 1 compliant and implements a range of social impact initiatives annually through its corporate social investment (CSI) programme.

Manufactured capital

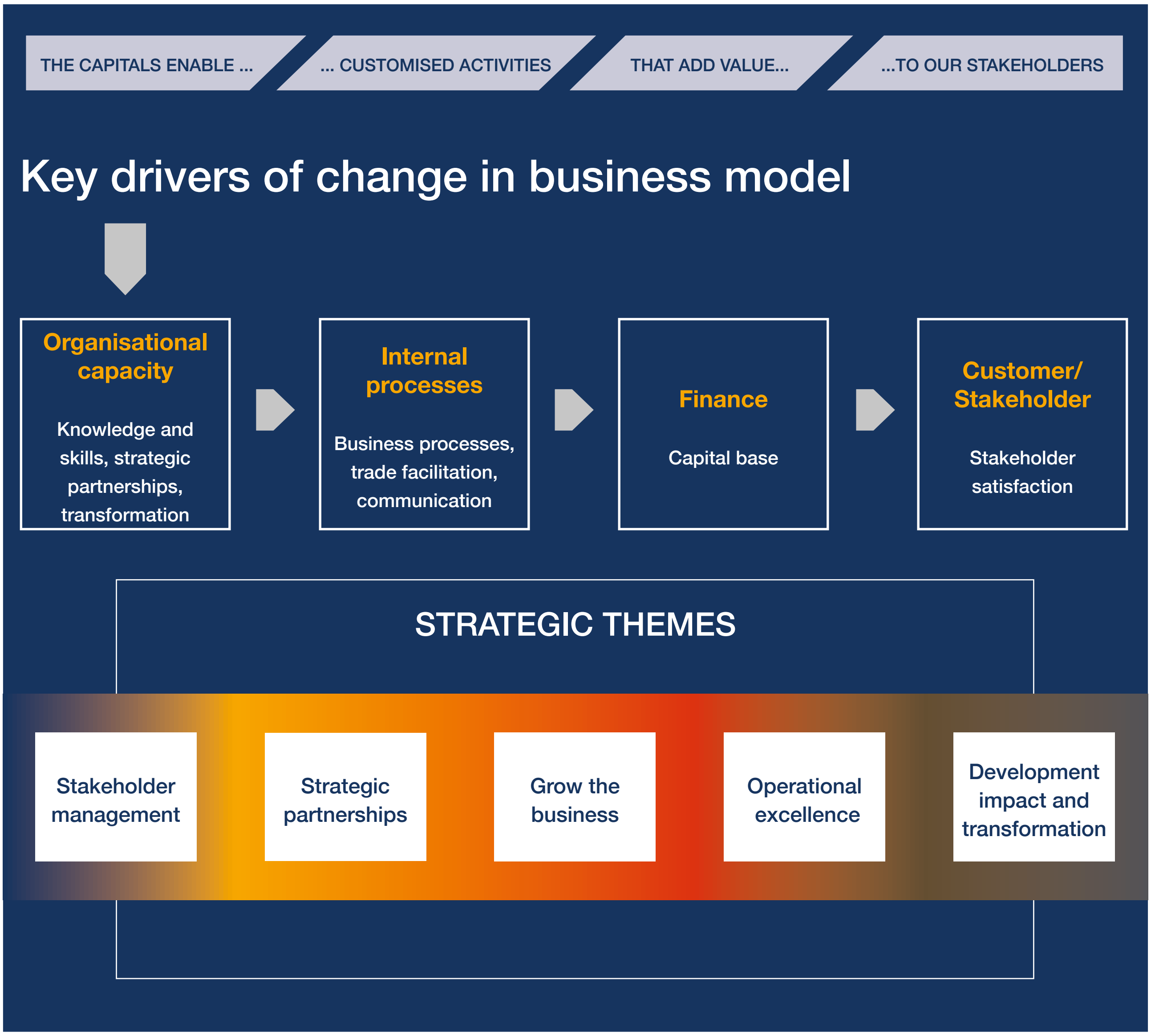
The Corporation's business structure and operational processes require the use of office equipment, office furniture and computer equipment, as well as the rental of office building.

Natural capital

The Corporation impacts the natural environment directly in our operations through, *inter alia*, the use of water and energy and emphasising energy-efficiency in our business environment and indirectly through financing projects that impact on natural resources.

OUR VALUE-CREATING BUSINESS MODEL

The Corporation's business model is framed within the context of its legislated, strategic and operating environment and the relationship between the inputs, outputs and outcomes of our business activities.



Gigawatt Power Station in Mozambique

	INPUTS	Business activities	Trade-offs	Outputs	Risks	Stakeholders affected	Strategic objective	Key Performance Indicator	Outcomes
Financial capital	• Underwriting profit R454m (2019: R623m) • Investment income R123m (2019: R320m)	• Capital management • Collect premiums • Pay claims and suppliers • Effective financial management • Preferential procurement • Business development	Use of Financial Capital retained for growth to create value in the other capitals for the below operational expenditure:	• Cash flow from operations • Pay taxes • Return on investments • Return on equity • Compliant with solvency and capital requirements ito Insurance Act • Equity R6bn (2019:R5bn) • Financial assets at fair value R8bn (2019: R7bn)	• Uncertain macro-economic outlook • Regulatory/ legislative changes • Recession in the US • SA credit downgrade • Competition	• Customers • Suppliers • SA Revenue Services • Employees • Regulatory bodies • Shareholder	• Increase capital base • Contribute to trade facilitation	• Increase in equity 10% (2019: 24%) • Transaction values approved USD27 million (2019: USD573m)	• Self-funded • Financially stable • Helps to grow, develop & transform local exporters • Increased shareholder value • Total sum insured R34bn (2019: R30bn)
Human capital	• Competent & competitive workforce • Attractive employee value proposition • Equal opportunity employment • Fair workplace practices • Effective recruitment, retention & recognition • Clear targets • Safe working environment • Employee costs R96 million (2019: R97 million • Training R3,5m (2019: R3m)	• Training and development • Balanced scorecard managed individual performance • Rewards & recognition • Recruitment process • Manage employment equity • Graduate programme • Employee wellness programme • Bursary programme	• Recruitment • Training • Remuneration • Employee engagement	• Most vacancies filled within specified timelines • Improved knowledge and skills • Lower attrition rate • Engaged workforce • Staff complement of 83 (2019: 84)	• Insufficient capacity • Insufficiently skilled capacity	• Employees • Industry bodies	• Improve knowledge & skills • Improve stakeholder satisfaction	• Implementation of training plan 90% (2019: 94%)	• Met strategic business objectives • Quality-rich & performance-driven organisational culture • Talent acquisition • Employment equity • Retention of diverse talent • Transformation & capacity building • Work-engaged employees • Positive impact on skills shortage & job creation
Social and relationship capital	• Ongoing • stakeholder management • Partnering & supporting industry & regulatory bodies • Communication & marketing • Brand & reputation • Corporate Social Investment of R40m (2019: R13m)	• Participation in knowledge sharing initiatives • Brand awareness survey • Initiatives to improve brand visibility • Customer satisfaction survey • Business development • Marketing and communication • Stakeholder engagements • SED initiatives • Enterprise and supplier development	• Stakeholder satisfaction • Transformation • Fulfilling mandate • Compliance	• Increased brand awareness • Contribution to education and training • Contribution to transformation • Improved knowledge of ECIC products and African markets • Claims paid R374m (2019: R206m)	• Competition • Damage to reputation/ brand • Negative social impacts that are linked to insured projects	• Customers • Industry bodies • Regulatory bodies • Media • Shareholder • Our customers' employees • Businesses and communities related to our investment projects	• Advance transformation • Build & leverage strategic partnerships • Improve communication • Improve stakeholder satisfaction	• B-BBEE Level 1 (2019: Level 2) • Implement Strategic Partnership Plan: 80% (2019: 9 knowledge- sharing initiatives) • Implement Stakeholder Engagement Plan: 89% (2019: Brand & Customer Survey conducted) • Implement Customer Engagement Plan: 80% (2019: Brand & Customer Survey conducted)	• Protection from reputational damage • Brand & social relevance elevated • Improved customer satisfaction & increased revenue • Positive impact on skills shortage & job creation • Relationship with key stakeholders improved • Long-term sustainability • Evolving business model to meet stakeholder needs

	INPUTS	Business activities	Trade-offs	Outputs	Risks	Stakeholders affected	Strategic objective	Key Performance Indicator	Outcomes
Intellectual capital	• Tacit product knowledge and experience • Political and economic analysis & research • Product development • Product & services offering • Brand value & reputation • Software & systems • Policies & protocols • Rights & licences • Underwriting experience	• Employees & knowledge retention • Research new products & additional distribution channels • Fraud prevention & whistle-blowing • Risk management	• Knowledge • Brand value • Customer satisfaction • Innovation • Processes & systems	• Adherence to King IV principles • Satisfactory legal compliance • Improved knowledge of ECIC products and African markets • Cost of intangible assets as per email • Research reports on trade and investment opportunities	• Business recovery • ICT risk • Regulatory/ legislative changes	• Customers • Employees • Industry bodies • Media	• Improve business processes & systems • Contribute to trade facilitation	• Implement Marketing & Communication Plan: 4 campaigns (2019: 2 campaigns) • Implementation of Business Process Improvement Plan 70% (2019: 70%) • Research Reports done 3 (2019: 3)	• Improved customer satisfaction & increased revenue • Financial stability • Loyal employees
Manufactured capital	• Business structure & operational processes • Furniture and fittings • Motor vehicles • Office equipment • Computer equipment • Rental of office building	N/A	• Office furniture & equipment	• Carrying value of Property, Plant and Equipment R15m (2019: R6m)	• Business recovery • ICT risk • Regulatory/ legislative changes	• Customers • Employees	N/A	N/A	• Working environment conducive to delivering mandate in Industry 4.0
Natural capital	• Cost of printing • Use of water & electricity • Financing projects that impact natural resources	N/A	• Use of the environment	N/A	• Business recovery • ICT risk • Regulatory/ legislative changes • Regulatory compliance and environmental impacts around insured projects	• Customers • Employees • Environmental impacts for communities that are linked to insured projects	N/A	N/A	• Working environment conducive to delivering on mandate in Industry 4.0 • Paperless environment

Value is created through our business model, which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create value ad mitigate impacts for the Corporation, our stakeholders, society and the environment.

Value-added Statement

		AFS Note	2020	%	2019	%	2018	%
			R'000		R'000		R'000	
Wealth created								
Net income	a		879,696		1,085,004		973,908	
Profit on exchange differences	a		-		-		360,795	
Claims incurred		14	76,875		189,433		5,828	
Interest Make-Up Scheme (IMU)	b		34,704		-		-	
Deferred tax	c	25	20,278		-		42,992	
Paid to suppliers			(68,485)		(67,851)		(73,217)	
			943,068		**1,206,586**		**1,310,306**	
Distribution of wealth								
Employee costs		22	96,320	10.2	97,363	8.1	87,672	6.7
Interest Make-Up Scheme (IMU)	b		-	0	101,527	8.4	38,904	3.0
Loss on exchange differences	a		347,899	36.9	582,513	48.3	-	0.0
Government								
Taxes		25	440,089	46.7	358,658	29.7	202,781	15.5
Socio-Economic Development (SED)			39,653	4.2	13,355	1.1	16,137	1.2
Retained for growth			19,107	2.0	53,170	4.4	964,812	73.6
Depreciation and amortisation		22	4,762		2,792		2,659	
Deferred tax		25			34,393			
Profit for the year			14,345		15,985		962,153	
			943,068	100	**1,206,586**	100	**1,310,306**	100.0

a Profit/Loss on exchange differences has been separated from net income. This is a change from prior years. Loss on exchange difference has been moved to distribution of wealth.

b Net income earned / cost incurred on the IMU Scheme. This does not include the capital payments made on the IMU liability.

c Deferred tax assets has been separated from retained for growth and included under wealth created. This is a change from prior years.

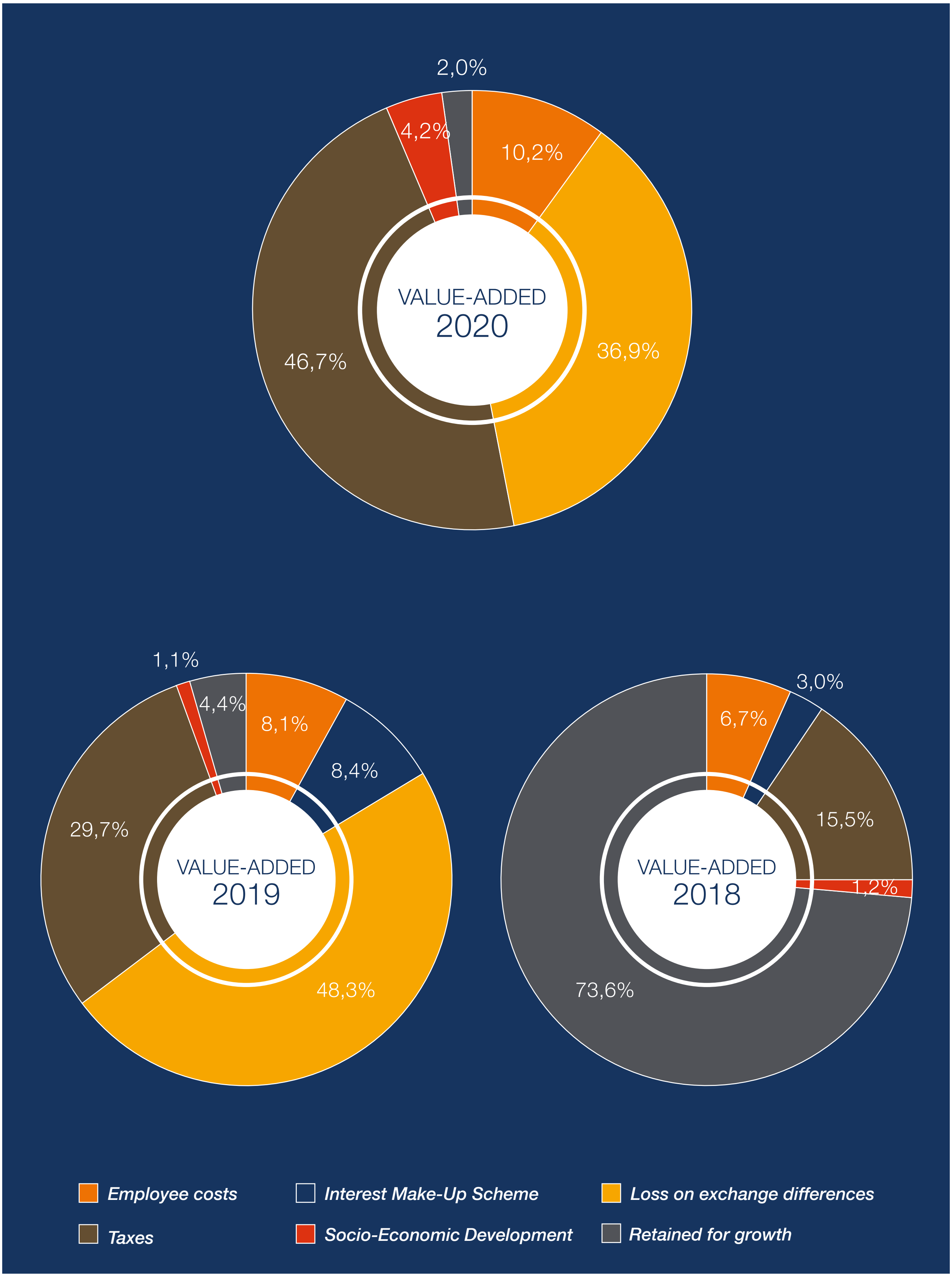


Figure 3: Distribution of wealth.

GOVERNANCE

The Board is responsible for the governance and compliance framework of the Corporation.

Compliance with laws, rules, codes and standards

The Corporation operates in a highly regulatory environment. The Board ensures that it complies with applicable laws and adheres to non-binding rules, codes and standards. A dedicated compliance function uses a risk-based approach to identify and analyse the impact of applicable legislation, regulatory requirements and amendments on the business and facilitate compliance monitoring and control. The function collaborates with other risk assurance providers and internal functions, including Operations.

Management committees escalate material regulatory issues to the Board and corrective action is taken to address identified non-compliance.

Legal and regulatory universe

The Corporation is listed as a Schedule 3B public entity in terms of the Public Finance Management Act (PFMA), 1 of 1999, as amended. The company was reconstituted in terms of the Export Credit and Foreign Investment Insurance Act, 78 of 1957, as amended and incorporated in terms of the Companies Act, 71 of 2008, as amended. South Africa's legislative framework for corporate entities also applies to the Corporation, although the PFMA supersedes all other legislation apart from the Constitution.

The company is also registered as a financial services provider and complies with applicable insurance regulations, such as the Short-Term Insurance Act, 53 of 1998, as amended by the Financial Services Laws General Amendment Act, 45 of 2013, as well as the Financial Advisory and Intermediary Services Act, 37 of 2002 and Insurance Act, 18 of 2017. An Export Credit Insurance Agreement and annually renewed Shareholder's Compact with the Minister of Trade, Industry and Competition, governs the Corporation's business conduct, as required by the PFMA. The Corporation subscribes to the King Report on Corporate Governance, 2016 (King IV™).

Public Finance Management Act (PFMA)

Compliance with the PFMA drives the transparency, accountability and sound management of revenue, expenditure, assets and liabilities in public entities. The ECIC Board, as the Accounting Authority, takes effective and appropriate steps to prevent irregular, fruitless and wasteful expenditure. The Corporation's Materiality and Significance Framework is reviewed annually.

Alignment with King IV™

The Board adopted the principles of openness, integrity and accountability as espoused in the King Code on Corporate Governance (King IV™). The extent of our compliance with these governance principles and recommendations during the past year is available online.

https://www.ecic.co.za/About-Us/Management-Governance.

Board of Directors and its composition

The Corporation is governed by a unitary Board of Directors who, collectively, have the required experience and business acumen to guide the company's strategy and governance. The Board consists of nine directors, including six independent non-executive directors, two non-independent non-executive directors (government representatives) and the CEO as an executive director. All directors have a fiduciary duty to exercise due care and skill in carrying out their responsibilities. The Board is accountable to the shareholder for the Corporation's activities and performance.

Board Charter

The Board Charter is reviewed annually and sets out the responsibilities of the Board, its directors and ECIC management. The charter ensures that the Board exercises full control over significant matters, including the Corporation's vision, mission and values, strategic objectives, strategic plans, annual budget and performance monitoring against set objectives, as well as its design, integrated report and annual financial statements.

Chairperson and Chief Executive Officer

The roles of the Chairperson and Chief Executive Officer (CEO) are separated. The Chairperson is an independent non-executive director who ensures that the Board functions efficiently and operates as a unit. The responsibility for managing the Corporation's business is delegated to the CEO, as the executive director accountable to the Board.

Delegation of authority

The Board confers authority on management through the CEO in terms of approved authority levels. A delegation of authority document, updated as required, regulates the delegation of authority to Board committees and management.

Independence of directors

The Board Charter supports independence and objective decision-making with no director holding unfettered decision-making powers. Director "independence" is aligned with King IV™, while non-executive directors who represent government departments are not considered as independent. None of the directors have contractual or family relationships with the company, nor do they participate in company incentive schemes or charities that benefit from donations by the Corporation. This ensures fair, unbiased and unfettered judgements about matters that affect the company.

Company Secretary and Secretariat

The Company Secretary guides board directors to discharge their legal oversight and regulatory responsibilities in the best interests of the Corporation. Duties include providing directors with timely and unrestricted access to information, director training, induction, performance evaluation, meeting agendas and minutes.

Appointment policy

Board vacancies are publicly advertised, and candidates are subject to security clearance. Director recruitment is in accordance with **the dtic**'s Policy Framework and the Procedures on Oversight and Governance of Public Entities and Statutory Institutions. The policy provides a generic set of principles, procedures and processes that promote good corporate governance and strengthen **the dtic**'s oversight responsibilities over its group of entities. The shareholder appoints the directors (and CEO) to, typically, serve for a prescribed term. At the end of the term an outgoing director may be reappointed at the shareholder's discretion for another term of office.

Board meetings

The Board develops an annual work plan that covers its mandate and sets meeting dates and agendas. Meetings are scheduled a year in advance and special meetings are convened as required. Directors who cannot attend meetings can participate through telephone conference calls. Executive Management Committee members attend meetings to report on relevant matters. The Board met nine times during the year on 30 April 2019, 29 May 2019, 19 June 2019, 30 July 2019, 5 August 2019, 31 October 2019, 20 January 2020, 30 January 2020 and 19 March 2020.

Board documentation is available digitally through a Board portal. This increased communication, decision-making and boardroom efficiency, reduced paper consumption and resulted in significant bottom-line savings.

Table 5: Board members, committees and meeting attendance from 1 April 2019 to 31 March 2020

Board Members (Directors)	Board and Board Committee Meetings and Attendance					
	Board (9)	Audit (5)	Risk (4)	Finance, Investment and Insurance (6)	HR & Remuneration (3)	Social & Ethics (2)
Non-Executive Directors						
D Dharmalingam (Chair)	8	-	2#	-	3	2
V Matsiliza	8	5		6	2 (C)	-
S O'Mahony	5	3	3 (C)	-	1	-
S Mayekiso	8	5		6 (C)	3	-
L Mothae	6	4 (C)		6	3	2
D Subbiah	6	-	4	-	-	2 (C)
L Radikeledi*	8	-	4	6	-	-
Shareholder representative: L Mataboge** S Botes***	7	-	-	5	-	-
Executive director						
K Kutoane	6	3	-	-	-	2

Member since 25 October 2019
(C) *Chairperson of Board Committee*
* *National Treasury representative*
** *Shareholder* ***(the dtic)*** *representative*
*** *Alternate to shareholder representative*

Director induction, orientation and ongoing education

All new Board members attend a comprehensive orientation, induction and training programme regarding their duties and responsibilities. Existing Board members are encouraged to participate in the induction programme. The programme is structured to improve directors' understanding of the Corporation's legislative framework, governance processes, delegation of authority and business operations.

Board members attend regular internal and external briefing sessions to broaden their understanding of the Corporation's operations. Board committees are kept informed about new legislation and regulations, as well as local and international industry developments, technology issues, risk management and corporate governance best practices. Director mentoring or coaching is available, when required.

Independent advice

The Board recognises the need for directors to take independent professional advice at the expense of the Corporation and according to an agreed procedure. No individual director exercised this right during the period under review.

Board and director evaluations

An annual evaluation process assesses the effectiveness of the Board and Board committees and identifies major operational weaknesses and/or the relative skills mix and other considerations for effectiveness. The Board submits its evaluation and progress report annually to **the dtic**. The 2019/20 Board and committee performance was evaluated through questionnaires compiled by the internal auditor and edited by the Company Secretary. All ten directors, including the alternate director, completed the questionnaire.

While the size, diversity and composition of the Board, director and development-orientation, delegation to Board committees and selection of committee members were satisfactory, the feedback highlighted the need for:

- Information and Communication (ICT) governance experience at Board level
- an improved information flow between management and Board
- improve quality of Board meeting packs and meetings
- improved skills of the management team
- focus on strategic Board oversight rather than operational involvement
- managed expectations of directors and management
- integration of committees with overlapping mandates.

The overall performances of the Chairman, Company Secretary, Board and committees were viewed as satisfactory.

The CEO's performance is reviewed annually by the Board and Executive team with feedback by the Chairman.

The Board, led by the Chairman, remains committed to the evaluation process as a valued feedback mechanism. The Board proposed that the next evaluation includes face-to-face interviews to address identified shortcomings in the methodology used for the last two evaluations.

Information Technology governance

The Audit Committee and Risk Committee monitors ICT governance by:

- considering the efficacy of ICT controls, policies and processes and their risk to financial reporting and the effectiveness of financial controls
- monitoring initiatives to manage ICT risks appropriately to mitigate threats to operational continuity.

Values and ethics

The Corporation's values support its Code of Ethics and Business Conduct. Directors and employees are required to declare potential conflicts of interest between organisational obligations and personal interests. Should these arise, members are required to recuse themselves from meetings where such matters are discussed.

Board Committees

In terms of the Memorandum of Incorporation and/or the Companies Act, 71 of 2008, the Board has established committees and delegated responsibilities efficiently and effectively. The committees are governed by Board-approved Terms of Reference (ToR) that define the composition, role, responsibilities and delegated authority of each committee. The respective ToRs are aligned with regulatory requirements and governance best practice. Board Committee ToRs are reviewed annually, as recommended by King IV™.

Board committees are the Audit, Risk, Social and Ethics, Finance, Investment and Insurance and Human Resources and Remuneration Committees. The Board remains ultimately accountable for the proper fulfilment of committee functions, except for the statutory functions of the Audit Committee and Social and Ethics Committee. Committee chairpersons report to the Board on their deliberations and recommendations.

Audit Committee

The Audit Committee is constituted as a statutory committee in terms of the Companies Act, 71 of 2008 and also responsible for all other duties assigned to it by the Board. During 2019/20, the committee consisted of three independent, non-executive directors and National Treasury representative appointed by the shareholder at the annual general meeting. The committee met four times during 2019/20 on 26 April 2019, 30 July 2019, 24 October 2019 and 28 January 2020.

The committee operates in terms of a formal charter and Board-approved annual work plan. The external and internal auditors attend committee meeting and can address the committee without the presence of management and have unrestricted access to the committee and chairman.

The Audit Committee did not recommended engaging an external assurance provider on material sustainability issues to the Board as it regards internal assurance as adequate, given the maturity of existing processes.

The committee believes that it complied with its legal and regulatory responsibilities during the year (refer to Audit Committee Report in the Annual Financial Statements).

Assurance statements

The Audit Committee is satisfied that:

- the Corporation complied with all legal, regulatory and other responsibilities
- the Corporation lodged correct and up-to-date quarterly returns as required by the PFMA and Treasury Regulations, with **the dtic**
- accounting policies and financial statements are appropriate and comply with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008
- the internal auditor, Outsourced Risk and Compliance Assessment (Pty) Ltd, was independent
- internal controls and risk management measures, including internal financial controls, are effective, as outlined in the internal auditor's written assessment
- internal financial controls and risk management measures (including internal financial controls) are effective and form a sound basis for reliable financial statements
- the committee executed its duties in terms of the requirements of King IV™. Instances where these requirements have not been applied is provided on pages 54-55
- the external auditor was appointed in line with sections 25(1)(b), (2), (3) and (4) of the Public Audit Act, 25 of 2004
- the external auditor is independent in accordance with King IV™, which considers previous appointments, other work undertaken for the Corporation and possible conflicts of interest as described by the Independent Regulatory Board for Auditors
- the external auditor provided suitable assurance that internal governance processes within the Corporation support and demonstrate its claim to independence.

Risk Committee

The Risk Committee is responsible for the oversight of the effectiveness of the risk, capital management, compliance and ICT management functions, processes and systems. Committee members serve on the Audit, Finance and Investment, Remuneration and Social and Ethics Committees for ease of collaboration on risk issues. The committee met four times during the period under review on 26 April 2019, 25 July 2019, 25 October 2019 and 27 January 2020.

Activities in 2019/20

The committee:

- reviewed the reliability and adequacy of capital requirements and related assumptions
- reviewed and recommended the approval of the Own Risk and Solvency Assessment (ORSA) Report to the Board.
- advised the Board on the overall risk appetite, tolerance and strategy within its existing and future macroeconomic and financial environments
- advised the Board, prior to decision-making, on the risks and implications of proposed strategic transactions on the company's risk appetite and tolerance levels, which included the sourcing of independent external advice, where appropriate
- regularly reviewed and approved Risk Register measures and methodology
- advised the Board on existing risk exposures (Portfolio Report) and future risk strategy
- received and considered all risk matters reported by the Board and/or committees
- reviewed reports of material breaches of risk limits and the adequacy of proposed actions
- ensured that appropriate resources were available to manage risk and that those responsible had access to the necessary information to perform their function effectively
- had oversight responsibility for the Business Continuity and Disaster Recovery Plan
- evaluated the adequacy and effectiveness of the enterprise risk management system
- reviewed risk policies, including the underwriting risk policy and operational risk policy
- monitored the company's ICT framework and strategy.

The committee believes that it discharged its obligations adequately during the year and that all material risks were identified, quantified and, where possible, mitigated.

Finance, Investment and Insurance Committee

The Finance, Investment and Insurance Committee comprised three independent non-executive directors and a **dtic** representative a non-independent, non-executive director. The statutory and investment managers attend meetings by invitation. The committee met six times during the year under review on 24 April 2019, 23 July 2019, 22 October 2019, 27 January 2020, 3 March 2020 and 19 March 2020.

Activities in 2019/20

During 2019/20, the committee addressed, *inter alia*:

- reviewed investment policies
- oversaw the development of the investment strategy;
- oversaw and guided the implementation of the company's asset manager mandates
- monitored the performance of the asset managers and Head of Actuarial Function
- provided information to the Board on the achievements and challenges of the Corporation's fund managers and the economic outlook locally and globally
- monitored investments to ensure optimal returns
- oversaw mandates and the selection and termination of managers
- reviewed and oversaw the utilisation of the annual budget
- assisted the Board to ensure the Corporation's investment portfolio is managed adequately.
- considered projects and claims

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee consists of the chairpersons of the Board and the Audit, Risk, Social and Ethics and Finance, Investment and Insurance Committees. Three meetings were held during the year on 16 April 2019, 17 July 2019 and 16 October 2019.

Areas of responsibility

The Human Resources and Remuneration Committee is responsible for ensuring that remuneration matters are fair and in line with the corporate remuneration philosophy. The committee considers Board and executive succession and determines the Board's induction and continuing development programme.

Activities in 2019/20

During 2019/20, the committee addressed, *inter alia*:

- taking account of business performance and recommending the 2018/19 short-term incentive pay-outs
- reviewing the company's remuneration policies and monitoring their implementation and effectiveness
- developing the year's human resources strategic plan
- reviewing the performance of the CEO and members of the Executive Management Committee, excluding the Chief Risk Officer.

Social and Ethics Committee

The Social and Ethics Committee is constituted as a statutory committee of the Board under section 72(4) of the Companies Act, 71 of 2008 (read with Regulation 43 of the Companies Regulations). The committee met two times during the year on 17 July 2019 and 16 October 2019.

Responsibilities

The committee fulfils its functions and responsibilities in terms of the Companies Regulations 2011 and, from time to time, other Board-assigned functions. These responsibilities are documented in the committee's Terms of Reference and annual work plan.

Activities in 2019/20

The committee received several management reports and considered the following matters within its mandate:

- alignment of the Corporation's business conduct with the applicable UN Global Compact Principles and OECD Recommendations Against Corruption regarding human rights, labour standards, the environment and anti-corruption
- the corporate social investment programme
- progress against employment equity plans
- compliance with industry-specific consumer protection legislation and policies (i.e. FAIS, Short-Term Insurance Act) regarding consumer relationships
- performance against **the dtic**'s generic Broad-based Black Economic Empowerment scorecard to achieve the highest rating possible.

The committee focused specifically on (see indicated pages in this report):

- stakeholder engagement (pages 55-56)
- marketing and communication initiatives (page 69)
- SED and supplier enterprise development initiatives (page 77-78)
- remedial actions for the improved occupational health and safety of employees and visitors.

Ethical conduct overview

The Corporation's fraud prevention and whistle-blowing policies and its Code of Ethics and Business Conduct are in place and governed and managed effectively to combat corruption, manage identified fraudulent activities and ensure ethical conduct. These policies are communicated adequately to staff.

Compliance

Several policies guide the Corporation's business conduct. These include a Code of Ethics and Business Conduct, as well as policies for:

- Fit-and-Proper Behaviour
- Whistle-blowing
- Fraud Prevention
- Sanctionable Practices
- Combating the Financing of Terrorism
- Conflict of Interest.

In addition, all employees are required to declare gifts above a certain threshold, while procedures exist for conduct during supply-chain processes.

The committee is of the view that the Corporation assigned the necessary importance to its environmental, social and ethical governance responsibilities and aligned its initiatives with the Corporation's business strategy.

No substantive legislative or regulatory non-compliance or transgressions of codes of best practice that fall within the committee's mandate were brought to its attention. No non-compliance or non-adherence events were brought to the attention of the committee.

Plans for the future

The committee recognises the dynamic nature of its environmental, social and ethics mandate and will ensure that relevant policies, plans and programmes are in place to promote and sustain social and economic development, good corporate citizenship, environmental responsibility, fair labour practices and good consumer relations. Going forward, the focus will be on ethics management, performance oversight and industry peer-benchmarking.

OTHER GOVERNANCE STRUCTURES

Executive Management Committee

The CEO chairs the Executive Management Committee (EXCO), which includes the Chief Operations Officer (COO), Chief Financial Officer (CFO), General Counsel (GC), Chief Risk Officer (CRO) and Chief Actuarial and Investment Officer. The Company Secretary serves as Exco secretary. The CEO invited the Head: Marketing, Communications & CSR, HR Manager, Head: ICT, Senior Compliance and Ethics Officer and Manager: Office of the CEO onto EXCO. The committee's responsibilities include administration, operations, projects, enterprise risk management, financial management and ICT.

Activities in 2019/20

The Executive Management Committee met at least once a month to ensure effective operational decision-making and management oversight and attend to matters delegated by the Board. These included:

- developing the company's strategy and budget for Board consideration and approval
- ensuring effective day-to-day operations aligned with approved strategies, policies and procedures
- evaluating insurance cover applications, claims and considering amendments, waivers or consent
- monitoring the status, salvage and claims of projects
- monitoring and reviewing employee development such as staff training, personal development and management development
- identifying, mitigating, monitoring and reporting on enterprise-wide risks
- overseeing stakeholder relationships
- overseeing the effective management of ICT resources;
- approving socio-economic development and enterprise supplier development initiatives
- monitoring the progress of projects against corporate performance targets.

Directors visit to Portia-M (ECIC ESD Beneficiary)

Letseng diamond mining complex, Lesotho

WBHO - Government of Eswatini road rehabilitation and upgrade, Eswatini

REMUNERATION REPORT

The Remuneration Report sets out the Human Resources and Remuneration Committee's (HRRC) review of the factors that influenced the Corporation's remuneration strategy and remuneration outcomes for 2019/20 and the remuneration philosophy and policy for the forthcoming year, as well as the implemented the remuneration policy during the past year.

Background Statement

In discharging its responsibilities, the committee focused on the following key areas during 2019/20:

- considered the performance contracts of the CEO and divisional executives to set their remuneration
- considered and recommended the remuneration guidelines for non-executive directors to the Board for shareholder approval at the 2020 Annual General Meeting (AGM)
- considered and recommended the remuneration report for approval
- reviewed and approved the Corporation's succession planning
- approved increases and adjustments for employees below executive level; in line with the shareholder's directive on senior management increases, executives did not receive salary increases during the reporting period
- reviewed and approved the Corporation's Balanced Scorecard for the 2019/20 financial year
- reviewed and approved pay scales
- approved short-term incentives for all employees
- reviewed and monitored the effective implementation of the Corporation's human capital and remuneration policies
- contracted the services of 21st Century Pay Solutions to finalise the design of the long-term incentive scheme.

Changes to the remuneration policy

The HRRC reviewed and made changes to the Performance-Linked Short-Term Incentive Policy, which became effective on 1 April 2020. The changes aligned the policy with the Guide for State-Owned Companies Remuneration and Incentives for Executive Directors, Prescribed Officers and Non-Executive Directors (2018).

Remuneration in context

During the year under review, we achieved a weighted corporate performance score of 3.10 out of 5.00 (2019: 4.00). The decrease resulted from a rating of 3 or less for some targets. The extent to which we achieve set targets impacts directly on the short-term incentives payable to employees.

Remuneration governance

The HRRC assists the Board to ensure that remuneration is sufficiently fair, responsible and transparent to achieve strategic objectives and positive outcomes in the short-, medium- and long-term.

This Committee consists entirely of independent non-executive directors and is advised by independent experts where necessary. The CEO and other EXCO members attend meetings by invitation only. The HRRC held three meetings in 2020, as indicated in Table 6.

Table 6: Human Resources and Remuneration Committee attendance record for 2019/20

Member	Meetings attended (3)
Vuyelwa Matsiliza	2
Dheven Dharmalingam	3
Siobhain O'Mahony	1
Sisa Mayekiso	3
Lerato Mothae	3

Shareholder engagement

The shareholder supported our remuneration policy and implementation report at the AGM in November 2019.

The HRRC will focus on the following priorities during the 2020/21 financial year:

- review and adjust remuneration practices as required
- ensure that incentive schemes attract, retain and reward top talent
- engage with the shareholder regarding the implementation of a long-term incentive scheme.

The HRRC is satisfied that it fulfilled its obligations in terms of its mandate during the reporting period.

Remuneration Philosophy, Policy and Framework

1. Remuneration philosophy and policy

The Corporation's remuneration philosophy remunerates and rewards employees in line with competitive market norms. Business demands dictate the need for employees who perform at the levels required to achieve long-term success. Remuneration, reward and recognition play a key role in attracting, engaging, motivating and retaining such individuals, as well as aligning individual and team goals with those of the Corporation. Our remuneration package includes a competitive mix of base salary, variable pay, employee benefits and recognition awards.

2.1 Executive and employee remuneration

The Corporation adheres to 'total cost-to-company' guaranteed pay approach. All employees, including EXCO members, are guaranteed pay for their role in the Corporation. Employees also benefit from annual short-term incentives governed by the Performance-Linked Short-Term Incentive Policy.

2.1.1 Remuneration structure

Our remuneration structure consists of fixed guaranteed pay and short-term incentives (STIs).

Guaranteed pay

Guaranteed pay consists of base pay and benefits, such as medical aid and a provident fund contribution. The determination of the package takes into account the size and complexity of the employee's role and is benchmarked within the market. Remuneration is reviewed annually and increases take effect on 1 April every year. The HRRC uses an external adviser, where necessary, to track remuneration market trends for all employee levels. The Corporation's employee benefits comply with legislation and are aligned with the applicable local benchmarks.

Short-term incentives

The short-term incentive scheme, as an annual cash bonus, is linked to achieving financial, strategic and operational objectives and the performance objectives set by an employee's line manager. Financial performance against previously set and agreed targets determines the availability of the short-term incentives pool.

2.2 Sign-on, retention and restraint payments

The Corporation offers sign-on and retention bonuses under exceptional circumstances. These are preapproved by the HRRC. Such special-purpose, short-term, variable remuneration arrangements are used to acquire senior and key employees and compensate for the loss of certain accrued benefits. Sign-on bonuses for executive directors, executives and/or prescribed officers must be approved by the shareholder Minister.

2.3 Termination of employment payments

The Corporation pay employees what is due to them upon termination of employment. The HRRC uses its discretion to determine the terms of such agreements on a case-by-case basis.

2.4 Board remuneration

Board members receive a fee for attending Board and committee meetings, as determined by the Minister of Trade, Industry and Competition. Board members also receive an annual retainer to compensate them for costs incurred in carrying out their duties for the Corporation.

Section 3: 2019/20 Remuneration Policy Implementation Report

The report details the outcomes of implementing the approved policy as detailed in Section 2.

3.1 Total remuneration

King IV™ and the Companies Act, 71 of 2008, require the disclosure of the individual remuneration packages of all executive management members.

Directors visit to Portia-M (ECIC ESD Beneficiary)

Tables 7a and 7b Executive members' remuneration packages for the 2018/19 and 2019/20 financial years

2019/20	R'000					
Member	Basic salary	Bonus paid	Provident fund contribution	Cell phone allowance	Acting allowance	Total
Kutoane Kutoane Chief Executive Officer (Director)	3, 692	2,216	-	35	-	5,943
Charles Kgoale Company Secretary	1,247	597	119	19	-	1,982
Mandisi Nkuhlu Chief Operating Officer	2,510	1,371	231	30	-	4,142
Noluthando Mkhathazo Chief Financial Officer	1,892	1,096	301	30	-	3,319
Sias Esterhuisen[1] Chief Actuarial & Investment	1,854	1,144	241	20	-	3,259
Ntshengedzeni Maphula General Counsel	1,732	992	251	30	-	3,005
John Omollo Chief Risk Officer	1,708	992	275	30	-	3,005
Benoit Fugah Mukeba Acting COO	-	-	-	-	73	73
Warren Koen[2] Acting CFO	-	-	-	-	148	148
Total	14,635	8,408	1,418	194	221	24,876

[1] *7 June 2019*

[2] *20 August 2019*

2018/19	R'000						
Name	Basic salary	Bonus paid	Provident fund	Cell phone allowance	Acting allowance	Settlement amount	Total
Kutoane Kutoane CEO (Director)	3, 693	2,090	-	36	-	-	5,819
Charles Kgoale Company Secretary	1,156	-	118	22	-	-	1,296
Mandisi Nkuhlu COO	2,514	1,293	227	30	-	-	4,064
Clarinda Simpson CFO[1]	392	1,293	39	5	-	1,077	2,806
Noluthando Mkhathazo, CFO[2]	473	-	75	26	132	-	706
Beatrix Lemos (Acting) Company Secretary	-	-	-	-	5	-	5
Ntshengedzeni Maphula General Counsel	1,738	936	245	30	-	-	2,949
John Omollo CRO	1,713	936	270	30	-	-	2,949
Total	11,679	6,548	974	179	137	1,077	20,594

[1] *Resigned May 2018*

[2] *Appointed January 2019*

3.2 Disclosure of directors' remuneration

Payments to directors for the year ended 31 March 2020 for services rendered are as follows:

Table 8: Directors' remuneration for the 2018/19 and 2019/20 financial years

Non-executive directors	2019/20 R'000	2018/19 R'000
Dheven Dharmalingam (Chairman)	324	176
Abel Mawela*	-	41
Sisa Mayekiso	308	195
Siobhain O'Mahony	178	115
Vuyelwa Matsiliza	285	125
Lerato Mothae	237	136
Deshni Subbiah	238	85
Total	1,570	873

** Term ended on 31 May 2018*

The 2020 financial year non-executive director remuneration included retainers payable for the 2019 and 2020 financial years. Retainers were not paid or accrued in the 2019 financial year.

The HRRC is satisfied that all benefits are justified, valued correctly and suitably disclosed.

3.3 Executive contracts

Apart from the CEO, executives are employed on permanent employment contracts with notice periods of one to three months. The CEO is employed on a three-year fixed-term contract with a notice period of three months.

Liqhobong diamond mine, Lesotho

STRATEGY

The Corporation compiled the following strategy for the 2020/21 financial year. This is an annual process with submissions to Parliament, ***the dtic****, National Treasury and Auditor General South Africa.*

Strategic Themes

Stakeholder management
Engage with key stakeholders to know and understand their legitimate and reasonable needs, interests and expectations on an ongoing basis to assist in executing on our mandate effectively.

Strategic partnerships
Build and leverage a local and international network of strategic partnerships in the public and private sectors to advance our business reach.

Grow the business
Increase market presence, customer-focused solutions, growth and diversification of our African presence and competitive pricing.

Operational excellence
Invest continuously in effective and efficient integrated systems and processes and in our human capital, build knowledge and skills and a culture of professionalism and focus on innovation and team work to enhance organisational capacity and operational excellence.

Development impacts and transformation
Advance black economic empowerment and strive to achieve a level 1 B-BBEE score. Measure and report on our economic impact on South Africa and partner/host countries.

Strategic Objectives

Improve knowledge and skills
Develop a competent and competitive workforce that can implement the business strategy and achieve our objectives.

Build and leverage strategic partnerships
Improve our business through collaboration and by leveraging our local and international public and private sector partnership networks to advance our business and our reach.

Advance transformation
Improve B-BBEE and employment equity initiatives to advance the national transformation agenda towards an inclusive economy.

Improve business processes and systems
Improve business processes and systems to iincrease operational efficiency and achieve the required levels of cost-to-income ratio that supports the financial sustainability of the Corporation.

Contribute to trade facilitation
Proactively attract business from new and existing customers to facilitate more exports and cross-border investments.

Improve communication
Create awareness and understanding of the Corporation's mandate, role, products, services and impact.

Increase capital base
Increase the capital base of the Corporation to support sustainable business growth and fulfil our mandate of facilitating export trade and cross-border investments.

Improve stakeholder satisfaction
Achieve the desired levels of stakeholder satisfaction, customer satisfaction and employee engagement.

ECIC Tier-One Strategy Map

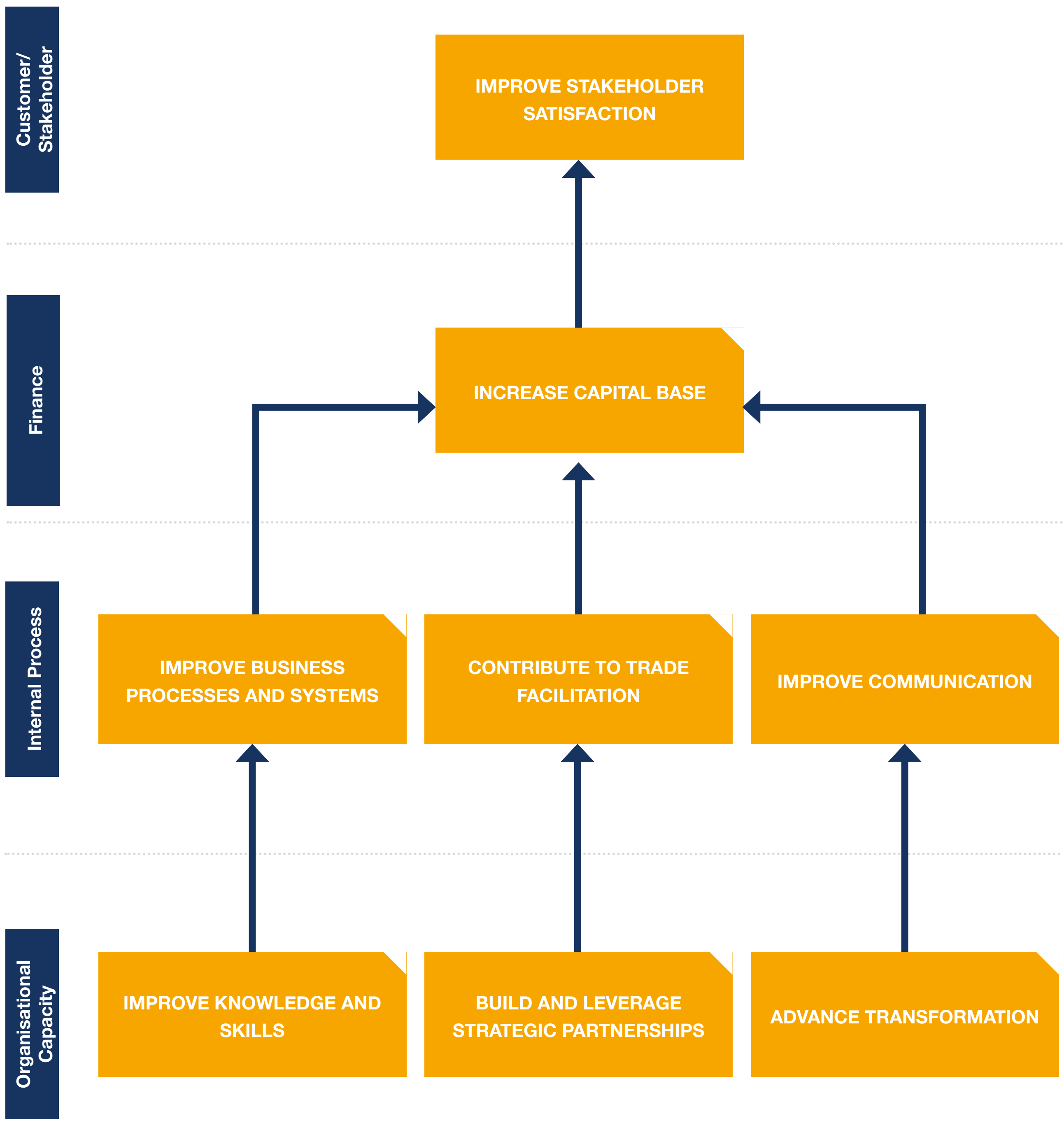


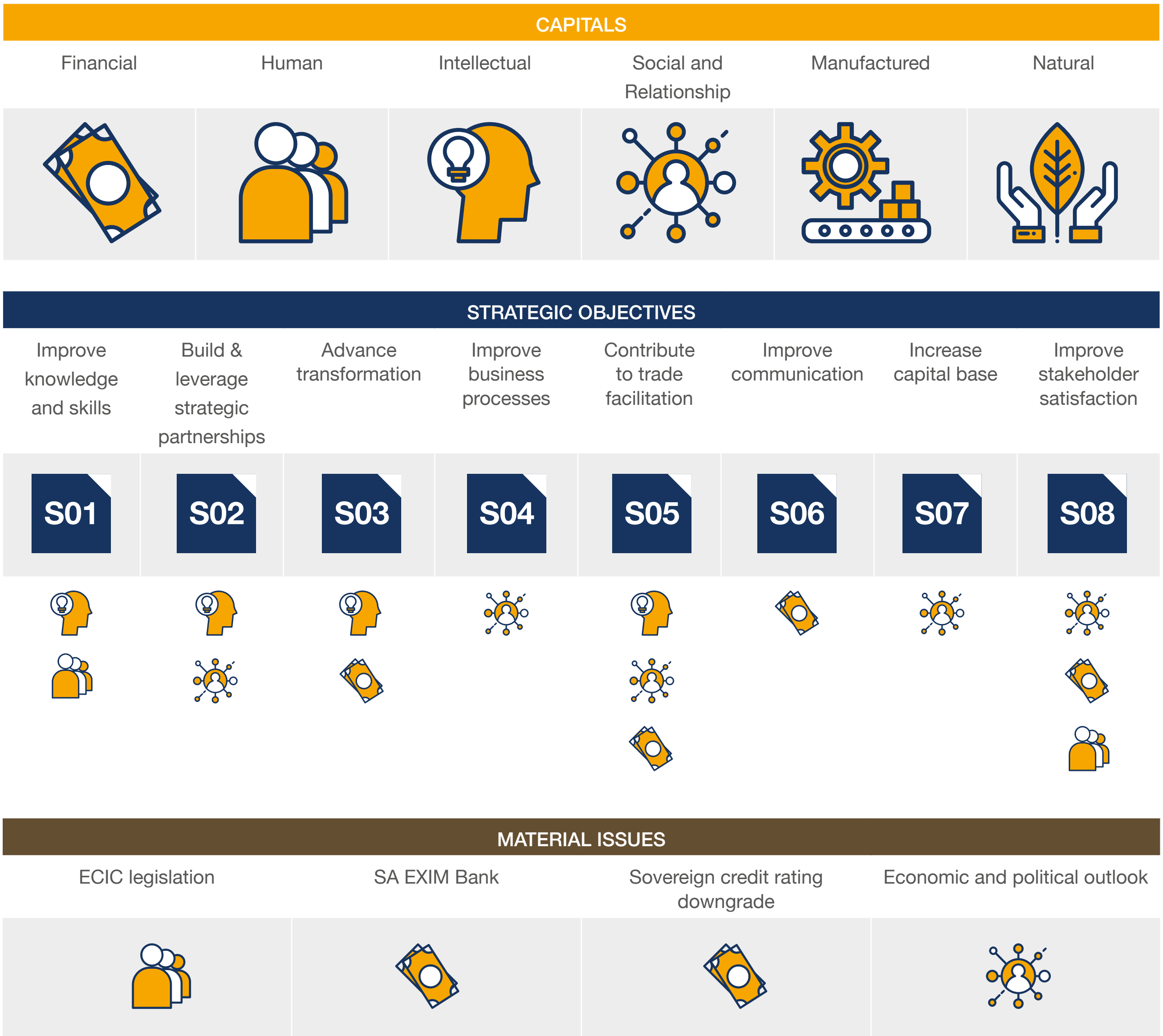
Figure 4: Tier-one strategy map.

Integrated Focus on Key Strategic Objectives

The Corporation enacts its mandate through a shareholder's compact with the South African government, represented by the Minister of Trade, Industry and Competition. The compact delineates shareholder and Board responsibilities and aligns key performance areas and targets with strategic objectives.

Performance is measured against strategic objectives within the context of material issues and opportunities assessed against risk and value creation. The focus is on sustainability, integrated reporting, value creation and best-practices. These drive our performance against key export credit indicators and as a shareholder representative in Africa and abroad.

Our aim is to progressively incorporate environmental, social and governance (ESG) factors into our risk assessment framework and embark on benchmarking exercises in the short- to medium-term.



STAKEHOLDERS

OUR STAKEHOLDERS – THEIR NEEDS AND EXPECTATIONS

"As we continue to pursue our vision of building the ECIC into a world-class export credit agency that will position South Africa at the cutting-edge of the world's dynamic trade landscape, we acknowledge the need to continually improve the satisfaction of key stakeholders and strategic partners in doing business with us."

– Dheven Dharmalingam, Chairman, 2019

Key stakeholder relationships

Building relationships with key stakeholders and leveraging strategic partnerships impact directly on the Corporation's ability to generate revenue. Embedding relationships and increasing local and international public and private sector strategic partnerships increases new market access and our business reach.

We regard stakeholders as individuals or groups who, reasonably, can be affected significantly by our business activities, outputs or outcomes or whose actions can significantly affect our ability to create value over time.

We identify internal stakeholders as those affiliated directly with the Corporation, including our employees, the Board, management and **the dtic** as our shareholder. Our key external stakeholders are financial institutions, export councils, reinsurance brokers, BRICS, international export credit agencies (ECAs), National Treasury, the departments of International Relations and Cooperation (DIRCO) and Public Enterprises (DPE), African ambassadors and high commissions, as well as regulators and the media.

Our approach to stakeholder interaction is that of cementing inclusive, mutually-beneficial, long-term relationships founded on complete and responsive communication to the legitimate and reasonable needs, interests and expectations of our stakeholders in the best interest of the organisation over time. In following this stakeholder-centric approach, we give parity to all sources of value creation, including the social and relationship capital embodied by our stakeholders.

Internal stakeholders are always material, while this may or may not hold true for external stakeholders.

Stakeholder Management Framework (SMF)

The ECIC Board adopted the principles of openness, integrity and accountability as espoused in King IV™ in its inclusive approach and transparent and meaningful reporting to stakeholders.

Our stakeholder management framework acknowledges the interdependent relationship between the Corporation and its stakeholders. Understanding stakeholder expectations also assists the Board to steer the Corporation effectively towards fulfilling our mandate.

Stakeholder inclusivity involves the balancing of interests over time by prioritising and trading-off of interests as necessary. Decisions on how to achieve this balance are made on a case-by-case basis but always in the best interests of the Corporation over the longer term.

Stakeholder management is delegated to the CEO in terms of the ECIC Delegation Matrix. The brand, reputation and customer satisfaction survey and Reputation Assessment informs the review of the SMF.

Stakeholder engagement

Balancing the needs, interests and expectations of stakeholders is a dynamic and ongoing process. The measurement of the quality of stakeholder relationships indicates how effectively the Corporation can strike this balance in its decisions.

As a financial services provider, regulated by the Financial Sector Conduct Authority in relation to market conduct, we are committed to treating customers fairly. Our policy is a critical component of our Customer Engagement Plan and ethos.

The intent with our customer relationship management strategy is to retain and increase the value of business from existing and new customers. The objectives of the customer relationship management strategy and business development plan, therefore, are to increase our customer base and gain and retain new and existing customers.

The Corporation seeks to maintain and exceed customer expectations. We do this by regularly asking stakeholders, customers and employees for feedback about their brand value perceptions and experiences of our services and products. Concerns and recommendations raised in these surveys assist the Corporation with a deeper understanding of stakeholder needs and realigning our responses in this regard.

Our 2018/19 customer satisfaction survey showed an improvement in the customer satisfaction from 58.5% to 63.7%. Areas of improvement included the need for client-centric product and services offerings to improve the quality and value of partnerships. In response, we interviewed customers and facilitated focus groups within specific customer segments to unpack and better understand their needs. The resulting 2019/20-2020/21 Customer Engagement Plan outlines a two-year action plan with a focus on customised responses to improve our stakeholder engagements and business offerings.

During 2019/20, we achieved 86% of the Stakeholder Engagement Plan targets, having implemented 24 of 28 initiatives (refer to the Performance section on pp 62 to 76 of this report). These included constructive engagements with stakeholders, such as knowledge-sharing with international ECAs and FDIs to develop our skills base and access international markets. Close collaboration with entities in Africa, such as Afreximbank, continued to build trust and open doors to new business opportunities.

A further priority during 2019/20 was the creation of market visibility to improve end-user familiarity with our products and services. The campaign also ran internally within the organisation to improve employee familiarity with our products and services. Outcomes were measured under the execution of the Marketing Plan.

Going forward, we will continue to build our visibility and further explore client needs to respond with customised business offerings. We will also ensure that our employees, as our ambassadors, have the requisite knowledge about these offerings and remain focused on improving client satisfaction. In addition, we will engage regularly with employees to understand and respond appropriately to their needs and career path aspirations.

Table 9: Customer service improvement plan priority action list

FOCUS AREA	ACTION	TIMELINE	WEIGHTING
1. Continue building visibility in the market place with a focus on improving familiarity with products and services	Work closely with the Marketing Business Unit to develop a marketing campaign that will improve familiarity with ECIC products and services	Implement the marketing campaign in the 2019/20 financial year	Zero-weighted This item is being measured under the execution of the Marketing Plan
2. Improve current partnerships by focusing on client needs in terms of product offerings and services Consider interviews to explore client needs in terms of product offerings and services	Hold client focus groups with specific client segments to increase awareness and knowledge about products and services and better understanding of client needs in terms of product offerings and services	Hold at least two such client focus groups in the 2019/20 financial year and continue with such client focus groups for the next two financial years	Each workshop 20%
3. Increase the knowledge of ECIC employees, as brand ambassadors, about offerings and implement efforts to improve client satisfaction	Offer two workshops for ECIC internal staff. One workshop on the value proposition and economic impact of ECIC. The second workshop will provide an overview of ECIC products and service offerings	Both workshops to be held in the 2019/20 financial year Refresher workshops to be run in the next two financial years	Each workshop 20%
	Include customer service turnaround times in the performance contracts of the underwriting team to improve customer service	In the 2019/20 financial year and going forward	10%

FOCUS AREA	ACTION	TIMELINE	WEIGHTING
4. Social media is not a very important driver of awareness. Keep on focusing on events and publications	Collaborate with the marketing team to participate as speakers or panelists in key industry events and write articles for important publications	Annual key events programmes and publications as per the ECIC 2019/20 Marketing and Communications Plan	Zero-weighted This item is being measured under the execution of the Marketing Plan
5. Focus on becoming an industry leader. as proudly South African	Market the economic impact of ECIC and benefits generated for South African stakeholders. Include the economic impact data in the ECIC Integrated reports going forward	Commence with the 2018/19 Integrated Report and continue for every financial year thereafter	10%

Table 10: Stakeholder engagement plan 2019/20

Stakeholder Group	Purpose	Engagement Approach	Implementation dashboard
All	Determine stakeholder satisfaction	Conduct Stakeholder Satisfaction Survey	
	Keep stakeholders updated on important information about ECIC	Stakeholder Newsletter	
Parliament	Submit Strategic Plan within PFMA deadlines (Also to **the dti**, National Treasury and AGSA)	Email communication and courier of printed copies	
	Submit Integrated Report	Email communication and courier of printed copies	
	Respond to Parliamentary questions	Email communication	
Portfolio Committee	Provide information on mandate, strategy and performance	Attendance of Portfolio Committee meeting and submission of required documents	
National Treasury	ECIC underwriting capacity and government guarantee definition/structure	Workshop with **the dti** and SARB	
	ECIC Investment Strategy and discussions with National Treasury ALM team	Regular meetings with National Treasury ALM team	
	Tax exemption of IMU grant	Tax ruling is to be explored first. Engagement with Minister of Finance should that fail.	
the dti	Updating ECIC legislation and expanding mandate	Meeting with new Minister	
	SA EXIM Bank		
	Discuss explicit guarantee for Mozambique LNG projects	Engagement with **the dti** DG	
	SA content policy determination and reference thresholds	High-level meetings with **the dti**	
Afreximbank	Available capacity for Mozambique LNG projects	Ongoing talks	
	Attendance of AGM	Attendance of AGM	
BRICS ECAs	Platform focusing on relevant cooperation opportunities, potential product harmonisation as well as information sharing among the BRICS ECAs	Attendance of BRICS ECA CEO's Forum and Working Group	
DPE	Establish close relations and interaction with key SOEs reporting to DPE, allowing access to their business endeavours into Africa specifically	Attendance of Africa Steering Committee meetings	

Stakeholder Group	Purpose	Engagement Approach	Progress dashboard
Export Councils	ECIC Advocacy programme with Export Councils	Stakeholder engagement meetings	
	1. Built Environment Professions Export Council 2. South African Electrotechnical Export Council 3. South African Capital Equipment Export Council 4. South African Boatbuilders Export Council 5. Rail Export Council 6. Pipe & Tube Export Council	Attendance of workshops and trade missions	
Embassies and Ambassadors	CEO introduction to High Commissioners and Ambassadors	CEO and Manager: Office of CEO face-to-face meetings with embassies of Angola, Eritrea, Ghana, Lesotho, Sudan, Swaziland, Tanzania and Djibouti (Honorary Consul only in SA)	
Reinsurance Brokers	Template reinsurance agreements	Negotiations between ECIC and brokers	
	Understand the reinsurance market processes and requirements	Start a back-book deal	
CEO Breakfast Programme	ECIC Advocacy programme with South African Exporter CEOs	Round table discussion with selected CEOs	
Employees	Determine employee engagement and satisfaction	Employee Satisfaction Survey	
FSCA and PA	Interact on issues outside of normal regulatory activities	Formal and informal interactions	
	Discuss SARB influence on SA banks prudential limits with ECIC	Formal and informal interactions	
Berne Union	Information exchange	Attendance of Berne Union meetings and workshops	
DIRCO	Understanding Government's political policy perspective, sharing critical country information towards country risk ratings, identification of business opportunities with DIRCO interventions.	Interactions with DIRCO personnel involved in trade promotion employed at the various Embassies and High Commissions focusing on those identified African countries we are closely involved with currently	

	Implemented		
	Initiative not implemented		
	Number of engagement initiatives	28	
	Number of engagement initiatives implemented	24	86%

WBHO - Government of Eswatini road rehabilitation and upgrade, Eswatini

INVESTING IN OUR PEOPLE

Investing in our people assesses how the Corporation has performed in developing its people, driving employee engagement, encouraging diversity and promoting employee wellness. Investing in our people is one of the most significant costs to the Corporation.

Table 10: 2019/20 Employee profile

	2019/20	2018/19
Number of full-time permanent employees	83	84
Salaries and benefits (R'm)	R69 million	R70 million
Women representation in Executive Committee (%)	17%*	20%
Black representation in Executive Committee (%)	83%*	100%
Total training spend (R'm)	R3,6 million	R3 million

**The number of Executives increased from five to six, resulting in a decline in the percentages represented.*

Staff complement and employment equity

The Corporation continues to manage and align workforce growth with its cost structure. During the reporting period, staff complement consisted of 83 employees (2019: 84) including those on fixed-term contracts and graduate trainees.

Enhancing diversity and inclusion remains essential and forms part of our strategic priorities. The Corporation achieved its target of 90% for designated employees (excludes white males and foreign nationals).

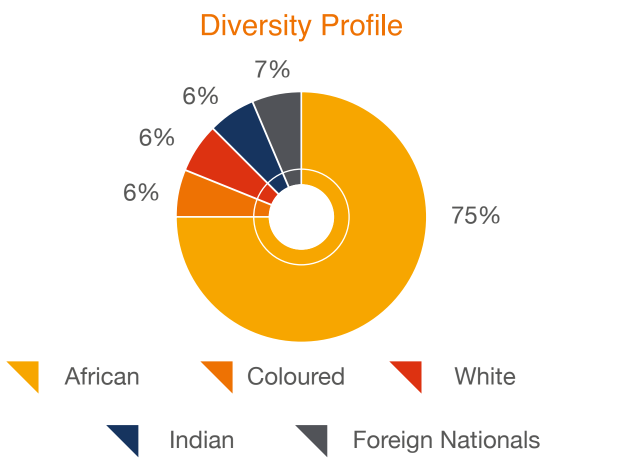


Figure 5: Diversity profile.

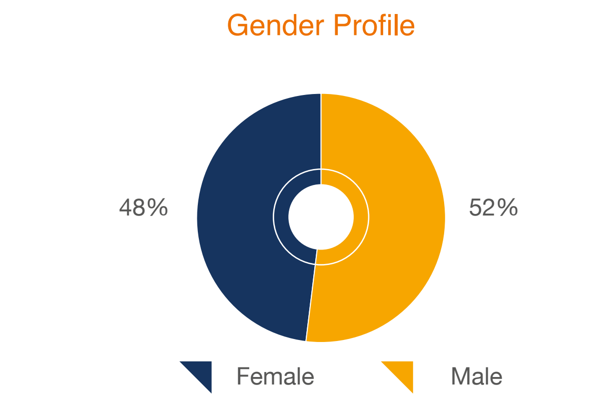


Figure 6: Gender profile.

Demographics

The Corporation regards gender diversity as an imperative and, as such, 52% of all employees are female and 48% are male, while the percentage of people with disabilities remained constant at 2.4%. We continuously strives to ensure that the employee profile is representative of the broader society.

Diversity in Age

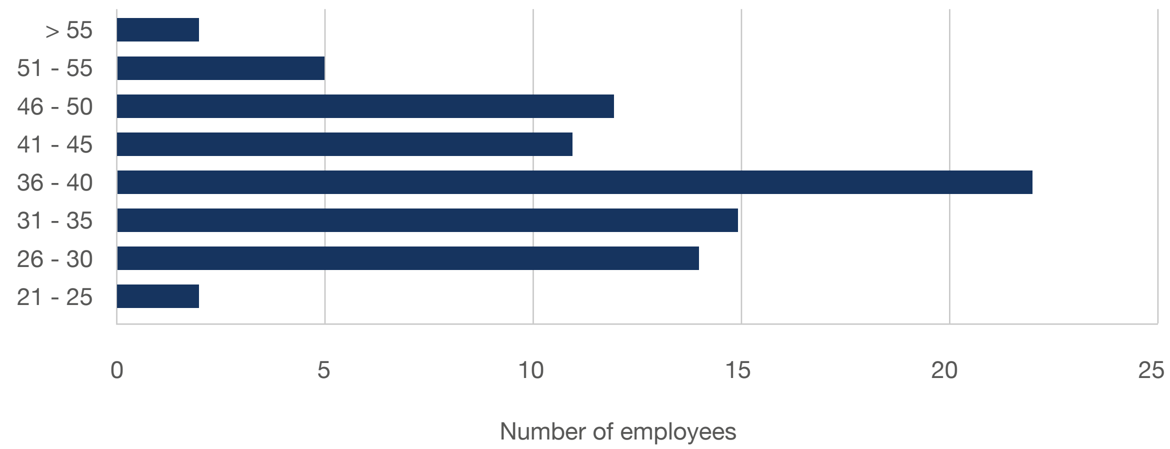


Figure 7: Diversity in age.

As a young organisation, the majority of the employees are aged between 26 and 40 years. This reflects a young and vibrant organisation with the ability to change and grow.

Employee attrition and retention

During the period under review, the voluntary turnover rate was 10% (2019:4%), which is within the market norm of 10- 15%. The Corporation achieved a retention rate of 90% (2019:96%) against an internal target of 85%. While recognising the mobility of a millennial workforce, it expects its staff retention rate to remain at the same level for the foreseeable future.

Learning and development

The Corporation implemented 26 learning and development initiatives against a target of 29 planned interventions in the financial year. Training expenditure was R3,6 million (2019: R3,4 million), or 5% of salaries paid. A basket of learning and development opportunities ranging from technical skills, academic study aid and interpersonal skills were implemented using both classroom, online and digital learning.

Employee wellness

Employee wellness remains a priority. During the past year, the Corporation implemented its Employee Wellness Programme (EWP) through ICAS, a wellness provider. Wellness days focused on the early and proactive management of health conditions.

Employee engagement

During the year under review, we conducted an employee engagement survey and achieved an engagement score of 67% (2018: 60%). An employee engagement plan with various actions in response to the results has been approved.

Table 11: Material relationships and interests

Material relationships (employees)	Means of engagement	Material interests
Their skills and involvement determine our ability to realise our goals	• Internal website • Newsletters and electronic communication • Employee Consultative forum (Employment Equity and Skills Development Committee • Staff meetings	• Employment practices, policies and an enabling work environment • Career and skills development • Improved knowledge-sharing across the Corporation • Simplicity, agility and engagement • Building the coaching capability of leaders • Better understanding of reward structures • Competitive remuneration

RISK MANAGEMENT

RISK MANAGEMENT

Risk framework

The Corporation's risk framework is predicated on the need to manage existing and emerging risks prudently and ensure business sustainability and compliance with applicable laws and regulations. Typical risks for and export credit agency (ECA) emanate predominantly from counterparties in foreign jurisdictions, while the beneficiaries of the Corporation's policies are currently domiciled in South Africa. The Corporation scans the global environment continually using macro-economic key risk indicators or early warning signals to identify and manage potential risks proactively.

The Corporation's risk management framework aligns business and operational procedures and processes with Board-approved policies. This ensures that risk taking is well-understood and sustainable to protect policy holders and support incremental South African exports.

During the past year, the roles and responsibilities within the risk function were given the authority stipulated in the governance standards for insurers (GOIs).

ECIC Board risk oversight

The Board delegated the responsibility for the continued effectiveness of the risk management system to the Risk Committee.

The Board also adopted the combined or integrated assurance model that has strengthened coordination and collaboration across the three lines of defence.

Figure 8: Integrated assurance model.

Risk management

The Corporation's business elicits varied risk types that are broadly encapsulated into four streams.

Country risk

Country risk can potentially affect the ability of a counterparty to meet loan obligations due to a combination of factors. These include transfer restrictions in foreign currency payments or returns on investments from a host country to South Africa. The Corporation's country risk assessment and management methodology combines qualitative and quantitative approaches, such as internal methods and primary and secondary research, such as collaboration with other multilateral institutions.

The key metrics that underpin country risk assessments include economic and exchange control considerations, sovereign debt analysis and government policy.

Underwriting risk

Underwriting risk is an overarching risk that comprises several risks that vary between transactions. Some of the risks in this category include construction risk, supplier or reserve risk, market risk and credit risk. The Corporation uses internal analysis and external expert analysis to assess and manage underwriting risk from transaction inception to end-of-life.

Prudent management of the insurance book entails setting underwriting capacity as a multiple of equity constrained by regulatory and economic capital limits.

Investment risk

The Corporation ensures that its investment risk appetite is comparatively lower than its underwriting risk appetite to attain reasonable returns and strengthen its capability to meet claim obligations without eroding its capital base. This approach determines the asset classes that are included in the investment portfolio.

Increasing requirements and expectations around environmental and social impact management by funders and project owners are noted in the context of insured risks.

In this regard, investors are required to consider liability risk, financial risk, reputational risk, credit risk and market risk. Even in the shadow of COVID-19, it is important for the Corporation to develop the ESG investment and insurance lens.

Operational risk

The Corporation combines leading and lagging key risk indicators (KRIs) to manage operational risks proactively.

Global economic overview

Growth projections vary according to the recovery paths of different countries and regions around the globe. Countries that reduce COVID-19 infection rates will gain a headstart compared to those that stabilise infection rates and those that do not contain infections.

Global growth is projected at -4.9% of GDP compared to initial -3.0% projections by the IMF in April 2020. First quarter 2020 GDP data showed a worse-than-expected economic performance in advanced and emerging economies. Indicators point to a more severe contraction in most economies apart from China, where economic activity resumed in April 2020. The economic lockdown from early March to May adversely affected labour. The International Labour Organisation calculated the decline in work hours for first quarter 2020 against fourth quarter 2019 as equivalent to the loss of 130 million fulltime jobs. The projected job losses in the second quarter 2020 tops 300 million fulltime jobs.

Growth in advanced economies is projected at -8.0 percent in 2020 on the back of a gradual recovery in the second half of the year if contagion fears materialise. Deep declines are expected in the US, Japan, UK, Germany, France, Italy and Spain. Growth in these economies is projected at 4.8 percent for 2021 (4 percent less than 2019).

Growth in emerging markets and developing economies is projected at -3.0 percent in 2020, driven in part by a weaker external demand. In China, growth in 2020 is projected at 1.0 percent, backed by a policy stimulus. Following longer lockdown periods and slower recovery, divergent growth is projected for low-income developing countries. Growth levels are projected at -1.0 percent and -2.2 percent, respectively, for the larger and the smaller low-income developing countries.

In the face of massive economic slowdowns due to sweeping lockdowns in many countries, governments responded with fiscal and financial measures to counter the devastating economic effects of the pandemic. Fiscal support across the globe topped USD11 trillion by June 2020. Monetary response has seen central banks from some emerging markets initiating their inaugural quantitative easing, while their counterparts in advanced economies have increased the scale of assets purchase. Despite very low oil prices that saw May-US futures deliveries trade in negative territory, global oil prices recovered to above USD35/bbl. On average, projected IMF oil prices per barrel for 2020 and 2021 are USD36 and USD37.50, respectively.

The Fed's rate remained at its effective lower bound (ELB) and, combined with large-scale asset purchases of USD9 billion per day split 50/50 between Treasury securities and agency mortgage-backed securities (MBS), form part of policies that complement fiscal support to counter the slowdown.

The total personal consumption expenditure (PCE) price inflation slowed to 0.5 percent due to a combination of weak aggregate demand and low energy prices. The core PCE price inflation, measured over 12 months to April 2020, that excludes inflation in consumer food and energy prices was 1.0 percent to April 2020. Portfolio outflows from emerging markets, including South Africa, recovered to a great extent during February and March 2020. The US dollar that had strengthened between January and April 2020 weakened subsequently by as much as 4 percent, resulting in a stronger Rand, among other currencies. While financial markets rebounded, a correction is anticipated to remove the disconnect between asset valuations and economic activity. Unemployment in the US declined to 13.3 percent in May 2020 from 14.7 percent the previous month.

Depressed US yields, while good for USD bond prices, will depress earnings over long periods if current levels endure. In South Africa, initial portfolio outflows preceding the credit downgrade were reversed in May 2020 as yield-seeking investors reverted to SA securities, which shored up bond prices. The portfolio flows, coupled to a 17-year record current account surplus, supported for the Rand as it strengthened to ZAR17/USD in the period to end-June 2020. While SA equities recovered from the lows in March and April 2020, there have been recoveries to June 2020.

PERFORMANCE

	Output	Performance Measure or Indicator	2019-20 Annual Target	Actual Achievement	Reason for non-achievement
S01	IMPROVE KNOWLEDGE AND SKILLS TO INCREASE ORGANISATIONAL CAPACITY				
	Implementation of the annual training plans	% of annual training plan implemented	80 - 100% implementation of training plan for 2019/20	Target achieved. 90% of training plan implemented.	N/A
S02	BUILD AND LEVERAGE STRATEGIC PARTNERSHIPS TO ADVANCE THE BUSINESS				
	Strategic partnership plan implemented	Percentage (%) collaboration initiatives implementation as per the annual strategic partnership implementation plan	80 - 100% implementation of strategic partnership plan	Target achieved. 80% of strategic partnership plan implemented.	N/A
S03	ADVANCE TRANSFORMATION TO BUILD AN INCLUSIVE ECONOMY				
	Transformation strategy implemented	B-BBEE score	Achieve a Level 3 B-BBEE score	Target achieved. B-BBEE Level 1 achieved.	N/A
S04	ENHANCE BUSINESS PROCESSES TO IMPROVE OPERATIONAL EFFICIENCY				
	Develop appropriate report to track cost-to-income ratio on a periodic basis	Cost-to-income ratio calculated as current operating costs excluding investment-related costs as a ratio of 3-year average income (earned premium, assessment fees and commission received)	Cost-to-income ratio (as defined) 32%	Target achieved. The cost to income ratio is 26%.*	N/A
	Business process improvement plan implemented	% of business process improvement plan implemented	60 - 80% of business process improvement plan implemented	Target achieved. 70% of business process improvement plan implemented.	N/A
S05	INCREASE BUSINESS DEVELOPMENT INITIATIVES TO GROW THE BUSINESS				
	Increase business development initiatives to grow the business	Value of approved transactions	USD550m - USD575m	Target not achieved. Total approved: USD27,5m	Approval of one project to the value of USD600m rescinded after year-end due to project sponsor suspending financial negotiations.
	Research and identify new opportunities	Number of research reports to identify new opportunities	Three research projects to identify new opportunities	Target achieved. Three research reports finalised.	N/A
S06	INCREASE COMMUNICATION TO CREATE BETTER AWARENESS AND UNDERSTANDING OF THE ECIC				
	Increase communication and brand awareness	Number of marketing and communication campaigns implemented	Implement two marketing and communication campaigns for 2019/20	Target achieved. All marketing and communication campaigns completed.	N/A
S07	INCREASE CAPITAL BASE TO UNDERWRITE MORE BUSINESS TO FULFIL THE ECIC'S MANDATE				
	Increase in capital base	Percentage (%) increase in equity excluding foreign exchange movements and related tax	5 - 10% in equity	Target achieved. Increase of 10%.*	N/A
S08	INCREASE STAKEHOLDER/CUSTOMER SATISFACTION				
	Increased stakeholder and customer satisfaction	Percentage (%) implementation of the annual stakeholder and customer engagement plan	Implement 80 - 100% of annual stakeholder and customer engagement plan	Target achieved. 86% and 100%, respectively, of Stakeholder and Customer Engagement Plans implemented	N/A

** The performance of this target is based on the South African Functional Currency financial statements in Note 39 on pages 74-75 of the Annual Financial Statements*

ACHIEVEMENT OF STRATEGIC OBJECTIVES

S01 Improve Knowledge and Skills to Increase Organisational Capacity

Develop a competent and competitive workforce that can implement the business strategy and achieve ECIC objectives.

Target 2019/20	Performance
Implement 90-100% of Annual Training Plan (ATP) for 2019/20	90% of ATP implemented (target achieved)

The Corporation requires high-performing, innovative employees with a diverse range of skills and experience to grow and drive our business. Improved knowledge, skills and expertise remains a strategic imperative. We develop and implement an Annual Training Plan (ATP) to achieve this objective.

Attracting, building and retaining human capital

Our multi-pronged approach to onboarding sufficient capacity (the right people with the right skills) for current and future resource requirements includes:

- building capacity internally to grow the talent pipeline in the short-, medium- and long-term
- implementing succession planning for identified critical roles
- targeting external recruitment.

S02 Build and Leverage Strategic Partnerships to Advance the Business

Increase our business through collaboration and by leveraging our local and international network of strategic partners within the public and private sector with the view to advance our business and our reach.

Target 2019/20	Performance
80-100% implementation of strategic partnership plan	80% of strategic partnership plan implemented (target achieved)

The equity investment in Afreximbank presents many opportunities and benefits for the Corporation, South African exporters and some government initiatives. Key benefits include a strategic partnership with a financial institution with a large footprint in Africa to advance our business objectives, secondment and training opportunities for our employees, tapping into the bank's knowledge of African markets and contacts and unlocking financing for our exporters to increase intra-Africa and domestic trade.

In 2017, we signed a Memorandum of Understanding with Afreximbank that defines our partnership and sets out to:

- Identify, prepare and appraise projects that meet respective mandates
- Co-finance facilities and risk management
- Review, monitor and post project evaluations
- Share knowledge on, *inter alia*, products and pricing methodologies
- Build capacity jointly by co-organising conferences and training to promote intra-Africa trade
- Undertake research jointly and share information on intra-Africa trade patterns and opportunities.

In the next three years, we will leverage our strategic partnerships to generate knowledge-sharing programmes with training and secondment opportunities to increase our business transactions and the exchange of knowledge and resources. We will second some employees to Afreximbank to share knowledge and research to advocate intra-Africa trade.

S03 Advance Transformation to Build an Inclusive Economy

Improve B-BBEE and employment equity initiatives to advance the national transformation agenda towards an inclusive economy.

Target 2019/20	Performance
Achieve a Level 3 B-BBEE score	Achieved a Level 1 B-BBEE score (target achieved)

Scorecard summary

Element	Available points	Points achieved
Management control	19.00	14.79
Skills development	28.00	22.47
Enterprise and supplier development	58.00	52.00
Socio-economic development	9.00	7.00
Total points	**114.00**	**96.26**
B-BBEE status level		Level 1
Priority discounting		0
Y.E.S. enhancement		+0 Level
Adjusted level		Level 1
B-BBEE recognition level		135%

The achievement of a B-BBEE Level 1 rating during 2019/20 is an important milestone. Over the next three years, we will ensure that our employee profile represents society and our procurement supports transformation, our financial support enables Black enterprises.

S04 Improve Business Processes to Improve Operational Efficiency

Enhance business processes to improve operational efficiencies and achieve the required levels of cost-to-income ratio that support the financial sustainability of the Corporation.

Target 2019/20	Performance
Cost-to-income ratio (as defined) 32%	The cost-to-income ratio is 26% (target achieved)
60 - 80% of business process improvement plan implemented	70% of business process improvement plan implemented (target achieved)

Cost-to-income ratio

The cost-to-income ratio was calculated as current operating costs excluding investment related costs as a ratio of thee-year average income (earned premium, assessment fees and commission received).

Business process improvement

The 2019/20 target was overachieved with a 70% achievement. The remaining 30% will be implemented in the forthcoming financial year. Going forward, the implementation of the Information and Communications Technology (ICT) Strategy will drive the review of the Business Process Improvement Plan in 2021/22.

Strategically, the Corporation acknowledges ICT as a key enabler in increasing business sustainability and fulfilling its mandate. Governing ICT effectively is critical to the strategic alignment of ICT initiatives with business objectives and to ensure return on investment.

The Corporation's digital transformation agenda was accelerated by the COVID-19 pandemic and the need to respond to challenges imposed by lockdown restrictions. Several solutions were implemented to ensure business continuity, including connectivity and mobile devices for remote workers and the use of Microsoft Teams to facilitate virtual meetings. We also implemented cloud-based solutions for 24/7 access to critical ECIC services and used Softphones for calls over the Internet via computers or smartphones and electronic signatures to digitally sign critical documents remotely.

Every crisis presents an opportunity for innovative solutions. The COVID-19 challenges accelerated the business and workforce into a 'new normal' of working online. We are cognisant, however, that the digital transformation of the business needs to be done responsibly, ensuring that the Corporation realises the value of its investment in ICT beyond the pandemic. This will require an ongoing investment in disruptive technologies that are changing the way we do business by re-engineering business processes and developing a digital-ready workforce.

S05 Increase Business Development Initiatives to Grow the Business

Proactively attract business from new and existing customers to facilitate more exports and cross-border investments.

Target 2019/20	Performance
Value of approved transactions USD550m to USD575m	Total approved: USD27,5m (target not achieved)
Three research projects to identify new opportunities	Three research reports finalised (target achieved)

Value of transactions

The target was not achieved due to the rescinding of one project to the value of USD600m after year-end by the project sponsor who suspended financial negotiations.

Research agenda

The Corporation's research builds on the trade and investment opportunities study. Our focus is on identify and unlock country- and/or sector-specific opportunities available to South African exporters and investors to stimulate business and raise the Corporation's profile. The Executive Committee approves the research agenda envisaged for each financial year.

Based on domestic trade and foreign policy objectives, as well as credit and equity investment insurance enquiries and a comparison of business environments and opportunities, our research agenda included the following countries and sectors: Côte d'Ivoire, Mozambique (opportunities arising from LNG projects) and marine manufacturing. The financial implications include travelling to collate information and publishing growth-positive research papers, as well as business opportunities in new territories and sectors that will benefit South African exporters and investors.

Research reports on Côte d'Ivoire, Mozambique and the maritime manufacturing industry

The research report on Côte d'Ivoire confirmed a rapidly-growing economy on the back of agricultural output with a fairly stable economic policy and growth positive framework. This means that FDI flows will continue and that the private and public sectors are set to expand further, which will improve business conditions, attract investors and open up new sectors and markets.

The research report on Mozambique indicated a country on the cusp of an economic breakthrough on the back of significant investments in the energy sector with major trade and investment opportunities. Involvement in projects in the country will provide first-mover advantage and increase visibility for the Corporation with feet on the ground.

The research report on the maritime manufacturing industry confirmed it as a critical component of economic growth in Africa, as more than 90% of its trade is seaborne. The continent lacks a maritime culture while international market players profit from its rich marine resources, since over 95% of Africa's trade is carried on the back of foreign vessels. South Africa's oceans economy offers a range of opportunities including an enabling environment, state-of-the-art infrastructure, repair and maintenance solutions for ships and rigs, ship and boat building services and customs and clearing services. The research reports are available online at https://www.ecic.co.za/Country-Info/Country-Sector-Reports.

S06 Increase Communication to Create Better Awareness and Understanding of ECIC and its Role

Create awareness and understanding of the ECIC mandate, role, products, services and impact.

Target 2019/20	Performance
Implement two marketing and communication campaigns for 2019/20	All marketing and communication campaigns completed (target achieved)

The implementation of all marketing and communication campaigns for 2019/20 supported the key strategic objectives of creating awareness and understanding of the Corporation's mandate, unlocking business opportunities aligned with government priorities and ensuring effective communication overall.

Improved mandate and role awareness and understanding

During the year, we showcased the Corporation across various platforms using a variety of communication channels. This included the production of high-quality documents and promotional material, including research reports, product leaflets and factsheets. Due to budget constraints during 2019/20 there were no paid radio, online or outdoor advertising campaigns however we facilitated a broadcast media campaign for executive team members and placed advertorials in local and international publications. The Corporation featured in various editorials during this period.

The impact of a constrained budget became apparent in the media monitoring results, with media exposure down by 57% from the previous year and an overall AVE of R5,456,586, significantly lower than the R20,793,937 in the previous year.

We produced two electronic newsletters, distributed to stakeholders and four issues of Staff Connections, an internal communication newsletter for employees. The ECIC website, which is updated daily, attracted 28,819 visitors and 61,161 pageviews/sessions. Our participation in trade and industry events and conferences included Africa Utility Week, Africa Rail Conference and the national and provincial Manufacturing Indabas, as well as the Invest Africa Mining Indaba and Africa Energy Indaba.

International trade and industry events and conferences included most notably TXF Africa in Abidjan, Ivory Coast, the Afreximbank Trade and Finance Seminar in France and the Kenya Trade and Industry Conference. We also facilitated the signing ceremony of the a Memorandum of Understanding (MoU) in Johannesburg that will support trade and investments and business relations between South Africa and the United Arab Emirates.

S07 Increase Capital Base to Underwrite More Business to Fulfil ECIC's Mandate

Increase the ECIC capital base.

Target 2019/20	Performance
5 - 10% increase in equity	Increase of 10% (target achieved)

The achievement of this target rests on our philosophy of using available capital optimally to fulfil our mandate and maintain sufficient capital to comply fully with regulatory and economic capital requirements. The aim, overall, is to increase the capital base for greater capacity to underwrite business.

The Board ensures that the Corporation maintains an adequate quantity and quality of capital and monitors economic capital as an internal view of required capital to meet all applicable regulatory capital requirements. This is set as part of the Corporation's risk appetite.

Our annual Own Risk and Solvency Assessment (ORSA) serves as the Corporation's capital management plan, which considers the projected available and required capital over a three-year period. The plan is updated annually and describes any planned capital raising initiatives for the year and how capital is deployed and managed within the organisation.

Refer to the Financial Overview section on internal communications on page 79 for a detailed review of the financial performance.

S08 Increase Stakeholder Satisfaction

Achieve the desired levels of stakeholder and customer satisfaction.

Target 2019/20	Performance
Implement 80 - 100% of annual stakeholder and customer engagement plans	86% of Stakeholder Engagement Plan implemented (target achieved) 100% of Customer Engagement Plan implemented (target achieved)

Stakeholder Engagement Plan

During the reporting period, we implemented 24 of the 28 initiatives (86%) in the 2019/20 Stakeholder Engagement Plan. This included:

- a stakeholder survey to complement the brand and customer survey conducted in 2018/19 of which the results will be incorporated in the Stakeholder Management Framework
- investment and strategic discussions through regular meetings with the dtic and National Treasury
- engagement with National Treasury for tax exemption of the IMU grant received from the 2021/22 financial year
- securing a credit guarantee from Afreximbank for the Mozambique LNG project
- participation in various workshops and trade missions.

Customer Engagement Plan

The achievement of all targets in our 2019/20 Customer Service Implementation Plan included creating market place visibility for the Corporation and familiarity with our products and services, using focus groups and interviews to determine stakeholder needs, engaging employees in workshops to foment their role as brand ambassadors and using events and the media to highlight our impact and value creation as a Proudly South Africa industry leader.

Liqhobong diamond mine, Lesotho

WBHO - Government of Eswatini road rehabilitation and upgrade, Eswatini

CREATING SOCIAL VALUE: SUSTAINABLE DEVELOPMENT PROGRAMMES

SOCIO-ECONOMIC DEVELOPMENT (SED)

The Corporation establishes partnerships of mutual benefit in education, skills development and community development to assist impoverished communities in South Africa. The objectives of our SED partners are aligned with those of the Corporation.

The Corporation's SED programme is management by an external service provider. The 2020 spend of R10 million (2019: R4 million) represented 1% of Net Profit After Tax (NPAT). The focus of the programme is on skills development and education, including bursaries and after-school support, to contribute to community well-being and wealth creation. During the reporting period, SED initiatives included:

Bursary support programme

The SED Policy supports the financial, development finance and export sectors. The bursary programme targets post-school level students from historically disadvantaged communities who are developing their skills to work in the export, manufacturing, insurance or development finance fields in Africa.

These tertiary education brusaries aim to shorten timelines and enhance access to employment opportunities as well as transform the industry talent pipeline.

The Corporation relies on service providers to engage and interact with bursary holders, screen and shortlist suitable candidates and disburse funding that covers tuition, accommodation, study materials and stipends. Students enrolled in the SAADP programme also receive ongoing academic and psychosocial support to foster a healthy learning environment.

During 2019/20, the SED programme supported 10 Actuarial Science and nine National Certificate bursaries in the amount of R2,416,504.

R5 million was spent on bursaries to support:

- 9 Actuarial Science students - Universities of Pretoria and Witwatersrand
- 18 Yacht and Boat-Building students - False Bay TVET College
- 13 Accounting students - Universities of Witwatersrand, North West, Free State, Cape Town, Pretoria and Nelson Mandela.
- 10 MPhil Development Finance students - University of Stellenbosch

R4 million was spent on Consumer Education initiatives which included a financial literacy programme for students at TVET colleges and universities.

ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

The key outputs of the Enterprise and Supplier Development (ESD) programme aligns the Corporation with the country's B-BBEE legislation and scorecard and supports supplier diversity through strategically sourcing and developing Black-owned SMMEs into export competitive entities within their respective industries/ sectors.

The ESD spend for 2019/20 was 3% (2018: 3%) of net profit after tax, of which 2% and 1% (2018: 1% and 2%) of net profit after tax were allocated to supplier development and enterprise development, respectively. The ESD initiatives are aligned with the Corporation's CSR-ESD policy framework and ESD Implementation Plan.

Key highlights during 2019/20 included engagements with the Development Bank of Southern Africa (DBSA), Telkom and Sasol to explore collaboration in enterprise and supplier development.

The Board visited Delberg Engineering and Portia-M to look at the impact of the ESD programme.

The Corporation invited 28 enterprises from its supply chain database to attend the Supplier Development induction workshop in October 2019. Only eight of those were approved for overall support of R4,2 million for the reporting period. Supplier development support also included non-financial support of which only four of six invited entities completed the non-financial training (entrepreneurial, business and technology training) due to challenges experienced during the COVID-19 pandemic.

SMME access to export development support

The Corporation entered into a Memorandum of Agreement with the Small Enterprise Development Agency (SEDA) in 2018/19 to provide small, medium and micro enterprises (SMMEs) with access to enterprise export development support. This includes technology transfer, market facilitation, production equipment and quality standards to improve productivity and the export readiness of products. R5,6 million was committed to support nine qualifying export-orientated entities through this scheme in 2019/20.

Contribution to fight against COVID-19

Following a call by the Minister of Trade, Industry and Competition to corporate South Africa to join the government in the fight to contain the spread of the Coronavirus and contribute financial assistance to fund relief measures or activities to mitigate the impact of the COVID-19 pandemic, the Corporation contributed R20 million. The contribution did not affect the Corporation's operational capabilities or its own COVID-19-related support initiatives.

"ECIC is applauded for its pioneering work in Enterprise Export Development, which will result in high business impact and a pipeline of future export clients." – SEDA, 2019

Directors visit to Portia-M (ECIC ESD Beneficiary)

FINANCIAL OVERVIEW

REFLECTIONS BY THE CHIEF FINANCIAL OFFICER

Mrs Noluthando Mkhathazo

Despite a challenging and complex operating environment, the total comprehensive profit of the ECIC increased by 5% (R52 million) for the financial year ended 31 March 2020, while net assets increased by 21% (R1.04 billion).

Traversing a complex macroeconomic landscape

Satisfying our stakeholders depends on their trust in our ability to create value, the levels of employee engagement, how we manage risk and whether our business conduct is ethical, effective and efficient. In turn, we need to ensure that our balance sheet remains strong and the Corporation continues to be self-sustainable.

The first quarter of the 2019/20 financial year started on a good note; however, the COVID-19 pandemic adversely affected many companies and the Corporation was no exception. In the last quarter of the financial year our investments suffered unrealised fair value losses of R556 million. The Rand weakening by over 15% against the US Dollar in March 2020 compounded the impact as an additional unrealised foreign exchange gain of R528 million pushed up the taxable income. This resulted in further strain on the cash flows in the form of an additional provisional tax payment of R119 million in March 2020.

Notwithstanding the systemic economic adversary that the COVID-19 pandemic turned out to be, the Corporation's insurance book proved to be resilient and robust during these turbulent times. Based on the review conducted, we experienced an immaterial negative exposure through two of our insured projects that were impacted by lockdowns. This resulted resulting in arrangements with the lenders to defer capital repayments.

Financial results

Statement of Comprehensive Income	2020 R'000	2019 R'000
Insurance premium revenue	213 930	154 278
Change in unearned premiums	452 668	477 734
Change in unexpired risks	(143 308)	(51 169)
Net insurance premium earned	**523 290**	**580 843**
Claims incurred	76 875	189 433
Claims paid net of salvages	(259 647)	(124 131)
Claims paid	(373 787)	(206 469)
Salvages income	114 140	82 338
Change in claims reserves	336 522	313 564
Assessment fees	232	617
Commission paid to intermediaries	(161)	(229)
Operating expenses	(146 640)	(147 262)
Underwriting results	**453 596**	**623 402**
Investment income	122 549	320 224
Portfolio management fees	(22 376)	(20 511)
Foreign exchange loss	(347 899)	(582 513)
Other income	114	72
IMU grant receipts	233 511	183 248
Interest expense	(390)	(4)
Corporate social investment	(39 653)	(13 355)
Expense for interest make-up	34 704	(101 527)
Profit before taxation	**434 156**	**409 036**
Taxation	(419 811)	(393 051)
(Loss)/ profit for the year	**14 345**	**15 985**
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve	1 118 902	955 331
Fair value adjustments of financial assets	(125 299)	15 774
Deferred tax on fair value of financial assets	28 067	(3 533)
Total items that may be reclassified to profit	**1 021 670**	**967 572**
Other comprehensive income for the year net of taxation	**1 021 670**	**967 572**
Total comprehensive income for the year	**1 036 015**	**983 557**

Underwriting profit

The underwriting profit see-sawed with the insurance premium revenue, with the former declining by 27% (R170 million) and the latter rising by 39% (R60 million). This was as a result of the creation of an additional concentration reserve to counter the effects of less diversification in the insurance portfolio as well as increased claims being paid compared to the previous financial year.

While the claims paid have increased in the current year, it is important to note that this was in line with our prior year's provisions and within our expectations. At the end of the current year, we did not raise any claims provision as there were no projects that were in default. This underscores the fact that our insurance book remains stable and robust.

Investment income

The Corporation's investment income decreased by 62% (R198 million), due mainly to poor performance in the Rand portfolio following the onset of the COVID-19 pandemic. These losses were offset slightly by the profits generated in the USD portfolio.

SA equity and property markets, comprising 45% of the Rand portfolio, were the most disappointing asset class producing a negative return of -24.5% in 2020. Losses from the last quarter of the financial year eliminated all profits generated in the preceding nine months. Negative international sentiment materially impacted emerging markets and their currencies, exacerbated by low growth expectations in South Africa. SA Bonds and SA Cash, comprising 55% of the Rand portfolio, cushioned the equity detraction and overall, the Rand Portfolio delivered -10.5% in Rand terms.

US Government Bonds, 75% of the USD portfolio, benefited from market uncertainty on the back of international trade war tensions and was further supported following the global pandemic of COVID-19. This asset class produced robust returns throughout the financial year caused by the flight to safety. As a result, the USD portfolio returned solid returns of 7.8% over the last 12 months in US dollar terms.

Statement of financial position	Note(s)	2020 R'000	2019 Restated* R'000	01 April 2018 Restated* R'000
Assets				
Intangible assets	6	2 606	3 420	3 094
Property and equipment	7	14 988	5 770	5 684
Deferred tax	8	22 407	-	11 988
Financial assets at fair value	9	8 271 983	7 461 180	6 715 775
Current tax receivable	27	-	860	-
Trade and other receivables	10	2 140 689	1 912 296	1 703 800
Cash and cash equivalents	11	331 400	351 114	211 711
Total assets		**10 784 073**	**9 734 640**	**8 652 052**
Equity and liabilities				
Equity				
Share capital and share premium	12	316 051	316 051	316 051
Foreign currency translation reserve		3 724 172	2 605 270	1 649 939
Fair value adjustment through other comprehensive income reserve		(57 414)	39 818	27 577
Retained earnings		2 066 808	2 052 463	2 036 478
Total equity		**6 049 617**	**5 013 602**	**4 030 045**
Liabilities				
Insurance contract liabilities		3 249 088	3 227 840	3 242 505
Provision for unearned premiums	13.1	2 744 083	2 664 482	2 572 262
Provision for unexpired risks	13.2	505 005	268 164	175 497
Provision for claims reserves	13.3	-	295 194	494 746
Deferred tax	8	-	25 938	-
Employee benefit liability	14	3 764	3 253	3 078
Trade and other payables	15	280 286	206 719	164 106
Lease liability	16	9 169	-	-
Liability for interest make-up	17	1 181 056	1 257 288	1 172 883
Current tax payable	27	11 093	-	39 435
Total liabilities		**4 734 456**	**4 721 038**	**4 622 007**
Total equity and liabilities		**10 784 073**	**9 734 640**	**8 652 052**

**The restatement is due to reclassification of investment trade receivables and payables which were previously presented at net basis against cash and cash equivalent. Refer to note 37.*

Total assets

Total assets increased by 11% (R1 billion), which was attributable mainly to the currency translation gain that resulted from the South African Rand weakening by more than 20% against the US Dollar during the financial year. However, this gain was dampened by the unrealised fair value losses recognised in the investments due to the recent COVID-19 pandemic.

Statement of cash flow

	Note(s)	2020 R'000	2019 Restated* R'000	1 April 2018 Restated* R'000
Cash flows from operating activities				
Cash generated from underwriting activities	26	(46 060)	56 866	516 793
Interest received		237 150	216 485	194 172
IMU grant receipts		233 511	183 248	188 272
Dividends received		61 264	61 311	33 712
IMU claims paid		(284 427)	(281 623)	(319 230)
Interest paid		(390)	(4)	(2)
Taxation paid	27	(428 109)	(398 953)	(218 909)
Net cash outflow from operating activities		**(227 061)**	**(162 670)**	**394 808**
Cash flows from investing activities				
Acquisition of equipment	7	(140)	(1 137)	(543)
Sale of equipment		35	19	-
Acquisition of intangible assets	6	(100)	(146)	(602)
Net sale of financial assets		204 800	302 103	(436 898)
Net cash inflow from investing activities		**204 595**	**300 839**	**(438 043)**
Cash flows from financing activities				
Lease payments		(2 585)	-	-
Increase in cash and cash equivalents		**(25 051)**	**138 169**	**(43 235)**
Cash and cash equivalents at the beginning of the year		351 114	211 711	284 614
Effect of translation on cash and cash equivalents		36 109	20 325	(44 007)
Unrealised foreign exchange loss on cash and cash equivalents		(30 772)	(19 091)	14 339
Total cash and cash equivalents at end of the year	**11**	**331 400**	**351 114**	**211 711**

**The restatement is due to the reclassification of investment trade receivables and payables, which were previously presented at net basis against cash and cash equivalent. Refer to note 37.*

Operating cash flows

Net operating activities resulted in a cash outflow of R227 million, compared to an outflow of R163 million in the 2019 financial year, due to increases in the payment of insurance claims and income tax.

Disclosure in terms of section 55(2)(b) of the PFMA

- Material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the year:
  - The changes in the irregular expenditure framework resulted in the previously disclosed expenditure being reclassified as non-compliance. Refer to note 22.1 on page 64 of the annual financial statements.
- Any criminal or disciplinary steps taken because of such losses or irregular expenditure or fruitless and wasteful expenditure:
  - there were no instances where the Corporation sustained material losses.
- Any losses recovered or written off:
  - no material losses were recovered or written off other than in the ordinary course of business.

The insurance sum insured is presented, excluding any pipeline projects, except where indicated otherwise.

The Corporation underwrites transactions denominated in either South African Rand or US Dollars. However, for reporting all exposures are converted to South African Rand, using the relevant exchange rate. Exposures for historic periods where converted to prevailing exchange rates (March 2019 at R14,5958, and March 2020 at R17,9822) and exposure for the next five years is converted at forecast rates as follows (rates applicable for the budget plan as at January 2020):

- March 2021 at R15.41
- March 2022 at R16.22
- March 2023 at R17.12
- March 2024 and March 2025 at R18.14

Run-off of the current insurance portfolio

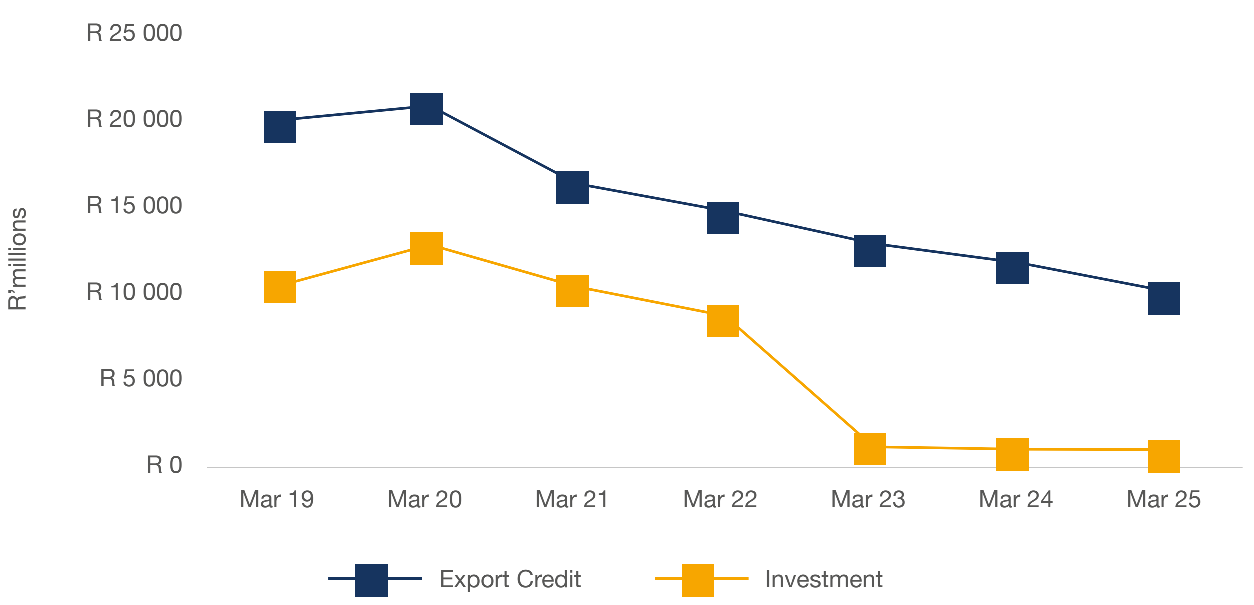


Figure 9: ECIC Insurance portfolio exposure for the next five years converted at forecast rates.

The ECIC insurance portfolio is made up of export credit loans and investment (including equity and shareholder loans).

The reduction in the investment insurance is due largely to the anticipated expiry of the MTN investment insurance policy in Iran. Another two projects covered include the commercial loan (credit line) to the Agricultural Bank in Zimbabwe and the commerial loan to Zinara for the toll road rehabilitation project in Zimbabwe. Discussions to restructure the Zinara debt commenced more than two years ago, with the Corporation approving the restructuring last year. However, the restructuring has not lagged, due to instability in the borrower's management team.

The export credit loan portfolio is largely in the repayment phase.

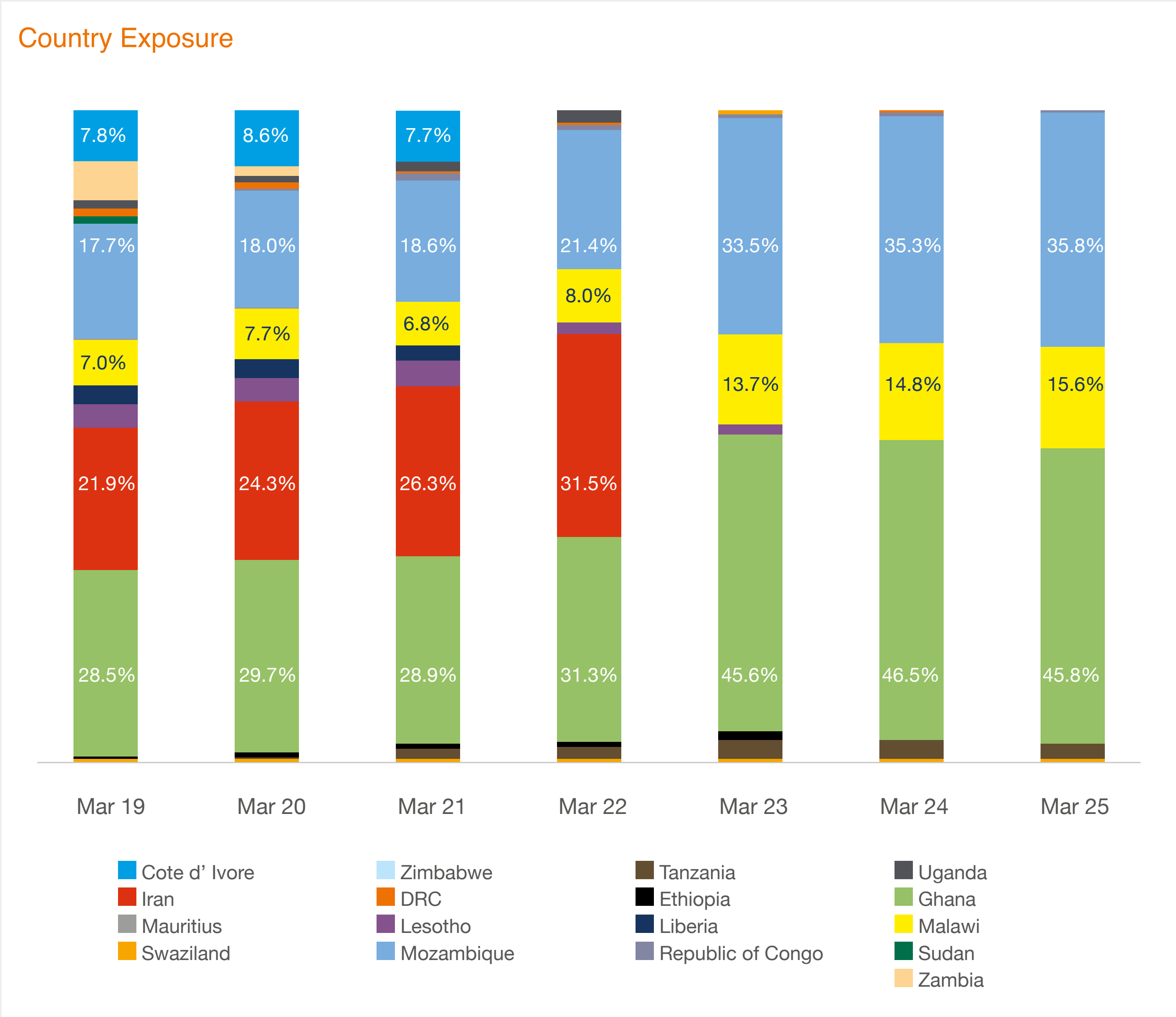


Figure 10: ECIC anticipated sum insured by country for the period 2019 to 2025.

The top three country exposures are in Ghana, Iran and Mozambique, which are also aligned with the top three economic sectors as indicated in Table 12.

Table 12: Country exposures aligned with economic sectors

Power / electricity	Ghana Mozambique Democratic Republic of Congo	• Combined Cycle Gas Turbine Power Plant • Electrification programme • Natural gas power plant projects (x2)
Telecommunications	Iran Malawi	Investment into telecommunications network(s)
Infrastructure	Mozambique and Malawi	Nacala Corridor railway and port

Sectoral Exposure

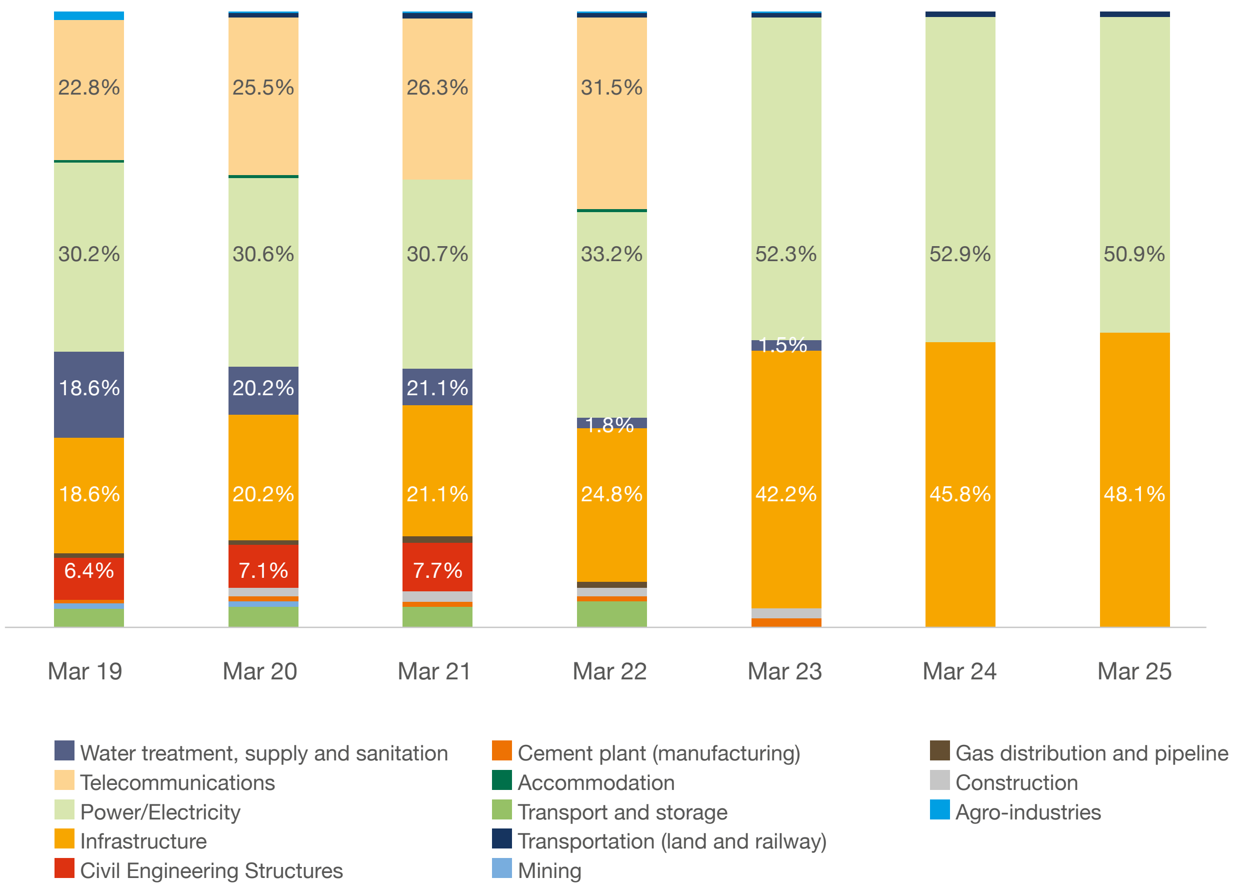


Figure 11: ECIC anticipated sectoral exposure for the period 2019 to 2025.

Sovereign loans

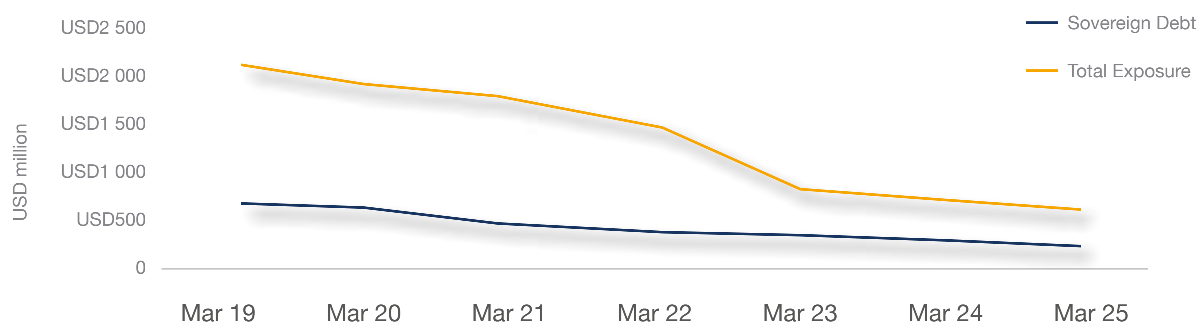


Figure 12: ECIC existing sovereign loans exposure run off for the period 2019 to 2025.

The largest sovereign exposure relates to Ghana for loans to fund the power plant and electrification programme.

The reduction in sovereign exposure is expiration of commitments.

- Sudan Water Treatment Plant – the Corporation paid a claim of USD23,6m in March 2020. Discussions with the Khartoum Government off-taker and the insured borrower is continuing very slowly.
- Zimbabwe loan relates to the rehabilitation of toll roads.

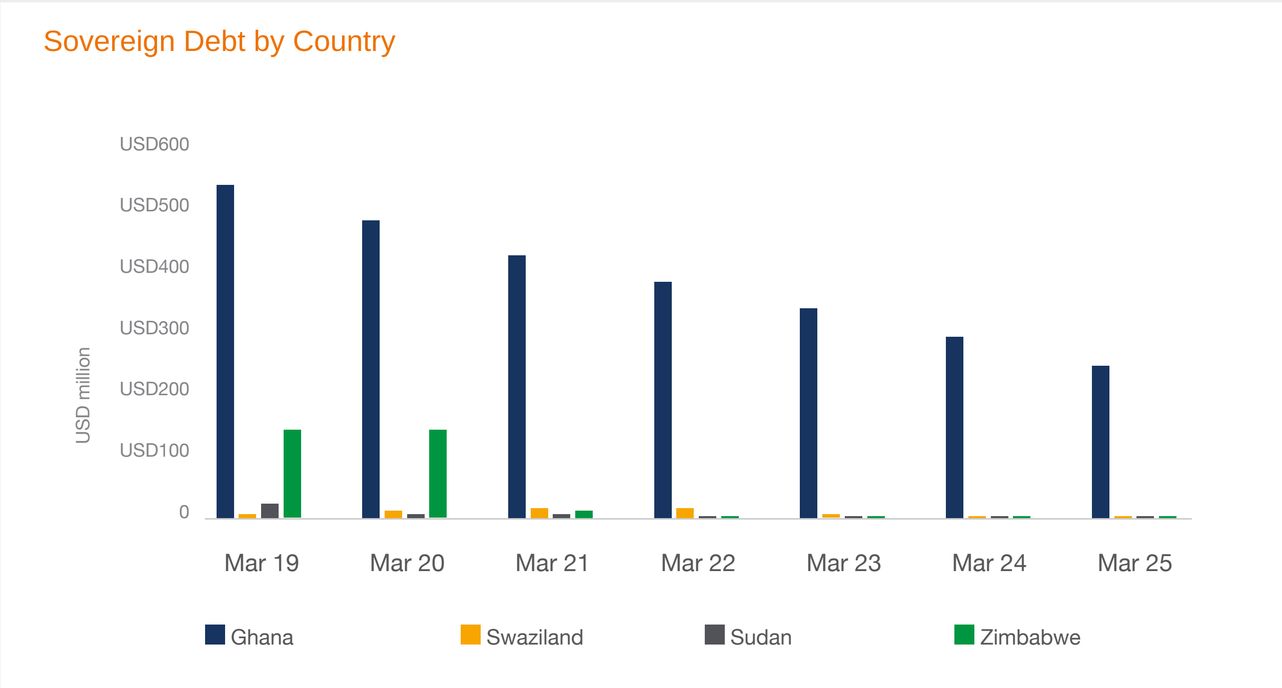


Figure 13: Projected sovereign debt exposure by country for the period 2019 to 2025.

The posst-yearend exposure is presented to demonstrate the impact of pipeline projects. As at 30 June 2020, the following offers of cover had been approved:

- Eritrea – loan associated with potash mine
- Mozambique – investment in powerplant, export credit facility for the Areas 1 LNG project, sovereign debt for an energy project and a corporate loan for the delivery of trucks and trailers
- Zimbabwe – Zimborder loan and investment in telecommunications infrastructure
- Tanzania – corporate loan for the delivery of trucks and trailers.

Any subsequent approvals are not included here.

Capital management framework

The Board ensures that the quantity and quality of capital maintained is adequate and, at a minimum, will meet applicable regulatory capital requirements. The Corporation also monitors economic capital as an internal view of required capital as part of its risk appetite.

The capital philosophy is to use available capital optimally to fulfil the Corporation's mandate and increase its capital base to extend its business underwriting capacity.

The Own Risk and Solvency Assessment (ORSA) serves as the Corporation's capital management plan that considers the projected available and required capital over a three-year period. The plan is updated annually and describes any planned capital raising initiatives and how capital is deployed and managed within the organisation.

Improving the capital position

The Corporation can maintain or increase available capital by either building retained earnings, requesting further capital from the shareholder or reducing the business exposure to decrease liabilities and capital requirements.

Table 13: Mechanisms and strategies to maintain or increase available capital

Mechanism	Strategies
Build retained earnings	• Improve profitability • Limit dividends
Increase share capital	• Additional shareholder capital in line with the ECIC Act, 78 of 1957 (as amended)
Downsize exposure	• Reinsure existing insurance exposures

Retained earnings can be accumulated by increasing profitability through examining the elements that contribute to profit, such as pricing and operational expenditure or limiting dividend payments. Any need to increase shareholder capital will be in line with the ECIC Act. Reduced exposure, for example through reinsurance, reduces capital requirements and improves the solvency ratio.

Risk appetite concerning capital management

The Corporation applies sound underwriting practices and responsible investment principles to remain financially sustainable on a stand-alone and ongoing basis. The risk philosophy and strategy are underpinned by:

- acceptable levels of risk exposure
- the right people and resources to fulfil its mandate and service its customers
- well-managed portfolio distribution and quality that precludes excessive concentration risk to the Corporation
- an investment strategy that limits portfolio volatility to within allocated capital and preserves capital for 'real return' in its investment portfolio, as measured on a rolling three-year basis.

These principles drive risk capacity, risk appetite and tolerance.

Risk capacity is set by capital available to absorb potential losses from accepted risks and tested to ensure a post-loss event with sufficient capital to cover the remaining exposure equivalent to 110% Economic Capital (EC). The Corporation considers own funds tiering to allow the quality of available capital to absorb losses.

Risk appetite is set as the amount of risk the Corporation is willing to accept within its risk capacity, with a concomitant willingness to use capital to fund catastrophic losses to remain solvent within risk appetite thresholds. The business needs to rebuild solvency to mitigate loss and since its shareholder has no appetite to inject additional capital, it must always be in a position to recover organically.

Taking this into consideration, the Corporation needs to maintain own funds (available capital) above an absolute minimum to meet its obligations and continue operating after a catastrophic loss.

Within this context, the Corporation has appetite for a net loss that could reduce the economic capital cover ratio to 110%. Currently, the Corporation portfolio can support exposures up to 10 times equity, which is in line with international ECA practice.

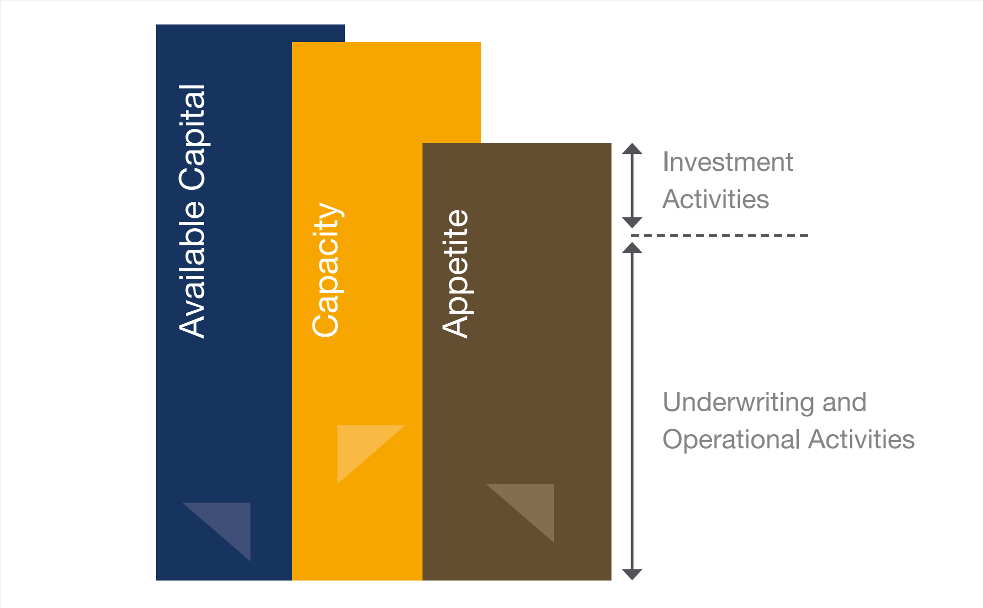


Figure 14: Illustration of risk capacity and appetite.

The composition of the portfolio determines the size that can be supported by available capital. A key feature is the diversification of the portfolio across countries. This heat map shows how this aspect is monitored.

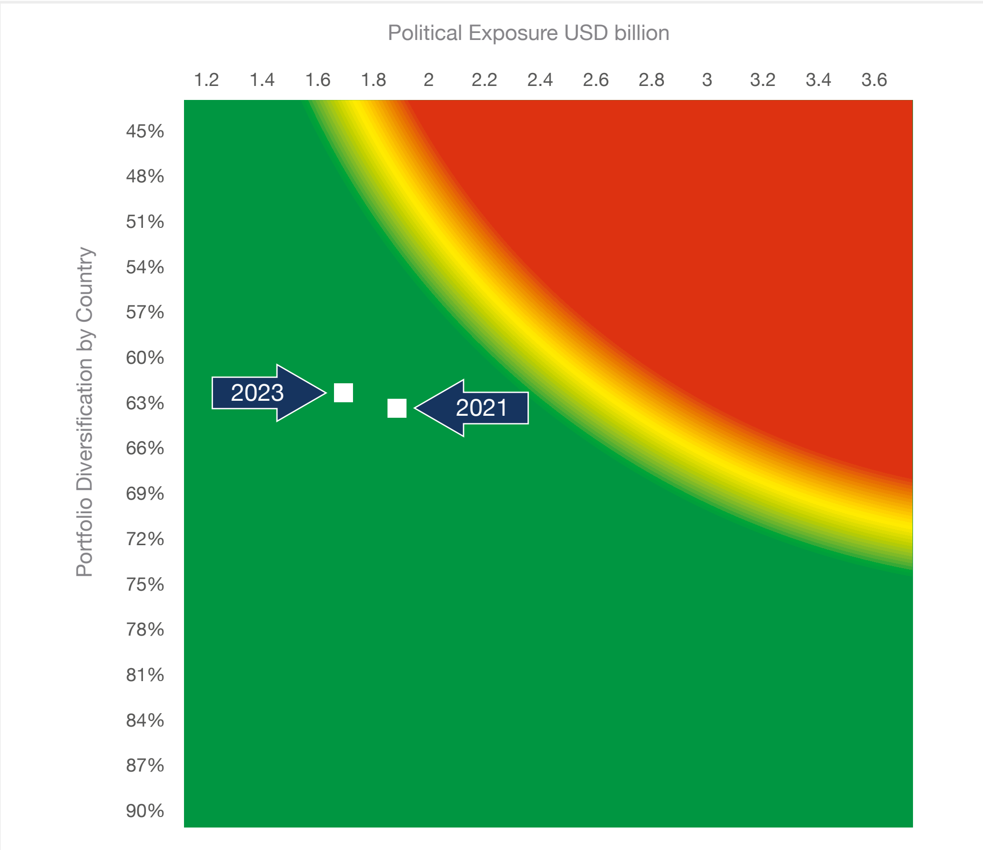


Figure 15: Political exposure in USD billion.

Asset Liability Matching (ALM) determines the Strategic Asset Allocation (SAA) of the investment portfolio across various asset classes. The ALM modelling considers the capital required to support the market risk associated with the identified optimal portfolios.

The amount of capital allocated for investment activities is limited to ensure that sufficient capital is available for underwriting activities. The relative allocation of capital between the two activities has a risk preference of 60% - 80% and 20%-40%, respectively, between underwriting and investment activities. This risk preference is applied as a risk budget allocation.

The chart indicates the current consumption of capital against the allocated thresholds.

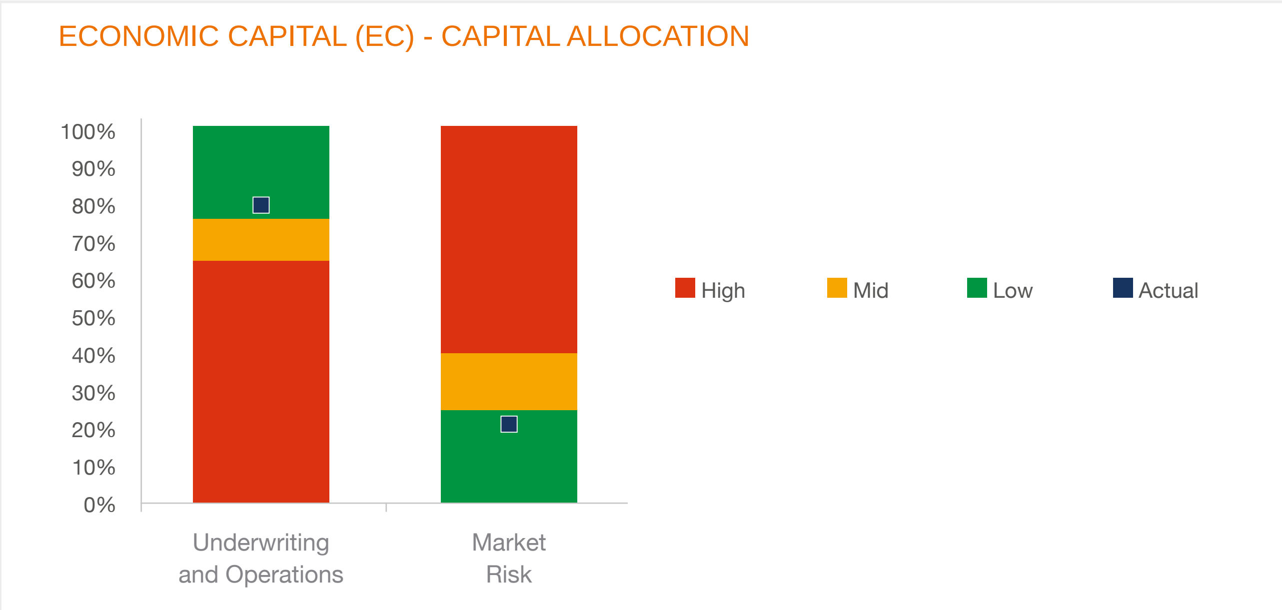


Figure 16: Economic capital allocation.

Projected solvency

The chart below shows the projection of the regulatory Solvency Capital Requirement (SCR) and EC cover ratios over the 2019-2025 planning period. The significant improvement after March 2022 is due to the expiry of a contract with a large underwritten exposure. The red, amber and green levels reflect the Board appetite thresholds.

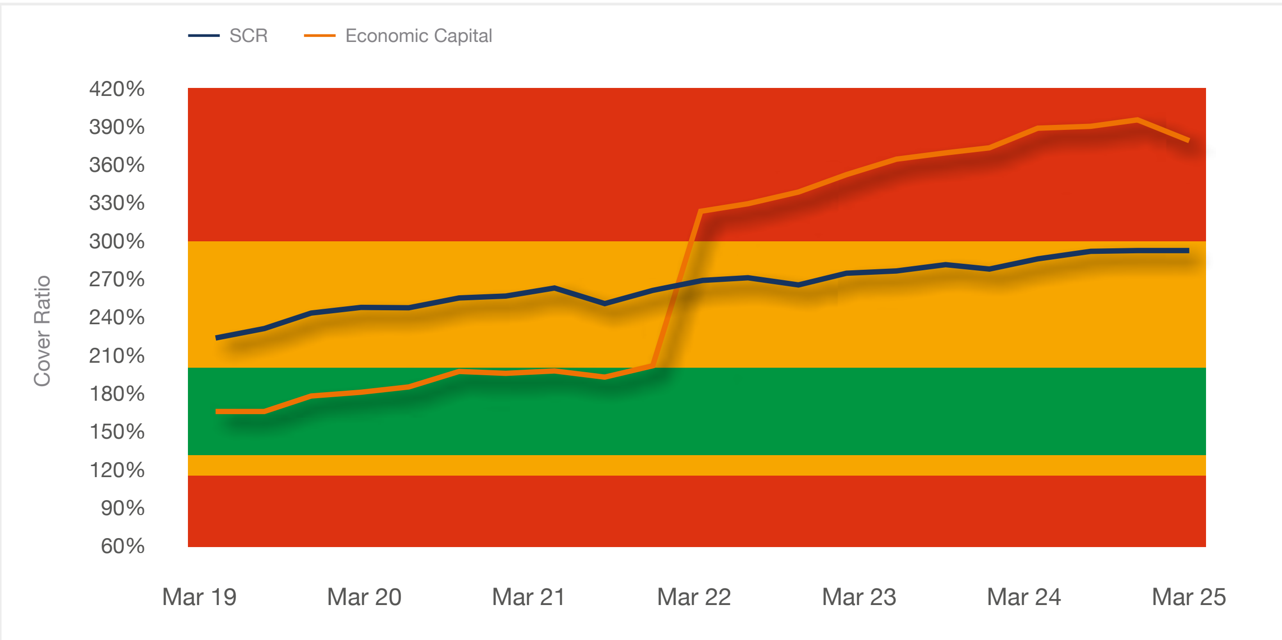


Figure 17: Projection of the regulatory Solvency Capital Requirement (SCR) and the Economic Capital required (EC) cover ratios over the planning period.

Own Risk and Solvency Assessment (ORSA)

The ORSA process is an integral element of the Corporation's risk governance system. While subject to regulatory requirements, it is designed primarily to satisfy the internal need to manage all material risks and ensure sufficient capital to meet solvency and business requirements. The assessment is conducted annually and can occur more frequently if necessary.

The ORSA ensures that the:

- processes and systems are in place and can adequately assess, monitor and measure the risk profile and solvency requirements
- risk management system can accurately assesses the Corporation's risk profile and the amount of capital required to cover the risks
- assessment of the results are embedded in decision-making processes.

The ORSA encompasses reasonably foreseen and relevant material risks that include, at a minimum, underwriting, credit, market, operational and liquidity risks (where relevant) and any additional risks arising from activities and operations. The ORSA identifies the relationship between risk management and the level and quality of financial resources required and available. The assessment also addressess the quantitative and qualitative elements relevant to the medium- and longer-term business strategy.

The assessment includes:

- potential future changes in the risk profile in stressed situations
- the quantity and quality of own funds required over the business planning period
- the quantity and quality of own funds available, including the composition of own funds across the various tiers and changes to this composition over the planning horizon
- the overall solvency needs expressed in quantitative terms, complemented by a qualitative description of the risks and any deviations between the risk profile and implied risk profile underlying the solvency capital requirement calculation.

Bea Mountain, Gold mine in Liberia

REPORT ON SA CONTENT

1.1 Projects supported by the ECIC must achieve a minimum SA content requirement of 70% of the loan amount (projects delivered in Africa, for instance, require at least 50% contents from South Africa and the balance from the rest of Africa). Content is measured during project delivery and the cumulative SA content is determined after project delivery. PMWU monitors the SA content of projects and provides the ECIC with audit certificates every quarter.

Table 14: Projects that are drawing during the 2019/20 financial year

Project Name	Policy Effective Date	Drawdown (Delivery) Period End Date	Country	Project Economic Sector	SA Exporter / Coordinating Exporter	ECIC Loan Amount	Total Draw-down	Goods and Services Certified with Content	SA Content Required %	SA Content achieved to date	Comments
Kanu Equipment Limited	22 March 2019	20 February 2020	Botswana and Tanzania	Transportation	Bell Equipment Company SA (Pty) Limited	USD4.4 mil	USD4.4 mil	USD3.5 mil	70	80	Final declaration and supporting documents received on 29 May 2020
WBHO and AG Thomas Joint Venture	5 April 2019	Earlier than date when ECIC facility reduced to zero or 24 months from effective date	Kingdom of Eswatini	Construction	Ministry of Public Works and Transport of Eswatini	R200 mil	R156.3 mil	R84.3 mil	70	42	The project is in the delivery phase
East Africa Warehousing	17 April 2019	30 April 2020	Tanzania	Transportation and storage	GRW Engineering (Pty) Limited	USD10.5 mil	USD10.5 mil	USD10.2 mil	70	97,6	Final factual findings report dated 30 Aug 2019 confirm the aggregate content achieved
Global Innovative Consulting Limited	9 May 2019	9 November 2020	Ghana	Construction	Business Innovation Group (Pty) Limited, SA(BIG)	USD17.5 mil	USD17.5 mil	USD17.5 mil	70	100	
SNEL-Blue Energy SA	25 October 2019	30 November 2021	DRC	Electric power generation, transmission and distribution	Connect Africa Technologies Proprietary Limited, SÁ	USD27.5 mil	USD6.8 mil	USD2.05 mil	70	7,49	The project is in the delivery phase; receipt of audit certificate delayed due to COVID-19 pandemic

Project still drawing   Content achieved

OUTLOOK

In July 2021, the ECIC will celebrate a 20-year footprint in Africa. During the past two decades we have helped South African exporters to enter markets on the continent, stimulated economic growth and contributed to job creation and global competitiveness. Our focus on emerging markets and appetite for insuring against political risk and underwriting large, long-term projects continue to give us a competitive edge in a fiercely competitive international export credit agency market.

Having basked for a moment in the satisfaction of major milestones, we are again looking towards opportunities on the horizon ...

Despite the unexpected and unprecedented challenges of a global economic landscape at war with a pandemic of which the outcomes are uncertain, we remain committed to fulfilling our mandate, driving growth, pursuing opportunities and meeting any and all challenges head-on.

During the period going forward, we will prioritise:

Stakeholder engagements through the Board-approved Stakeholder Engagement Plan, Customer Engagement Plan, Employee Engagement Plan, Marketing and Communications Plan and Strategic Partnership Plan that focus on:

- the successful implementation of the AfCFTA
- expanding our business relationships for the benefit of South African exporters
- addressing a much-needed update to the Corporation's founding legislation
- improving the understanding of the ECIC mandate and complementary business opportunities
- establishing the South African Export Import Bank
- enabling online engagements and remote working capabilities to take advantage of COVID-19 advanced Industry 4.0 opportunities.

We will pursue our mandate with integrity, conduct business ethically and add value to the South African economy through an understanding of complex operating environments and a swift response to requests for information.

We will also communicate our successes and coordinate stakeholder interaction more effectively, share information transparently and identify business opportunities and manage risk more efficiently.

Resolve legal and regulatory impediments by finalising arrangements with the Prudential Authority in terms of our licence conversion and IMU approval. Progress already includes the potential for intervention on ZAR loans, negotiating a directive to banks by 2023 about rating public entities and providing capital relief on project finance transactions, as well as enabling us to partner with foreign banks, such as Afreximbank, to create value for South African exporters, which is the focus of the ECIC mandate.

New premises is on the agenda from October 2021. In this regard, we will consider the impact of remote working and Industry 4.0 on our business requirements, as well as the location impact on employees, customers, stakeholders and brand awareness.

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