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INTEGRATED REPORT 2024

INDUSTRIAL DEVELOPMENT CORPORATION

INTEGRATED REPORT 2024

IDC
Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa

PERFORMANCE OVERVIEW **2024**

-16% ▼
IDC FUNDING APPROVED
R17.3 BILLION
(R20.7 billion in 2022/23)

24.5% ▲
NET PROFIT (COMPANY)
R7.4 BILLION
(R5.9 billion in 2022/23)

96% ▲
TOTAL FUNDING COMMITTED TO TRANSFORMATION
R22.3 BILLION
(R11.4 billion in 2022/23)

-11% ▼
IDC FUNDING DISBURSED
R15.9 BILLION
(R17.8 billion in 2022/23)

-3% ▼
TOTAL ASSETS (COMPANY)
R156.7 BILLION
(R161.9 billion in 2022/23)

-48% ▼
JOBS TO BE CREATED AND SAVED THROUGH COMMITTED FUNDS
17 826
(34 035 in 2022/23)

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LEGEND AND NAVIGATION

CAPITALS

FINANCIAL CAPITAL

MANUFACTURED CAPITAL

INTELLECTUAL CAPITAL

HUMAN CAPITAL

SOCIAL CAPITAL

NATURAL CAPITAL

ICONS DENOTING ASSURANCE

LA Denotes limited assurance

RA Denotes reasonable assurance

ICONS DENOTING AVAILABILITY OF ADDITIONAL INFORMATION

Additional information available at **www.idc.co.za**

Additional information available elsewhere in this report

ADDITIONAL ONLINE INFORMATION

- Group structure
- Board directorships
- Carbon footprint
- Social investment
- Human capital
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- Memberships
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Introduction

The Industrial Development Corporation of South Africa Limited (IDC) was established in 1940 through an Act of Parliament (Industrial Development Corporation Act, 22 of 1940) and is fully owned by the South African government.

ABOUT THIS REPORT

Creating shared value is a fundamental objective of any organisation and of development finance institutions (DFIs) in particular. Creating broader societal value is essential. Our integrated annual report provides our stakeholders with an impartial view of our value creation and strategy implementation capacity. When we reflect on our integrated reporting journey over the last decade, we acknowledge the importance of agility and learning in an environment of dynamic standards and requirements. Hence our quest for progressive improvement.

Our business model explains the application of the six capitals in our business processes to deliver value while allowing for tradeoffs where required. The IDC is committed to sustainable industrial development and its strategy is centred on the twin pillars of financial sustainability and developmental impact. Developmental efforts are aligned to the United Nation's Sustainable Development Goals (SDGs) as shown in the matrix on page 32.

In preparing this report we applied integrated models to demonstrate how we create value, build resilience and continuously promote shared value in partnership with all our stakeholders.

We included information on our governance, material matters, risks and opportunities, our strategy, outcomes and performance, and our impact and outlook.

Reporting scope and boundary

This report covers the financial year 1 April 2023 to 31 March 2024 and includes all material information up to approval by the Board on 31 July 2024.

The reporting boundary covers the IDC group, which includes the IDC and all its subsidiaries, and the IDC mini group, which refers to the IDC and its subsidiaries Findevco, Konoil and Impofin. The group structure is available online.

There were no significant changes to the scope and boundary from the previous financial year. Restatements made are indicated on page 126 of the annual financial statements.

Timelines	
Short term	We view 2023/24 and 2024/25 as short term, a period of 18 months in which we implement initiatives to support our strategies
Medium term	Our medium-term view covers 18 to 36 months and spans the three financial years 2024/25 to 2026/27
Long term	Our longer-term view stretches beyond 2026/27 and includes goals and strategies with a time horizon of more than three years

Reporting structure

The IDC aligns to enhancements in global integrated reporting frameworks and stays abreast of developments in reporting frameworks and standards, including emerging sustainability disclosure frameworks and standards. Our integrated reporting is guided by the Industrial Development Corporation Act, 22 of 1940, as amended, and internally developed policies and guidelines. The integrated report adheres to the Integrated Reporting Framework and we remain mindful of the International Financial Reporting Standards (IFRS) sustainability standards and their anticipated impact on corporate reporting and disclosures.

We also subscribe to the principles of good governance of the King Report on Corporate Governance for South Africa, 2016 (King IV) and apply the Greenhouse Gas Protocol to categorise and disclose CO_2e (carbon dioxide equivalent) emissions. Our financial reporting complies with IFRS, the JSE Limited debt listing requirements, the South African Companies Act Companies Act, 71 of 2008, as amended, and the Public Finance Management Act (PFMA), 1 of 1999, as amended.

Our integrated report 2023 received a merit award for state-owned companies from the Chartered Governance Institute of Southern Africa, our second consecutive award.

Our suite of reports is available on our website and includes:

INTEGRATED REPORT
2024

Our integrated report details our strategy and performance and the shared value created during the reporting period. It provides material information to contextualise the IDC's operating environment and the application of the six capitals.

Carbon footprint report – online

Reporting frameworks applied:
- Integrated Reporting Framework
- King IV

Assurance – management and governance oversight are supported by Board oversight and approval. Selected sustainability indicators are assured by the IDC's internal audit function and an external audit opinion provided by Nexia SAB&T

ANNUAL FINANCIAL STATEMENTS
2024

The annual financial statements present comprehensive information on the group's audited financial statements prepared in accordance with IFRS.

Reporting frameworks applied:
- King IV
- IFRS

Assurance – internal controls, management and governance oversight are assured by the IDC's internal audit function and an unmodified external audit opinion provided by Deloitte and Nexia SAB&T

Materiality

Our Board and executive team share a common view of our material matters and, in this report, we present the matters cohesively by linking them to the organisation's ability to create value over the short-, medium- and long term.

We apply double materiality in our integrated reporting process to disclose matters that are important to all our internal and external stakeholders. Our reporting looks beyond our internal operations to incorporate our influence on society, the economy and the environment, including associated risks and opportunities. We acknowledge the risks and the opportunities from both a financial and impact materiality perspective for the IDC and its major subsidiaries. Our process for determining materiality is detailed on page 43.

The seven material issues that form the foundation of this report are:

- **MM 01** SUSTAINABLE INDUSTRIAL DEVELOPMENT
- **MM 02** FINANCIAL SUSTAINABILITY
- **MM 03** SOCIOECONOMIC DEVELOPMENT
- **MM 04** BUSINESS PARTNERS' AND CLIENTS' NEEDS
- **MM 05** GOVERNANCE, RISK AND COMPLIANCE
- **MM 06** HUMAN CAPITAL
- **MM 07** PARTNERS

Process disclosure and assurance

The corporate affairs department, under the leadership of the Divisional Executive: Strategy and Corporate Affairs, produces the integrated report. The Integrated Report Working Committee comprises IDC staff from various functions and content is received from all IDC divisions.

In this report we address the information requirements of our key stakeholders, namely existing and potential business partners, strategic project partners, shareholder, lenders, employees and IDC subsidiaries.

The information and disclosures are based on the principles of materiality. Financial information and certain non-financial performance indicators have been assured through our combined assurance model. The IDC's external auditors, Deloitte and Nexia SAB&T, supported by the IDC internal audit team, issued an unqualified audit opinion on the assurance of the group audited financial statements. Selected performance information, in line with the International Standards for Insurance Engagements 3000, was assured at a limited assurance level. Our risk, audit and compliance functions and activities are aligned to ensure the integrity of our reporting and our Board approved this report.

The IDC Board, supported by the Board Audit Committee, is responsible for internal control, which identifies, evaluates, manages and provides reasonable assurance against material misstatement and loss. Using the Board-approved risk management process, management identifies key risks and implements internal controls.

The internal audit department provides independent, objective assurance to the Board that the governance processes, management of risk and internal control system are adequate and effective in mitigating significant risks.

Outlook

During the compilation of this report, the Board received and considered management's views on the outlook for the IDC and its predicted performance based on forecasts of local and global economic conditions. The challenges, opportunities and uncertainties associated with pursuing our strategy and the effects on our business model and performance expectations are discussed in the leadership commentaries and the section on the external environment.

Forward-looking statements were informed by the IDC corporate plan and are subject to risk and uncertainty. These and other factors could cause actual performance to be materially different from expected future results.

Board approval

The IDC Board, with the support of its Board committees, acknowledges responsibility for the integrity and completeness of the integrated report. It is the Board's opinion that this report addresses the material issues that have an influence on the Corporation's ability to create value, build resilience and preserve value and mitigate value erosion. The IDC Board considers the content of this report accurate, reliable, balanced and complete in terms of IDC risks, opportunities, strategy, performance, outlook and governance. The Board is satisfied that the report was prepared in accordance with the Integrated Reporting Framework and approved it on 31 July 2024.

On behalf of the Board:

BA Mabuza
Board Chairperson
31 July 2024

DA Jarvis
Interim Chief Executive Officer
31 July 2024

MINISTER'S FOREWORD

"South Africa's real GDP growth moderated to 0.8% during the review period, compared to 1.3% in the preceding financial year. The moderation in growth can be attributed to factors including sustained high levels of loadshedding, challenges in the rail network, inefficiencies at ports, lower commodity prices, weakening global and domestic demand, and the impact of high inflation and interest rates."

Shifting global and local macroeconomic dynamics have required adaptability and flexibility from participants to make progress and achieve measurable impact. Against a backdrop of complexity, volatility and expected uncertainty, global economies displayed varied performance, with global inflation continuing to affect the appetite for funding access and costs.

The economic growth of South Africa's major trading partners during the year under review was largely subdued. Slower growth in these partners, combined with ongoing geopolitical tensions, affected South Africa's export performance, demand for imports and global business confidence.

The United States of America achieved a gross domestic product (GDP) growth of 2.8%, while the Eurozone experienced weak growth at 0.3%. In contrast, Chinese economic growth remained robust at 5.4% in 2023/24, albeit at a slower pace than in the pre-Covid period. The weaker performances of these economies contributed to a 2.7% decline in world import volumes in the review year. During the same period, South Africa's merchandise exports declined marginally by 0.3% in nominal value (compared to 9.3% recorded in the previous year).

South Africa's real GDP growth moderated to 0.8% during the review period, compared to 1.3% in the preceding financial year. The moderation in growth can be attributed to factors including sustained high levels of loadshedding, challenges in the rail network, inefficiencies at ports, lower commodity prices, weakening global and domestic demand, and the impact of high inflation and interest rates.

Despite the challenging operating environment, the IDC holds a strategic position as an industrial financier to support South Africa's industrialisation efforts, sustain and create jobs, drive transformation of ownership and contribute to measures that promote low carbon transitions and transformation for the economy.

The Corporation remains strategically positioned to fund and promote growth in low carbon and new green sectors, including in industries and value chains that enable social and economic inclusion. This is achieved by providing targeted support for black industrialists and black-owned companies, and by supporting broader participation by women, youth entrepreneurs and workers as shareholders in companies.

IDC performance

The IDC experienced mixed fortunes in the year under review, with achievements against certain key performance indicators (KPIs) and shortfalls in others. The finer financial details are presented in sections further into this report, but these and the achievements set out prove that the organisation has not lost sight of its industrial and developmental mandate.

Most of its funding during 2023/24 supported capacity expansions, startups, distressed businesses and working capital requirements, which clearly reinforces the Corporation's commitment to creating industrial capacity while supporting business during tough times. Some notable highlights included an increase to R22.3 billion in total funding committed to transformation, including R10 billion for black industrialists, 20% more than in 2022/23, and a more than 936% increase in funding committed for women-empowered companies, from R1.1 billion to R11.4 billion.

Funds earmarked for industry masterplans and IDC industry priorities were up almost 30% to R41.9 billion. This included R2.3 billion to support the South African Automotive Masterplan and its value chain, a 78% increase over last year and expected to create more than 3 000 jobs, mostly in Eastern Cape.

While the picture is relatively positive, the year did not deliver the jobs it could have nor the much-needed support for youth-owned businesses.

The IDC plays a strategic role in boosting the economy and promoting sustainable and inclusive industrial capacity. Our stated pathway, as the dtic family, will be anchored on industrialisation, transformation, job creation, and building a capable and developmental state. As the Ministry, we urge the Corporation to stay agile and remain bold as it uses its diverse institutional instruments to advance impactful national priorities.

Priorities to enhance impact

During the year ahead, the IDC should build on its progress by focusing on the following key areas:

- Unlocking new industrial pathways, including green and regional value chains, with priorities in green hydrogen, critical minerals and battery value chains
- Realising its potential as a major contributor to the just transition, including the promotion of sustainable practices in the resource-based and heavy industrial sectors, while ensuring equitable and just access for all
- Supporting and funding projects to address national infrastructure challenges, particularly the energy shortages and transport infrastructure recovery plans
- Continuing to fund black industrialists, black-owned businesses, women and youth entrepreneurs, expand decent work opportunities in both mainstream and social economy sectors and empower workers through ownership in the companies they serve
- Supporting balanced growth across South Africa, southern Africa and the continent, especially given opportunities presented by the African Continental Free Trade Area (AfCFTA)
- Optimising business efficiency and client experience by improving internal processes such as turnaround times.

Acknowledgements

As I start my tenure as the shareholder representative, I thank former Minister Ebrahim Patel for his oversight of the Corporation, with support from the IDC Chairperson Busisiwe Mabuza and the Board. The IDC's commitment to advancing government priorities and maintaining a robust governance culture that supports its mission and mandate will anchor our work together.

Parks Tau
Minister of Trade, Industry and Competition

CHAIRPERSON'S STATEMENT

"The Corporation's work responds to the economy's longstanding issues while considering climate change and its impacts. The IDC contributes to the expansion and transformation of the South African economy, developing several key projects, expanding industrial capacity and creating jobs."

In 1994, South Africans stood together and took the first step on a transformation journey to build an inclusive society and economy that would benefit all citizens. As a key South African DFI, the IDC is proud of the progress made over the past three decades and the meaningful role the institution has played through financing and non-financial interventions supporting the economy. We also remain mindful of the pressing challenges that confront us all and those that lie ahead given the rapidly changing global operating and trading landscape.

Economic environment

South Africa's economic performance over the financial year was weak, as reflected by GDP growth of only 0.8% arising from a combination of domestic constraints as well as global drivers. Weaknesses were observed across most economic sectors, including those in which the IDC operates, with various drivers of domestic demand negatively affected. Investment activity remained relatively modest, reflecting low confidence among businesses and weak consumer demand. Several factors continued to hamper domestic economic growth, including the persistent infrastructure impediments elaborated on in this integrated report, weak local and global demand and the impact of lower prices on export commodities.

Although the local environment is expected to continue in this vein in the near- to short term, there are reasons for cautious optimism. South Africa has demonstrated its commitment to democracy and is making gradual progress in addressing some longstanding issues that have stunted growth and dented the country's investment attractiveness.

We also remain attentive to the global environment that is characterised by increasing uncertainty. The world economy continues to face several headwinds, particularly in the short term. With the current year marked by an intense election schedule globally, amid intensifying trade and geopolitical tensions, the uncertainty of the election outcomes and the subsequent policy decisions to be undertaken intensified volatility in the global trading environment. These are likely to weigh on global economic activity, with resultant adverse implications for countries with significant export sectors such as South Africa.

Inclusive and sustainable industrial development

The IDC's unwavering commitment to inclusive and sustainable industrialisation that creates jobs is deeply ingrained and detailed in its long-term sustainability plan. The corporate plan for 2024/25 to 2026/27 outlines prioritised responses to the prevailing challenges. During the year under review, the IDC continued its support for jobs-rich industrialisation in its priority sectors and value chains.

Mindful of the persistent challenging operating and trading environment which several business enterprises face, the Corporation's response entailed supporting industries affected, for instance, by energy supply challenges, while strategically and selectively investing in interventions aimed at alleviating bottlenecks in infrastructure services to unlock industrial development. To this end, we approved an energy crisis resilience scheme to support energy service companies providing energy solutions, such as rooftop solar photovoltaics and batteries, to small and medium enterprises (SMEs), while funding was approved for a bankable feasibility study for Project Ukuvuselela, which is a sustainable end-to-end rail logistics solution for the automotive sector.

Considering climate change and its impacts, going forward IDC will intensify the implementation of initiatives aimed at supporting value chains associated with the transition, such as critical minerals, new energy vehicles, energy storage, green hydrogen and green manufacturing associated with greater localisation and beneficiation elements. These initiatives are in response to climate risks to production and changing global demand and will support the maintenance and expansion of industrial capacity in South Africa and the rest of Africa.

Our approach acknowledges that industrial finance is not a 'silver bullet'. We actively contribute to and leverage policy initiatives such as industry masterplans, special economic zones (SEZs) and localisation. In the review year, we continued to contribute to the expansion and transformation of the South African economy, developing several key projects and maintaining our instrumental role in the commercialisation of the green hydrogen sector – which will be crucial in achieving a just energy transition while expanding industrial capacity and creating jobs – and the implementation of the Just Energy Transition Investment Plan.

As the Corporation continues to pursue its mandate, it does so mindful of the changing priorities and imperatives of its key stakeholders, including government and business partners. Our strategic direction and focus are guided by government policies, priorities and strategies.

During the year, the Board approved the revised and updated IDC responsible investment policy, which guides investment and funding activities. The policy embeds environmental, social, resilience and governance (ESRG) principles and factors in our industrial capacity expansion and development activities. It reinforces our intent to achieve transformative economic impact that is socially inclusive and facilitates transparent, sustainable impact and environmental soundness. Our objective remains to drive structural transformation, fostering activities that lead to cumulative productivity growth, employment generation and a smooth transition to a low-carbon competitive South Africa.

Financial sustainability

In line with its developmental mandate, the IDC has bold and ambitious investment and development targets that include increased funding for value chains with the highest potential for sustainable, job-rich industrial development and economic inclusion. Thus, securing our long-term financial sustainability is imperative, with financial risks actively monitored.

Our commitment to safeguarding the IDC balance sheet remains a key focus. We recognise the pressure on financial parameters because of the poor performance of some business partners and key subsidiaries and the high concentration of listed investments in often volatile, resource-based sectors. IDC management, guided by the Board, monitors the situation and devises strategies to address the quality of the loan book.

The total impairment ratio improved marginally from 37.5% in 2022/23 to 36.4%. While the Corporation remains financially strong, there is room to correct impairment and non-performing loan ratios, which remain high. The muted progress in remedying these key asset quality indicators is attributed in part to the Corporation's position on participating as a patient partner to businesses that are in distress.

The Corporation continues to maintain an acceptable balance between developmental and financial objectives. This has been achieved through sound and effective risk management practices embedded in the Corporation's risk appetite framework, which is premised on two fundamental rules – financial sustainability and sound governance.

In the past year, the Corporation continued to support struggling subsidiaries by collaborating on strategies to improve financial efficiency and ensure long-term sustainability. The IDC Board sub-committees provide independent oversight for these subsidiaries and play a crucial role in supporting IDC management in creating a path forward.

Governance

The composition of the Board changed during and subsequent to the financial year end, with the appointment of Susan Mangole as non-executive director with effect from 1 June 2024, the retirement of Lael Bethlehem, effective from the annual general meeting of 20 July 2024, and the previously reported resignation of Dr Nimrod Zalk.

In addition, the Board, in consultation with the shareholder representative, appointed David Jarvis interim Chief Executive Officer (CEO) and Executive Director from 1 October 2023. This arrangement was enacted following the expiry on 31 December 2023 of the contract of former CEO TP Nchocho and his indication that he would not seek an extension. The Board has approached new shareholder representative, Minister of Trade, Industry and Competition, Parks Tau, for his assistance in finalising the appointment of a permanent CEO.

Throughout the year, the Board endeavoured to ensure that the business continues to strive for the highest standards of ethics and governance. It was resolute in its determination to protect the sustainability of the Corporation and to reinforce its socioeconomic relevance, as reflected in this integrated report.

Acknowledgements

The Corporation continues to support clients and stakeholders across South Africa and beyond with funding as well as non-financial support, despite the economic climate. This is possible only through the commitment and hard work of the staff and management of the Corporation. On behalf of the Board, I express our sincere gratitude for their dedication.

I acknowledge my esteemed Board colleagues, whose wise counsel ensured that the IDC navigated the complexities of the year effectively and whose guidance shaped its strategic decisions. Special recognition is reserved for Lael Bethlehem for her long and dedicated service and immense contribution to the Corporation's Board.

We express our gratitude to former Minister Ebrahim Patel for his leadership throughout the tenure of all Board members and his unwavering commitment to the IDC's crucial role as a driver for industrial development and economic transformation across the African continent. We also extend our thanks to the leaders of the Department of Trade, Industry and Competition (the dtic) and members of the Portfolio Committee on Trade, Industry and Competition, as well as other parliamentary committees with which we engage. The rigorous engagements, invaluable feedback and unfaltering support have been instrumental in propelling forward the IDC's mission.

We welcome Honourable Minister Parks Tau. The Board. The Board and the management team of the Corporation look forward to a collaborative and meaningful partnership as we collectively advance the objectives and mandate of the IDC.

BA Mabuza
Board Chairperson
31 July 2024

Who we are

An entity of government whose purpose is to drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region.

COMPANY OVERVIEW

The IDC has a long and proud history as a South African corporate citizen, having been established through the Industrial Development Corporation Act, No 22 of 1940. It is wholly owned by the South African government and its priorities and activities are aligned with and guided by national policy direction set out in the National Development Plan (NDP), industry masterplans and other policies.

To fulfil its mandate, the IDC must ensure its long-term sustainability through prudent financial and human capital management, balancing this with respect for the natural environment and positioning itself as a forerunner in development finance in South Africa and on the continent.

Our purpose

To drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region.

Our values

Daily activities and business conduct are guided by:

- Passion
- Partnership
- Professionalism

Client value proposition

The IDC combines industry insights and partnerships to provide customised, value-adding funding and advisory solutions, enabling innovative entrepreneurship that advances inclusive industrial development.

Our activities and priorities

The IDC fulfils all the roles of a DFI:

- Developing and supporting pioneering projects
- Providing customised finance and investment solutions
- Partnering with others to extend its reach, capital and impact
- Providing non-financial support to entrepreneurs and selected state programmes.

The Corporation prioritises labour-intensive industrialisation through funding of companies or unlocking downstream activities.

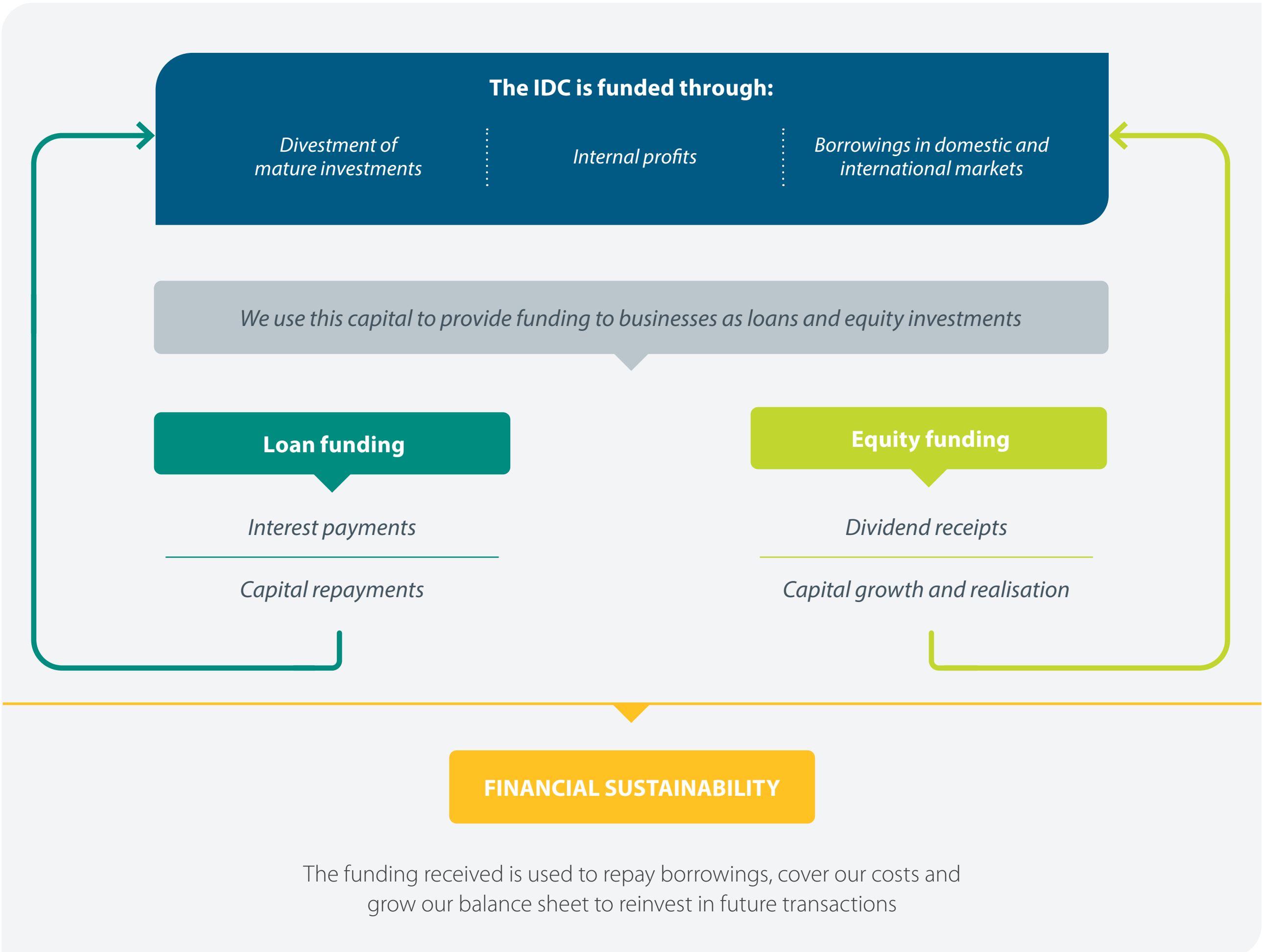
Through the businesses we support, we drive key development outcomes that seek to promote equitable economic growth and create and sustain jobs.

Through our commitment to providing relevant services, we have created an enabling environment for our partners. We provide business support, capacity building and new capabilities such as lead arranging for greater leveraging of our balance sheet.

Our funding model

We fund most of our activities through borrowings on domestic and international markets, divesting from mature equity investments and profits generated from lending and investment. We provide loans and invest in businesses that support the country's development objectives. Our costs are covered and balance sheet strengthened by interest and capital payments from loans provided, and dividends and capital realisations from equity investments. This, in turn, leverages our capacity to fund future development activities.

The IDC increasingly sources funds from partners, including the government, for co-investment in projects with specific industrial and development outcomes.






OUR BUSINESS MODEL

INPUTS

FINANCIAL CAPITAL

Our strong asset base allows access to capital base and returns dividends, and allows for equity growth. These funding sources support clients, whose businesses help us to achieve our development outcomes.

- Equity: **R100.2 billion** (2022/23: R101.6 billion)
- Borrowings: **R45.7 billion** (2022/23: R47.0 billion)
- **R156.7 billion** in assets (2022/23: R161.9 billion)

HUMAN CAPITAL

Our diverse group of employees enables us to serve our clients and manage an effective organisation to fulfil our mandate.

- **866** permanent employees (2022/23: 853)
- **R22 million** spent on training and development (2022/23: R20.7 million)

NATURAL CAPITAL

Our direct impact on natural resources through energy and water use in our business activities.

- Renewable energy portfolio
- Investment in energy-efficiency technologies

MANUFACTURED CAPITAL

Our business structure, regional footprint, processes and information technology (IT) systems enable our deal development and implementation activities.

- Presence in all nine provinces
- Information technology infrastructure

INTELLECTUAL CAPITAL

Our brand, reputation, research, knowledge and experience.

- More than **84** years of industrial finance and project development experience
- **30** years of funding inclusive participation in the economy

SOCIAL CAPITAL

Our relationships with key stakeholders, including clients, partners, funders, development partners and government.

- **35** strategic implementing partners for the Social Employment Fund (SEF)
- **53** initiatives were approved, reaching individuals nationally across all nine provinces

BUSINESS ACTIVITIES

INDUSTRY PLANNING

- Strategy development to guide the IDC's role in the expansion of priority industries, including industry masterplans

PARTNERSHIP PROGRAMMES

- Managing funds and building partnerships to achieve development outcomes

INDUSTRIAL FINANCE

- Deal development
- Assessing the viability of business plans
- Providing funding to potentially viable businesses
- Providing non-financial support to entrepreneurs to improve the viability of their businesses
- ESRG and sustainability impact principles integrated into industry planning, project preparation, partnership programmes and industrial finance

PROJECT PREPARATION

- Co-development of projects through feasibility stages

KEY BUSINESS SUPPORT FUNCTIONS

- Treasury support
- Legal support
- Technical deal support services:
  - Entrepreneurial development, environmental impact
  - Post-investment management and client support
- Human capital support and development
- Macroeconomic and industry research
- Financial management
- Corporate support services

OUTPUTS

LENDING, INVESTMENT AND FUND MANAGEMENT

- **R17.3 billion** funding approved (2022/23: R20.7 billion)
- **R15.9 billion** of IDC funds disbursed (2022/23: R20.5 billion)

PRODUCTS AND PARTNERSHIPS

- SME-Connect
- SEF
- Township Economy Energy Resilience Fund
- Junior Mining Exploration Fund

OUTCOMES

FINANCIAL CAPITAL

- Assets: **R156.7 billion** (2022/23: R161.9 billion)
- Net profit company: **R7.4 billion** (2022/23: R5.9 billion)
- Net profit group: **R7.8 billion** (2022/23: R10.7 billion)
- Impairments (total portfolio at cost): **36.4%** (2022/23: 37.5%)

HUMAN CAPITAL

- **6.6%** staff turnover (2022/23: 9.02%)
- **680** employees trained (2022/23: 493)
- Provided **61** new employment opportunities through learnerships and internships (2022/23: 27)

NATURAL CAPITAL

- The IDC's electricity consumption (MWh): 3 305 (2022/23: 3 972)
- Responsible investment policy approved
- Sustainable industrialisation framework developed to drive industrial development in the context of climate change

MANUFACTURED CAPITAL

- IDC funding on the continent supports industrialisation and deepening regional value chains
- Ongoing improvement of processes to ensure greater agility

INTELLECTUAL CAPITAL

- Implementation of poultry, sugar and automotive masterplans
- IDC contribution to the Green Hydrogen Commercialisation Strategy

SOCIAL CAPITAL

- **17 826** jobs are expected to be created and saved from committed transactions (2022/23: 34 035)
- **R22.3 billion** investment facilitated for priority groups of entrepreneurs (2022/23: R11.4 billion)
  - Black-empowered and black-owned **R13.0 billion** (2022/23: R7.7 billion)
  - Black industrialists: **R10 billion** (2022/23: R7.6 billion)
  - Women entrepreneurs: **R11.4 billion** (2022/23: R1.1 billion)
  - Youth entrepreneurs: **R456 million** (2022/23: R501 million)
- Client satisfaction index: **7.7** (2022/23: 7.7)
- **R38.4 million** corporate social investment (CSI) contributions (2022/23: R76 million)
- **Level 4** broad-based black economic empowerment (B-BBEEE) contributor (2022/23: Level 5)

TOP RISKS

- Development impact risk
- Credit and investment portfolio risk
- Liquidity and funding risk
- Concentration risk
- Significant investments risk
- People and organisational culture risk
- Governance, ethical conduct and behavioural
- Business continuity and IT security risk
- Reputational risk
- Legal and regulatory compliance risk
- Sustainability and responsible investment risk
- Macroeconomic conditions and developments

See pages 36 and 37 for more information

MATERIAL MATTERS

- Sustainable industrial development
- Financial sustainability
- Socioeconomic development
- Transformation
- Governance, risk and compliance
- Human capital
- Partners

See pages 43 to 47 for more information

GOVERNANCE

Good corporate governance is integral to a sustainable business. We have always strived for sound governance practices aligned with best-practice principles. This is also a requirement for our funded companies.

See pages 85 to 88 for more information

OUR REGIONAL FOOTPRINT

Regional and satellite offices

Eastern Cape

Regional offices:

- East London
- Gqeberha

Satellite office:

- Mthatha

Free State

Regional office:

- Bloemfontein

Satellite offices:

- Phuthaditjhaba
- Welkom

Gauteng

Head office:

- Sandton

KwaZulu-Natal

Regional office:

- Durban

Satellite office:

- Richards Bay

Limpopo

Regional office:

- Polokwane

Satellite offices:

- Thohoyandou
- Tzaneen

Mpumalanga

Regional offices:

- Mbombela
- eMalahleni

Satellite office:

- Secunda

North West

Regional office:

- Mahikeng
- Rustenburg
- Brits

Satellite offices:

- Klerksdorp
- Vryburg

Northern Cape

Regional offices:

- Kimberley

Satellite office:

- Upington

Western Cape

Regional office:

- Cape Town

Satellite office:

- George

ORGANISATIONAL STRUCTURE

- **Chief Executive Officer**
  - **Chief Operations Officer**
    - **Divisional Executive** *Industry and Project Development*
      - *Project Development*
      - *Partnership Programmes*
      - *Structured Finance and Syndications*
    - **Divisional Executive** *Mining, Metals, Infrastructure and Energy*
      - *Mining and Metals*
      - *Infrastructure*
      - *Energy*
    - **Divisional Executive** *Manufacturing*
      - *Machinery, Equipment and Electronics*
      - *Automotive and Transport Equipment*
      - *Chemicals, Medical and Industrial Mineral Products*
      - *Textiles and Wood Products*
    - **Divisional Executive** *Agro-industries, Services and Small-business Finance*
      - *Agro-processing and Agriculture*
      - *Services*
      - *Small-business Finance and Regions*
  - *Technical Services*
  - *Industry Planning*
  - *Internal Audit*
  - **Chief Financial Officer**
    - *Financial Management*
    - *Procurement*
    - *Corporate Treasury*
    - *Strategic Financial Planning*
  - **Chief Risk Officer**
    - *Credit Risk*
    - *Enterprise Risk Management*
    - *Asset and Liability Management and Market Risk*
    - *Risk Governance and Portfolio Management*
    - *Information Technology*
  - **Divisional Executive** *Client Support and Growth*
    - *Development Debt*
    - *Growth Catalyst and Listed Equities*
    - *Business Advisory and Turnaround Services*
    - *Portfolio Insights and Client Support Services*
  - **Divisional Executive** *Strategy and Corporate Affairs*
    - *Corporate Strategy and Innovation*
    - *Research and Information*
    - *Corporate Affairs*
  - **Divisional Executive** *Human Capital*
    - *Human Capital Business Partners*
    - *Talent Management and Organisational Effectiveness*
    - *Total Rewards and Shared Services*
    - *Learning and Development*
    - *Facilities Management*
  - **Divisional Executive** *Legal and Compliance*
    - *Records Management*
    - *Legal: Recoveries, Business Rescue and Insolvencies*
    - *Compliance and Regulatory Affairs*
    - *Legal Services*
  - **Group Company Secretary**
    - *Corporate Secretariat*

OPERATING ENVIRONMENT

External environment

The IDC's operating context is influenced by both global and domestic economic conditions. Global macroeconomics influence our access to and cost of funding, while economic developments in South Africa's key trading partner countries and global supply chain dynamics affect the performance of the sectors that we fund and thus, indirectly, our performance. We keep track of these developments to ensure strategic evidence-based decision-making.

During the financial year to March 2024, global inflation continued its decline from the recent highs but remained above the target of several central banks in advanced economies. Persistent inflation resulted in a significant tightening of monetary policy, especially higher interest rates. Although some central banks have tentatively started to reduce rates, they remain concerned about inflation levels. Consumer price inflation in South Africa receded steadily from 7.1% in March 2023 to 5.3% by March 2024 and averaged 5.5% for the financial year. This led to less aggressive monetary policy action with interest rates having peaked in May 2023 at 8.25%, remaining unchanged during the financial year. At 8.25% in March 2024, the repo rate was 50 basis points higher than at the end of 2022/23, while the prime lending rate stood at 11.75%.

Multiyear high interest rates directly affect our cost of borrowing and client investments, capital outlays and consumer spending, thereby weakening demand, including for funding.

Economic growth in South Africa's key trading partners over the financial year was largely subdued, influencing import demand. The United States achieved 2.8% GDP growth, while Eurozone growth was weak at 0.3%. This was contrasted by Chinese economic growth, which remained robust at 5.4% in 2023/24, albeit at a slower pace than in the pre-2020 period. The weaker performance of these economies contributed to the 2.7% decline in world import volumes in 2023/24. In the same period, South Africa's merchandise exports declined marginally by 0.3% in nominal value (+9.3% in the previous year). Mining and mineral exports declined by 12.3%, which was counterbalanced by growth in manufactured (+8.7%) and agriculture (+12.3%) exports, albeit at a more moderate pace for both.

South Africa's economic performance is particularly sensitive to commodity price changes due to the prevalence of minerals and minerals-related products in the country's merchandise export basket. In 2023/24, the weighted commodity price index declined by 39.3% compared to the previous year, due to the fast-changing geopolitical landscape.

South Africa's real GDP growth moderated to 0.8% during the review period, compared to 1.3% the year before. This was the result of factors such as high levels of loadshedding (26.63GWh in 2023/24, only marginally lower than the 27.09GW of 2022/23), challenges on the rail network, ports inefficiencies, lower commodity prices and weakening demand (both global and domestic). High inflation and interest rates also took their toll. Weak economic performance lowered business confidence, which declined further during the financial year, influencing investment decisions and capital outlays.

Subdued growth performance

The challenging operating and trading conditions affected production, fixed investment, exports and consumption expenditure over the financial year. Fixed investment expanded, but more moderately (2% against 5.2% in 2022/23), the third consecutive year of higher capital spending.

This was due to a substantial 8.6% increase in capital spending by public corporations, although off a very low base. Greater investment, however, was countered by a slowdown in private sector capital outlays at 1.7% and a 0.7% decrease in government investment. The private sector remains wary of committing substantial capital for new and/or expansion of existing capacity under difficult conditions and increased uncertainty. This does not lend itself to originating projects.

Consumers continue to experience difficulties, denting retail sales volumes consumption expenditure, which declined to 0.4% from 1.8% the year before. Households are feeling the impact of high interest rates and cost of living. Declining real disposable incomes, rising debt-service costs, difficulty in accessing and affordability of new credit, high unemployment and stretched balance sheets have all contributed to low consumer sentiment. Declining consumption expenditure negatively affects our business partners providing consumer goods and services.

Notwithstanding the weak economy, employment in the formal and informal sectors combined increased, with job numbers by the final quarter of the financial year slightly higher than pre-Covid. Although 552 000 additional jobs were created during the year, employment in manufacturing (core to the IDC mandate) declined by 48 213 jobs.

Sectoral performance

Our exposure is primarily in mining, manufacturing and agriculture. Developments in these sectors affect our business partners (existing and potential) and, indirectly, our performance.

Agriculture

In 2023/24, agriculture real GDP contracted by 9% as the favourable weather of recent years faded and the livestock and poultry segments had to contend with bird flu, foot-and-mouth disease and African swine fever. The horticulture subsector was thwarted in efforts to export its products, especially through Cape Town, which was recently ranked worst-performing container port globally by World Bank. This subsector, however, reported improved performance in the last quarter of the year, while the field crops segment lost significant yield due to the persistent heatwave.

Mining

Mining sector GDP grew by 0.5% in 2023/24 as some of the country's most important commodities declined in price, notably coal, iron ore and platinum group metals. This was attributable to subdued demand as higher interest rates in many countries moderated growth. The Chinese economy performed more weakly than expected after the lifting of all Covid-19 restrictions. Excluding the 2020 crisis period, output is at historical lows.

Mining was further challenged by the marked rise in inefficiencies on domestic railways and congestion at ports. This prompted a shift to transport bulk commodities by road (which is relatively more expensive) and to use ports in neighbouring countries. Weak pricing especially of platinum group metals has prompted mining companies to start retrenching employees to reduce production costs.

Manufacturing

Manufacturing GDP grew by 1.4% in 2023/24 despite severe and frequent loadshedding negatively affecting production processes. Although the sector increased its investment activity significantly, this was directed largely towards increased embedded electricity generation and repairs and maintenance. The demand for manufactured goods in South Africa remained muted due to weak household sentiment and the strain of higher interest rates. Growth on the rest of the continent remains important for South Africa's manufactured exports as it accounts for about 40% of its manufactured exports.

Manufacturing GDP remains below its pre-Covid levels, with large subsectors such as transport equipment, basic iron and steel and machinery and equipment contracting in the final quarter of 2023/24 despite markedly improved electricity supply, which indicated other factors at play.

BOARD OF DIRECTORS

BA MABUZA (60)
Chairperson of the Board

MBA Finance and Information Systems (Leonard Stern School of Business, New York University, USA), BA Mathematics and Computer Science (Hunter College, City University of New York, USA)

Appointed to the Board on 25 November 2011 and appointed Chairperson on 29 January 2015

DA JARVIS (54)
Interim Chief Executive Officer

MSoc Sci, BSoc Sci (Hons), BSoc Sci (University of KwaZulu-Natal)

*Appointed interim Chief Executive Officer 1 October 2023

LI BETHLEHEM (55)

MA (University of the Witwatersrand), BA (Hons) Industrial Sociology (University of the Witwatersrand), Certificate in Economics and Public Finance (Unisa)

Appointed to the Board on 1 October 2008
*Retired 20 July 2024

ADV ND ORLEYN (68)

LLB (Unisa), LLM (University of the Witwatersrand), BProc (Unisa), Bluris (University of Fort Hare), Certificate in Energy Law, Executive Management Programme (Kellogg Business School, USA)

Appointed to the Board on 29 January 2015

A KRIEL (61)

BSoc Sci (University of Cape Town)

Appointed to the Board on 1 April 2016

BA DAMES (58)

MBA (Samford University, USA), BSc Hons (University of Western Cape)

Appointed to the Board on 25 November 2011

DR SM MAGWENTSHU-RENSBURG (64)

DPhil Business Management (University of Johannesburg), MBA (Webster University, London), BA Management Accounting and Business Administration (Webster University, Vienna)

Appointed to the Board on 25 November 2011

S MANGOLE (47)

MBA (Henley Business School), Postgraduate Diploma in Management (Henley Business School), Programme in Public Finance Management (Harvard University Kennedy School)

Appointed to the Board on 01 June 2024

RM GODSELL (71)

MA Liberal Ethics (University of Cape Town), Postgraduate studies in sociology and philosophy (Leiden University, Netherlands)

Appointed to the Board on 25 November 2011

NP MNXASANA (67)

CA(SA), BCompt Hons (Unisa)

Appointed to the Board on 29 January 2015

PM MTHETHWA (60)

MBA Corporate Finance (University of Sheffield, England), MSc Economics (University of Paris, France), BA Economics (University of Limpopo)

Appointed to the Board on 25 November 2011

BOARD COMMITTEES

- Audit
- Human Capital and Nominations
- Investment
- Risk and Sustainability
- Social and Ethics
- Chairperson

EXECUTIVE MANAGEMENT

DA JARVIS (54)
Interim Chief Executive Officer

MSoc Sci, BSoc Sci (Hons), BSoc Sci (University of KwaZulu-Natal)

Joined the IDC on 1 July 2013 and was appointed to executive management in 2015

IN MALEVU (50)
Chief Financial Officer

BCom (University of the Witwatersrand), CA(SA)

Joined the IDC and was appointed to executive management on 1 October 2020

J BATE (54)
Chief Operations Officer

BCom (Hons) Taxation (University of the Witwatersrand), CA(SA)

Joined the IDC and was appointed to executive management on 1 February 2020

MJ TSELE (55)
Chief Risk Officer

MBA (University of London), BA Hon Economics and Government (University of Essex)

Joined the IDC and was appointed to executive management on 1 July 2020

TL KHUMALO (44)
Divisional Executive: Client Support and Growth

MBA (University of Cape Town), BSc Electrical Engineering (University of the Witwatersrand)

Joined the IDC and was appointed to executive management on 1 September 2018

ZR COETZEE (57)
Acting Divisional Executive: Mining, Metals, Infrastructure and Energy

MCom (Economics) North-West University, Global Executive Development Programme (Gordon Institute of Business Science)

Joined the IDC on 1 November 1995

TP MUSHUNGWA (53)
Divisional Executive: Human Capital

BAdmin Hons (Unisa), BAdmin (University of Durban-Westville), Programme in Business Leadership (Unisa School of Business Leadership)

Joined the IDC and was appointed to executive management on 1 September 2019

B MIYA (45)
Divisional Executive: Agro-industries and Services Sectors

BSc Mathematics and Econometrics, (University of the Witwatersrand), Private Equity Executive Course (Harvard Business School)

Joined the IDC and was appointed to executive management on 5 September 2022

I SAYED (49)
Divisional Executive: Manufacturing

BCom Business Management (Unisa), BCom (University of Durban Westville), Executive Development Programme (Stellenbosch University)

Joined the IDC and was appointed to executive management on 1 October 2021

T LEGODI (50)
Divisional Executive: Legal and Compliance

LLM Tax (University of Johannesburg), BA LLB (University of KwaZulu-Natal)

Joined the IDC on 1 December 2017 and was appointed to executive management on 1 June 2021

M SEONATH (47)
Acting Divisional Executive: Partnerships, Programmes and Small-business Finance

MCom (University of KwaZulu-Natal), CA(SA) Global Executive Development Programme (Gordon Institute of Business Science)

Joined the IDC on 1 May 2003

ADV M KGANEDI (50)
Group Company Secretary

LLM (University of Johannesburg), LLB (University of Johannesburg), BProc Law (University of Johannesburg), Diploma in Legislative Drafting (University of Johannesburg), Certificate in Pension Law, Certificate in Corporate Governance (Unisa)

Joined the IDC and was appointed to executive management on 1 May 2022

INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

"Due to initiatives by management, we increased funding facilitated and committed for our transformation and economic inclusion agenda twofold to R22.3 billion in 2023/24 (R11.4 billion in the prior year). Funds committed for black industrialists totalled R10 billion, while those for black-owned businesses were up by R5.3 billion to R13 billion. Financing for women entrepreneurs increased by R10.3 billion to R11.4 billion, while funding for youth entrepreneurs was R456 million, down R55 million from R501 million recorded in 2022/23."

Promoting inclusive and sustainable industrial development that creates employment in South Africa and the rest of Africa continues to form the core of the IDC's mandate and remains its strategic imperative. Albeit tested several times, we have continued to deliver on this mandate as a catalytic investor, financier, project developer and partner of business enterprises. This is evident in the key outcomes presented in this integrated report.

During the past financial year, our ability to execute the mandate, anchored on key strategic priorities, was once again put to the test as the continuing impact of several global crises and shocks further strained our already subdued domestic economy. Weakening domestic and international demand conditions, relatively lower commodity prices and infrastructure-related constraints not only negatively affected the performance of the economy, but had an impact on South African businesses, particularly those in the manufacturing and mining sectors, including the major segments of the IDC's client base.

Delivering sustainable industrial development

Developing industrial capacity is a long-term process and, although some successes have been achieved, there are areas where intended improvements and implementation are lagging behind. However, despite some setbacks in certain areas, the IDC navigated global and domestic challenges with flexibility, underlining its commitment to and the important role it continues to play in developing and strengthening sustainable industrial capacity in an inclusive manner.

As a key implementing agency of industrial development, the IDC's primary role is to provide development finance to facilitate investment for industrial production. In this, we were successful during 2023/24, facilitating R51.7 billion worth of investments, up from R43.1 billion in 2022/23. This represents 2% of South Africa's gross fixed capital formation over the period and was achieved through the disbursement of R15.9 billion on-balance sheet funding. Disbursements were R2 billion lower than in 2022/23 due largely to smaller transactions with only a few large deals done in the financial year.

As a DFI, our activities include supporting the development of projects from the idea and concept stage to bankability. This includes funding feasibility studies for priority industrial projects with strategic equity partners. In 2023/24, projects to the value of R3.7 billion (R2 billion in 2022/23) graduated from development stage to bankability. This will continue to be a strategic focus for the Corporation going forward.

We measure our support for meaningful participation in the economy by tracking the funding we make available and facilitate for previously excluded groups and measuring job opportunities created and/or preserved. Due to initiatives by management, we increased funding facilitated and committed for our transformation and economic inclusion agenda twofold to R22.3 billion in 2023/24 (R11.4 billion in the prior year). Funds committed for black industrialists totalled R10 billion, while those for black-owned businesses were up by R5.3 billion to R13 billion. Financing for women entrepreneurs increased by R10.3 billion to R11.4 billion, while funding for youth entrepreneurs was R456 million, down R55 million from R501 million recorded in 2022/23.

In 2023/24, we created or preserved 17 826 jobs, fewer than the 34 035 jobs recorded in 2022/23. The spike recorded in the previous year was linked to funding for floods and social unrest recovery efforts. Therefore, the Corporation will prioritise labour-absorbing activities to further diversify its book in support of the country's structural transformation.

Progress against 2022/23 commitments

We are happy to report progress on performance against commitments made in the 2022/23 integrated report.

Progress was achieved by the IDC's collaboration with Transnet to upgrade the Transnet railway infrastructure connecting Tshwane to the port of Port Elizabeth in Eastern Cape. The Corporation approved funding for the feasibility study to develop

"As a DFI, our activities include supporting the development of projects from the idea and concept stage to bankability. This includes funding feasibility studies for priority industrial projects with strategic equity partners. In 2023/24, projects to the value of R3.7 billion (R2 billion in 2022/23) graduated from development stage to bankability. This will continue to be a strategic focus for the Corporation going forward."

a sustainable end-to-end rail logistics solution for the automotive sector to divert vehicle transportation from road to rail.

In 2023/24, we supported the implementation of the poultry and sugar industry masterplans. However, limited headway was made in expanding agriculture during the year. The operating environment for the sector was particularly challenging, with weather variability affecting the 2023 planting season. To address this, we are looking to support climate-resilience initiatives, such as financing the production and/or supply of drought-tolerant crop varieties, adoption of efficient irrigation systems, and production and acquisition of technologies related to 'precision' and 'smart' agriculture techniques.

We have reformulated our strategy to pursue opportunities in other parts of Africa. The revised strategy seeks to develop and deepen regional value chains to support industrialisation on the continent to the benefit of South Africa and our African partners.

In 2023/24, some positive results were achieved in deepening critical minerals value chains, which our targeted priority value chains. This included the launch of the Junior Mining Exploration Fund during the Mining Indaba held in Cape Town in February 2024. We also approved project development funding for battery-grade materials – nickel-manganese-cobalt-lithium-ion precursors – and for manganese sulphate and other key inputs to the battery and renewables value chain.

In addition to these impact investments, we approved R78 million for 18 enterprises and disbursed R68 million for the social solidarity economy. This is benefitting enterprises in agriculture, healthcare, the circular economy, furniture, tourism and cultural industries.

Partnering for South Africa's industrial development

Acknowledging that development finance is not the ultimate driver of industrial development, IDC activities extend beyond customised finance and investment. We also partner with others to extend our reach, capital and impact, providing non-financial support to entrepreneurs and selected state programmes. We also support the establishment of industrial ecosystems that optimise the competitiveness of businesses in our priority value chains.

To accelerate and enhance our development impact and performance, we continue to leverage strategic partnerships across a broad spectrum, which led to several milestones in the year under review::

- Continued support to policymakers such as the dtic development of the Electric Vehicle White Paper released in November 2023, involvement in the Regional Gas Masterplan adopted by Southern African Development Community (SADC) member states and leadership in driving the commercialisation of the green hydrogen sector in South Africa
- We manage funds on behalf of various government departments and international DFIs. In 2023/24, we channelled about R2.9 billion off-balance sheet funding to impactful interventions
- A contribution of R200 million to the Township Energy Resilience Fund to support township enterprises affected by loadshedding and the energy crisis. By the close of 2023/24, R195 million of these funds had been committed to 30 intermediaries for dissemination to township businesses for energy solutions
- Signing of a memorandum of understanding with Eswatini National Industrial Development Corporation and advocating collaboration in the development of regional value chains in our capacity as chair of the SADC Development Finance Resource Centre.

Financial sustainability

The IDC's performance in the year was mixed. Our significant investments in resource-based stocks, for instance, struggled, affecting our financial position. Given the challenges, the IDC group (which includes IDC and all its subsidiaries) reported somewhat lower revenues and disbursements, while the asset base declined modestly compared to the previous financial year.

"However, our financial position remains strong, with our gearing ratio at 46% (2022/23: 45%) reflecting a resilient and sustainable balance sheet. Despite a rather challenging economic environment, the group reported healthy revenues of R24.3 billion for the year and a net profit of R7.8 billion."

However, our financial position remains strong, with our gearing ratio at 46% (2022/23: 45%) reflecting a resilient and sustainable balance sheet. Despite a rather challenging economic environment, the group reported healthy revenues of R24.3 billion for the year and a net profit of R7.8 billion.
We are concerned about non-performing loans and impairment ratios, which remain high despite marginal improvement during the year. The impairment ratio improved to 36.4% and the non-performing loans ratio by 2 percentage points to 26.3% in 2023/24. Reducing the impairment ratio is not easy as some of our struggling legacy investments are of strategic economic importance and our project development activities create value only over time. The total assets of the group declined to R154.9 billion in 2023/24 from R159.3 billion in 2022/23. This was attributable mainly to the fall in fair values of both listed and unlisted investments.

Outlook

South Africa's growth prospects are expected to improve gradually over the medium-term as household spending and private sector fixed investment adjust to the anticipated lower inflation and interest rate environment, and the gains from higher electricity availability and easing of logistics constraints materialise. However, subdued growth below 2% is still forecast for the 2024 and 2025 calendar years.

As South Africa addresses binding constraints such as energy and logistics, the country must continue to support industrial development as a driver of sustained growth. The physical and transition risks triggered by climate change and global responses thereto are also changing significantly what is produced, how it is made and where it can be exported.

If the South African economy does not complete its low-carbon transition in due course, it may lose international competitiveness and ultimately further deindustrialise with negative socioeconomic outcomes.

Supporting green growth and low-carbon transitions: Green growth industries including renewable energy, green hydrogen, battery manufacturing and critical minerals will remain in the IDC spotlight. Funding approvals for new renewable energy generation capacity increased to R1.9 billion in the year under review, from R539 million in the previous year. In 2024/25, focus will be on unlocking natural gas investments to avoid the pending 'gas cliff' given its importance as a transition energy source, making progress with transitioning hard-to-abate sectors and implementing the commercial industrial portfolio offtake model.

Diversification and jobs-rich industrialisation: Business enterprises will continue to be assisted to upgrade in value chains and master the increased complexity of production as a strategy to capture greater value addition in the local economy. The focus will be on labour-absorbing agro-processing and agriculture, automotive, downstream chemicals, machinery and equipment and tradeable services.

Developing and deepening regional value chains for Africa's prosperity: We will continue to implement our critical minerals game plan, which focuses on establishing regional value chains linked to future minerals essential for the global transition to renewables, electric vehicles, hydrogen, battery storage and digitalisation. We are also exploring regional value chain opportunities in automotive, clothing and textiles, food, and machinery and equipment industries.

Promoting economic enablers of sustainable industrial development: We will continue to target industrial infrastructure development initiatives that will enable industrial growth, particularly in transport and logistics. Recognising the need to effectively manage scarce water resources, we are also looking at this sector for potential collaborations.

We are applying ourselves to the increasing ESRG compliance requirements, guided by the principle that the IDC needs to go beyond mitigating climate change and its impacts and focus on long-run inclusive growth and sustainable employment opportunities through low-carbon transitions.

Acknowledging that human capital is our greatest asset, we will continue to create a high-performance and solutions-oriented culture that is fit to operate in an increasingly complex world. Our priorities for 2024/25 include filling senior management vacancies.

> *"We will continue to implement our critical minerals game plan, which focuses on establishing regional value chains linked to future minerals essential for the global transition to renewables, electric vehicles, hydrogen, battery storage and digitalisation."*

To ensure the agility of the Corporation, we regularly review our processes to drive efficiencies and effectiveness. We are committed to leveraging advancements in digitalisation to provide world-class services to stakeholders.

Acknowledgements

My gratitude goes to IDC management and staff for their support and commitment in executing our mandate. A special thanks goes to the executive team that has supported me since October 2023 when I was given the honour of stepping into the CEO position temporarily.

I am also grateful for the strategic guidance and support of our Board, led by Chairperson Ms Busisiwe Mabuza.

We look forward to building a productive relationship with our new shareholder representative, the Honourable Minister Parks Tau, and his team, deputy ministers Zuko Godlimpi and Andrew Whitfield and our new parliamentary oversight committees.

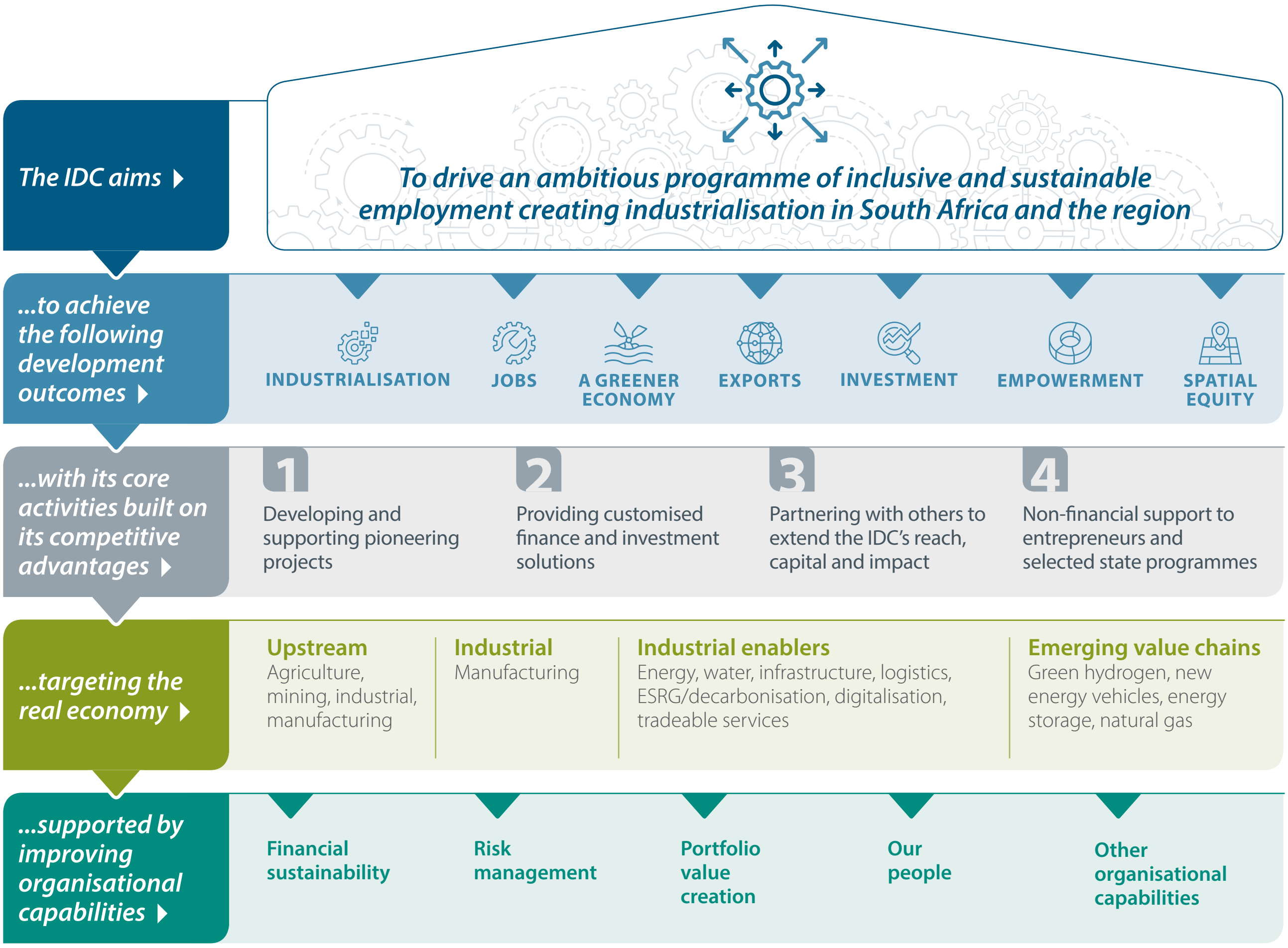
We remain committed to driving inclusive industrial development alongside positive socioeconomic change.

David Jarvis
Interim Chief Executive Officer
31 July 2024

Our strategy

The IDC is a development finance institution that supports sustainable industrial development, funding pioneering projects, providing customised finance and investment solutions in South Africa and across the continent.

STRATEGIC PRIORITIES



The IDC's strategic priorities are:

- Developing and supporting pioneering projects
- Providing customised finance and investment solutions
- Partnering with others to extend its reach, capital and impact
- Non-financial support to entrepreneurs and selected state programmes and support through its organisational capabilities.

Supported by organisational capabilities:

- Financial sustainability, including risk management and portfolio value creation
- Our people
- Other organisational capabilities such as processes and stakeholder alignment.

Investment philosophy

The IDC is a DFI that supports sustainable industrial development, funding pioneering projects, providing customised finance and investment solutions in South Africa and across the continent.

It operates generally as a traditional DFI, providing development finance, encouraging private sector development and, at times, supplying financial products not readily available in the market, thereby taking higher risk than other financiers. DFIs play this catalytic role while achieving developmental outcomes and financial returns through funding.

Our investment decisions are guided by sound business practices. Industrial development is achieved by supporting commercially viable enterprises. Every application or proposal for funding must be considered strictly on economic merit, as mandated by the IDC Act.

The twin-pillar approach is an overarching investment philosophy underpinning our sustainability imperative. It is a deliberate emphasis on the reciprocal dependency between financial sustainability and development effectiveness.

DEVELOPMENTAL OUTCOMES AND ALIGNMENT TO SDGs AND NDP

The SDGs address the country's development concerns and support the NDP long-term growth strategy. The SDGs are a yardstick to assess development and determine the country's success in achieving a 'better life for all'. The NDP and SDGs are aligned and focus strongly on multistakeholder partnerships.

Finding solutions for global economic and ESRG challenges requires wide collaboration. To achieve this, the IDC matches its funding, projects and initiatives with the interests of stakeholders. By aligning with SDGs, we strive for significant commercial, environmental and social impact and triple-bottom-line impact for our business partners.

As the key driver of industrial development in the economy, we fill the gaps of the private sector, public sector and financial institutions. The Corporation and other dtic entities share the common purposes and objectives of supporting industrialisation to promote jobs and increase incomes, driving transformation for an inclusive economy and building a capable state to improve the impact of public policies.

IDC development outcomes

NDP chapters

- NDP 01 Key drivers of change
- NDP 02 Demographic trends
- NDP 03 Economy and employment
- NDP 04 Economic infrastructure
- NDP 05 Transition to a low carbon economy
- NDP 06 Inclusive rural economy
- NDP 07 Positioning South Africa in the world
- NDP 08 Human settlements
- NDP 09 Improving education, innovation and training
- NDP 10 Promoting health
- NDP 11 Social protection
- NDP 12 Building safer communities
- NDP 13 Building a capable state
- NDP 14 Promoting accountability and fighting corruption
- NDP 15 Transforming society and uniting the country

SDGs

INDUSTRIALISATION

The IDC funds entities and businesses that contribute considerably to the economy. It is involved in initiatives that prioritise sectors and value chains with significant impact potential and whose localisation and beneficiation benefits are amplified, for example green hydrogen, critical minerals, new energy vehicles, energy storage and green manufacturing. With a deliberate emphasis on project pipeline development, the Corporation is proactive in industrial development and in playing a greater countercyclical role. The IDC has extensive networks in industrial value chains and, with in-depth industry knowledge, has a solid reputation with funders of capital. Our high-calibre professional staff underpin our corporate governance, industry planning and research capability. Our project development capabilities and financial capacity make us an effective implementer of government programmes. The IDC realises the importance of diversification of the economy towards higher value manufacturing (low-energy, medium/high-tech and job-rich value chains). A key competency is leading industry planning and enabling early-stage project development and deal origination, which have been essential not only in aligning industrial policy frameworks among industry role-players but building the current and future project pipeline. The Corporation has been involved in the development of several industry masterplans and value chain strategies, many of which are in implementation, with others in the final stages of development. These plans inform the Corporation's development and enhancement of new industries or existing priority industries, and development of projects and initiatives within value chains through a programmatic approach. Historically, project development funding has been the foundation of many key equity holdings on which the IDC's financial sustainability is based. The Corporation promotes industrialisation in partnership with other dtic entities.

NDP	SDGs
NDP 03	2
NDP 04	6
NDP 05	7
NDP 06	8
NDP 08	9
NDP 11	11

A GREENER ECONOMY

The IDC's long-term sustainability plan, developed in 2020, aims to reduce South Africa's carbon intensity, embedding sustainability impact and ESRG to attract further sustainable finance for impact investing, while ensuring and balancing its financial performance. It not only advances national priorities such as the just transition – and associated commitments in the nationally determined contributions, but demonstrates proactivity in integrating ESRG principles and sustainability impact practices that promote sustainable industrial pathways. The corporation's responsible investment policy and sustainability action plan set out its strategic objectives and initiatives supported by annual strategic activities, KPIs, deliverables and lead functions. ESRG and sustainability impact practices are integrated into its due diligence and post-monitoring processes to assist clients with statutory compliance throughout the investment cycle. This further promotes the deployment of sustainable finance by the Corporation.

The IDC is driving low-carbon transitions and promoting green growth, particularly through investment in projects to achieve the country's net-zero ambition. The Corporation recognises the need for a comprehensive, integrated approach for low-carbon transitions and sustainable industrial transformation. Acknowledging that extreme weather events and shifts in weather patterns due to climate changes may disrupt various production systems and ecosystems, we support firms and industries to build capabilities to withstand climate-related shocks. Given the acute threats to agricultural production, support is provided for the development and growth of regional food value chains to leverage different weather patterns for food security, financing activities including technology adoption that support climate and economic resilience of the agricultural sector and investing in efficient transportation and logistics systems and adequate infrastructure.

NDP	SDGs
NDP 03	1
NDP 04	2
NDP 05	6
NDP 06	7
	8
	9
	11
	12
	13
	14
	15

INVESTMENT

NDP	SDGs
NDP 07	17

The IDC participates selectively and strategically across the economy in large-scale interventions that unlock industrial development (for example, electricity, water, telecommunications and logistics). It is proactive in funding projects in targeted growth value chains that result in jobs-rich industrialisation and greater economic growth. It also seeks to increase investment from the private sector.

Opportunities are identified to advance competitive import replacement and localisation in the domestic market.

SPATIAL EQUITY

NDP	SDGs
NDP 03, NDP 11, NDP 15	10

The IDC promotes greater spatial equity, including the development of township economies, rural areas, SEZs and industrial parks. The Corporation also leverages regional and continental free trade agreements such as AfCFTA to maximise export opportunities for South African products, source inputs for local value chains and broaden regional industrial integration. Africa's economic potential is vast given its abundance of natural mineral and agricultural resources, its young and growing population, increasing urbanisation and rising middle class, greater intra-African trade boosted by AfCFTA, advancements in technology and digitisation and investment in infrastructure. Of specific interest to the IDC is potential direct and indirect benefit for the country and expansion of support value chains on the continent. A particular IDC focus is the development of continent-wide critical minerals value chains that underpin clean energy, as they provide key inputs into modern technology and communications systems vital for the functioning of economies.

JOBS

NDP	SDGs
NDP 03, NDP 11	10

The IDC continues to drive jobs-rich industrialisation in priority sectors and value chains, with emphasis on labour-absorbing agro-processing and agriculture, automotive, downstream chemicals and tradeable services such as tourism. We will increase job growth by contributing to and leveraging from initiatives such as masterplans, SEZs, localisation and SEF. The green economy and SME sector also offer job potential. Given the large and growing number of unemployed South Africans, the IDC concentrates on creating sustainable jobs and balancing support for labour-intensive businesses and industries such as horticulture and clothing manufacture that can promote job creation. It is also involved in capital-intensive value chains and companies in industrial infrastructure and resource-intensive industries that unlock broader industrialisation and job-creation opportunities over the medium- and long term.

EXPORTS

The IDC continues to explore opportunities in the rest of Africa (leveraging AfCFTA) and integrate local businesses into continental and global supply chains as international companies diversify sources of supply.

NDP	SDGs
NDP 03	17
NDP 07	8
NDP 11	

EMPOWERMENT

The IDC promotes transformation and empowerment through continued support of black industrialists, black-owned companies, women and youth-owned businesses. We drive an integrated strategy that spans all aspects of inclusive participation, including workers trusts and ownership. In addition, the Corporation invests in the personal development of staff through education assistance and bursaries. Non-discriminatory policies that promote work-life balance and support gender equality and representation in management and on the Board are constantly updated.

NDP	SDGs
NDP 09	4
NDP 11	5
NDP 12	10
NDP 13	16
NDP 14	
NDP 15	

OUR STRATEGIC RISKS

STRATEGIC PILLAR:
INCREASED INDUSTRIAL DEVELOPMENT

Risk	Description	Mitigations	Rating
SR 01	**Development impact risk** Strategy implementation failures resulting in the IDC not meeting its strategic objectives nor having the desired developmental impact.	Mitigations The IDC's annual borrowings programme and funding gap analysis are compiled for the succeeding financial year, considering anticipated receipts and expected financial requirements of the Corporation, including planned disbursements, operational costs, preferential pricing for black industrialists, special schemes for youth and women and alignment of jobs to capital allocation. There is an internal SME focus across regions.	HIGH
SR 02	**Macroeconomic conditions and developments** Adverse macroeconomic conditions (domestically and/or globally) and/or credit downgrades affecting the IDC's business and its ability to achieve strategic targets.	Mitigations There is continuous monitoring of economic developments globally and domestically. This includes periodic analysis of economic, political, industrial and other events and their impact on the IDC, quarterly sectoral trends, economic analysis and forecasting, and annual scenario analysis and impact on IDC contingency plans.	HIGH

STRATEGIC PILLAR:
MAINTAIN FINANCIAL STABILITY

Risk	Description	Mitigations	Rating
SR 03	**Credit and investment portfolio risk** Non-payment by IDC business partners and non-recoverability of investments.	Mitigations Deals are thoroughly assessed for quality through early credit risk origination assessment, a deal development forum, due diligence and detailed credit evaluation assessing deal viability. There is ongoing post-investment monitoring to prevent or minimise arrears, non-performing loans and impairments. Value creation planning assists investee companies to implement their strategies.	HIGH
SR 04	**Concentration risk** IDC dependency on its top three listed shares (90% of capital base) and concentration in the investment portfolio on a single or group of clients/industry or country with a potential to produce losses or loss of income sufficiently significant to threaten the health of the Corporation's balance sheet and financial sustainability.	Mitigations Use of various activities to monitor and manage equity capital concentration, including component value at risk methodology to aid the calculation (identification) of concentration risk. The diversification strategy is under review to attain long-term sustainability. The risk appetite framework provides limit and metrices parameters to monitor investment values and for ongoing reviews of client/industry and country compliance.	VERY HIGH
SR 05	**Liquidity and funding risk** IDC inability to maintain or generate sufficient cash resources to meet its payment obligations and fund transactions as and when they fall due.	Mitigations Liquidity and funding risk monitoring and oversight by the asset liability management and market risk departments the custodianship of the Asset and Liability Management Committee. The monitoring covers the IDC's liquidity risk profile through the liquidity coverage ratio, short- to medium-term methodology and the structural liquidity mismatch long-term methodology.	MEDIUM
SR 06	**Significant investments risk** Financial viability of significant investments and their ability to deliver effectively on their required strategy.	Mitigations Interventions including client advisory services and business partner turnaround services assist assist clients in financial distress. Client support and growth oversight activities on significant investments include analysing and monitoring investment performance, implementing value creation plans and identifying business partner synergies with existing partners in the portfolio.	HIGH

STRATEGIC PILLAR:

HUMAN, SOCIAL, NATURAL AND MANUFACTURED CAPITAL

Risk	Mitigations	Rating
SR 07 **People and organisational culture risk** Failure to recruit, develop and retain the best talent and create a conducive working environment that enables high performance and client service culture.	People risk is managed through implementation of a human capital strategy that includes talent acquisition, motivation, development and retention. It also outlines the employee value proposition. Our human capital principles are fairness, transparency and consistency. A performance management policy governs performance contracting and measurement. A leadership pipeline programme is in place, as is a comprehensive health, safety and wellness programme.	MEDIUM
SR 08 **Governance, ethical conduct and behaviour** Non-adherence to good corporate governance standards and the risk of internal/external financial crime, including unethical business practices and behaviour.	Governance structures include a comprehensive delegation matrix that delegates powers and authorises performance of duties by staff, committees or other structures of the Corporation; the Board charter, a delinquent panel committee that adjudicates/considers and decides on applications for listing of affected persons on the delinquent register as recommended by internal audit and conflict of interest policies.	HIGH
SR 09 **Legal and regulatory compliance risk** The IDC and business partners not meeting their legal/contractual and regulatory requirements.	The compliance department monitors the regulatory acts according to the approved compliance annual programme by conducting compliance reviews to determine the adequacy and effectiveness of controls to mitigate compliance risks. Updates on legislation changes are received from Sabinet/World Check to ensure the Corporation remains up to date.	LOW
SR 10.1 **Business continuity and information technology risk** Risk of business disruption due to an internal or external business continuity or technology failure.	The IDC maintains an up-to-date disaster management plan and business continuity management policies, which provide guidelines and procedures to ensure preparedness for harmful effects of a disaster. An annual business impact analysis documents crucial business processes and captures appropriate response plans in case of disruptions. The IT department conducts an IT disaster recovery test annually to validate the effectiveness of the IDC disaster recovery plan.	LOW
SR 10.2 **Cybersecurity risk** Potential for financial loss, reputational damage and disruption to operations due to unauthorised access to systems, data breaches or a cyber-related incident.	Preventive and detective mitigation strategies exist to manage cyber-risk. These include firewalls, intrusion detection and prevention systems safeguarding IDC network infrastructure and multifactor authentication as an additional layer of security for access control and virtual private network access (Global Protect) that safeguards access on remote connections by encrypting data transmission and authenticating users.	MEDIUM
SR 11 **Sustainability and responsible investment risk** IDC inability to identify, evaluate, manage and report on emerging ESRG and sustainability impact risks and failure to grow new industries and value chain opportunities at a pace that would drive low-carbon growth and the just transition.	The responsible investment policy provides exclusion and restricted lists of activities, stipulates sectors to be excluded/funded and considers restricted activities case by case to ensure funds are not used for such activities. A robust environmental and social risk assessment is conducted at pre-investment and due-diligence stages on transactions (for example, checking that the client has a valid licence to operate).	MEDIUM
SR 12 **Reputational risk** Potential or actual damage to the IDC's image due to factors (negative media reports) that may impair the profitability and sustainability of the business.	The social media policy guides IDC conduct and response to stories on social media platforms. Key stakeholders are provided with periodic updates on IDC strategic initiatives. The Corporation has partnered with a media monitoring company, which tracks and provides monthly and quarterly reports. The IDC's reputational risk is aligned to that of other state-owned entities.	MEDIUM

OUR STAKEHOLDERS AND PARTNERSHIPS

1 Clients and business partners

How we engage	Their needs and expectations	Our expectations	How we create value
• Regional roadshows • Business support • Customised products and services • Client events • Government-sponsored events • One-on-one engagements • Surveys	• Transparent and efficient application process • Business support • Affordable and appropriate pricing • Appropriate instruments and structures	• Innovative business plans that address South Africa's developmental needs • Honour financial and other undertakings	• Thought leadership and project development to catalyse new sustainable industries • Funding to grow and transition industries • Funding for black industrialists, women, youth and other entrepreneurs • Strengthen businesses through business support • Interest and repayment rates linked to development impact

2 Shareholder

How we engage	Their needs and expectations	Our expectations	How we create value
• Annual general meetings • Board strategy sessions • Presentations and reports to the Portfolio Committee on Trade, Industry and Competition • Integrated annual report	• Transparency and good governance • Risk management and compliance • Operational efficiency • Thought leadership • Lead sustainable industrial development	• An enabling policy environment • Policy certainty • Strategic leadership	• Investment in government priority areas • Investment in priority regional value chains • Socioeconomic development to fulfil our mandate

3 Employees and prospective employees

How we engage	Their needs and expectations	Our expectations	How we create value
• One-on-one engagements with staff • Team and divisional engagements • Internal and external communication platforms • CEO feedback sessions • Human capital initiatives such as the Employment Equity Forum • Staff engagements and culture surveys • Involvement in strategic initiatives • Management-union structures	• Job security • Reward and recognition • Employee development programmes and personal growth • Good work environment • Ability to make a valuable contribution to South Africa's development ambitions	• Motivated and empowered employees • Living the IDC's values • To be brand ambassadors • Further the IDC's development agenda • Enthusiasm, commitment and skills • Service delivery mindset • Awareness of the IDC's funding activities and developmental impact	• Personal development • Transformation • Remuneration linked to performance and value created • Staff awareness of how their work contributes to the IDC's value proposition

LEGEND How we engage | Their needs and expectations | Our expectations | How we create value

4 Regulators, rating agencies and funders

How we engage	Their needs and expectations	Our expectations	How we create value
• Credit ratings • Investor roadshows • Integrated annual report • Results announcements • Stock Exchange News Service announcements • United Nations Environment Programme Finance Initiative	• Transparent and effective corporate governance • Financial sustainability	• Low lending rates • Consultation • Understanding of the IDC's operating context	• Funding schemes • Input for policy development • Leveraging funding to benefit South Africa • Industry and economic development

5 Communities

How we engage	Their needs and expectations	Our expectations	How we create value
• Regional offices • Social enterprise and special initiatives • Community trusts linked to the IDC's investments • CSI initiatives • Due diligence on the environmental and social impact of investments	• Job creation • Supporting climate-resilient industries • Wide dissemination of benefits • Business opportunities and inclusive growth • Compliance with environmental and social legal requirements • Emission reduction • Water stewardship	• Support for IDC-linked projects • Participation in IDC initiatives • Sustainable water resources • Productive land	• Funding projects that create jobs • Community and worker shareholding in IDC-funded projects • Social and community projects • Benefitting from poverty reduction • Sustainable industrial development • Using natural resources to create value for current and future stakeholders

6 Other partners

How we engage	Their needs and expectations	Our expectations	How we create value
• Engagements with academics, industry bodies and experts, DFIs, state-owned entities, research institutions and organisations	• Funding and participation in pilot initiatives • Influencing policy development	• Entrepreneurship and innovative solutions • Mutual partnership	• Knowledge networks that support sustainable industrial development and address the needs of society

LEGEND: How we engage | Their needs and expectations | Our expectations | How we create value

Stakeholders are integral to the realisation of our strategic goals. We seek to create relationships and partnerships by pursuing opportunities that provide us with platforms to communicate our purpose and impact. This has helped us to build our reputation and in the process engendered trust in the organisation.

Stakeholder engagement is governed by our stakeholder engagement strategy and plan. External stakeholders are prioritised as indicated in the matrix below.

THE STAKEHOLDER'S INFLUENCE OVER THE IDC	IDC IMPACT ON THE STAKEHOLDER: LOW	IDC IMPACT ON THE STAKEHOLDER: MEDIUM	IDC IMPACT ON THE STAKEHOLDER: HIGH
HIGH	• Rating agencies • Public Servants Association of South Africa (PSA)	• Regulators • Government departments not mentioned elsewhere in the table with an interest in IDC-funded sectors • National Treasury • Mature listed investments in which the IDC has a low shareholding • Department of Small Business Development (Small Enterprise Finance Agency)	• Existing and potential clients • Strategic project partners • Employees • Lenders (bondholders, commercial banks, DFIs, Public Investment Corporation, Unemployment Insurance Fund • The Portfolio Committee on Trade, Industry and Competition • Department of Trade, Industry and Competition • IDC subsidiaries
MEDIUM	• Media	• The unemployed • Organised labour • Banks and other financial services providers • Government departments not mentioned elsewhere in the table • Governments of African countries other than South Africa • Business associations • State-owned enterprises	• Broader communities around IDC-funded projects • Provincial governments
LOW	• Former employees • Potential employees • Higher education institutions • Activist bodies		• Suppliers

Stakeholder engagement strategy

The IDC has a well-considered strategy to foster stronger connections with all its stakeholders, form alliances and achieve its strategic objectives. The strategic partnerships established with stakeholders such as the government, funding partners, clients, employees and society are based on the principle of mutual benefit as the Corporation pursues its mandate.

In addition to business development and regular meetings with stakeholders, including government departments, we conducted 78 formal interactions (73 in 2022/23) to showcase and position the organisation as a DFI that supports sustainable industries, finances entrepreneurs and improves lives through its operations.

These engagements built partnerships, enhanced the Corporation's reputation among its stakeholders and engendered trust.

Topics discussed included:
- Collaboration with continental and international DFIs
- The Corporation's contribution to meeting South Africa's energy needs
- AfCFTA as a key lever for Africa's economic development
- Minerals of the future
- Support for SMEs and social enterprises
- Inclusive participation in the economy, such as IDC support for black industrialists, women and youth-owned businesses
- The just energy transition
- Responsible investing, ESRG and sustainability impact
- Support for township economy interventions and provincial economic development.

The IDC also partnered with the government for investment promotion and economic transformation. Throughout the year, it was a lead organiser in several high-profile national events, including the Presidency-led South Africa Investment Conference in April 2023, the BRICS Summit in August 2023, the African Growth and Opportunity Act Forum in November 2023 and the Black Industrialists and Exporters Conference in March 2024.

Thought leadership

In the year under review, we continued to seek and use platforms for executives to provide thought leadership and insights on issues of national and continental importance. This programme included publishing positions in newspapers, presentations on key platforms and using our social media platforms and website to communicate and interact with stakeholders. IDC executives participated in several conferences and hosted various delegations seeking collaboration opportunities and to also gain insights into the Corporation's investment focus.

Materiality and tradeoffs

The IDC applies the Integrated Reporting Framework process to determine materiality. Our methodology is based on stakeholder inclusiveness, validity, ranking and completeness.

MATERIALITY

Material matters

A matter is deemed material to the IDC if it could affect its ability to create value in the short-, medium- or long term. Robust processes exist to gather and interpret stakeholder interests and establish how matters affect our strategy, business model and risk profile.

During the period under review, we revisited our previously identified material matters to test their continued relevance. We reached out to our internal and external stakeholders and through surveys confirmed that our material matters are still applicable. For external stakeholders, the following material matters were confirmed:

- Sustainable industrial development
- Financial sustainability
- Socioeconomic development
- Business partners' and clients' needs
- Governance, risk and compliance
- Human capital
- Partners.

For internal stakeholders, the following material matters were highlighted (in the order of importance) as relevant to the IDC:

- Financial sustainability
- Sustainable industrial development
- Socioeconomic development
- Environmental risk and compliance
- Governance risk and compliance
- Transformation
- Business partners
- Human capital.

Materiality determination process

The materiality determination process is depicted below. The seven material matters form the basis of our integrated report.

1 IDENTIFY AND ASSESS

- Assessment of risks and opportunities
- Assessment of the external operating environment
- Input from internal business units
- Feedback from external stakeholders

2 FILTER AND CONSOLIDATE

- Management Committee refines, consolidates and lists potential material matters

3 EVALUATE AND PRIORITISE

- Executive management evaluates and prioritises material matters

4 VALIDATE AND APPROVE

- Board approves material matters

MATERIAL MATTERS

The material matters influence the IDC's strategy, performance, prospects and governance activities.

IDC's material matters are:

- MM 01 SUSTAINABLE INDUSTRIAL DEVELOPMENT
- MM 02 FINANCIAL SUSTAINABILITY
- MM 03 SOCIOECONOMIC DEVELOPMENT
- MM 04 BUSINESS PARTNERS' AND CLIENTS' NEEDS
- MM 05 GOVERNANCE, RISK AND COMPLIANCE
- MM 06 HUMAN CAPITAL
- MM 07 PARTNERS

The IDC applies the Integrated Reporting Framework process to determine materiality. Our methodology is based on stakeholder inclusiveness, validity, ranking and completeness.

1 IDENTIFY AND ASSESS

Identification of matters on the strength of their ability to affect value creation. Documented Board and executive discussions provide crucial information and, with research and analysis including industry intelligence, conducted both internally and externally, offer insights on issues that can affect our strategy, governance, performance and outlooks. We remain attentive to the views and expectations of all stakeholders and this year confirmed and recorded their views of IDC's material issues through a survey.

We look to our updated risk matrix for issues that will intensify or lead to significant risks or lost opportunities if left unchecked. We incorporate mandatory regulatory requirements, conduct best practice benchmarking and study online platforms and media to generate a universe of potential material issues.

2 FILTER AND CONSOLIDATE

Evaluation of relevance in terms of matters' known or potential effect on value creation. Qualitative and quantitative effects are considered in context, timeframe and area of impact and the strategy is aligned accordingly. Both positive and negative matters are identified from financial, operational, strategic, reputational and regulatory perspectives. Risk registers are informed through management reflection and consideration from approval committees and governance structures.

3 EVALUATE AND PRIORITISE

Ranking of matters based on importance. Against IDC values, policies and commitments, material matter significance is prioritised, with high-priority matters tested and assessed for disclosure.

4 VALIDATE AND APPROVE

Full integration of material matters in the IDC strategy. Our organisational performance undertakings and targets filter through the organisation and our strategic initiatives ensure delivery on stakeholder commitments. Remuneration and incentives are linked to KPIs and we disclose suitable information. We reflect on both internal and external perspectives in our integrated report to ensure it fulfils its primary purpose and that the information needs of our stakeholders are met.

Our material matters were reviewed, ranked and approved by the Board.

MM 01

MATERIAL MATTER

SUSTAINABLE INDUSTRIAL DEVELOPMENT

The IDC undertakes to drive investment for the expansion of industrial value chains to increase industrial capacity. The result will be jobs-rich industrialisation and economic growth. The organisation is a leader in industry planning and alignment of industrial policy frameworks among industry role-players. Through our involvement in the development of industry masterplans and value-chain strategies, we influence structural transformation and low carbon transition. Our sustainable industrialisation framework was developed in the context of climate change considerations. Employment creation remains a priority and we acknowledge and support the role of small business in the economy. Regional and continental trade agreements are leveraged to take advantage of opportunities that will benefit the economy and our business partners.

The IDC's core business is to proactively develop key value chains and provide investment and financing solutions for transactions that increase the industrial capacity of the country and the region, while promoting inclusion and employment.

South Africa is dominated by mineral resources and capital-intensive, resource-related manufacturing goods. Scope for employment creation and inclusion can be limited and is energy-intensive, which raises emissions per capita. Consequently, the IDC's sustainable industrialisation strategy envisions the transition of the South African industrial economy, technological innovation and lower carbon emissions in carbon-intensive sectors, industries and value chains. We target medium- and high-technology manufacturing and labour-absorbing and -intensive manufacturing.

STRATEGIC RISK

SR 01 SR 02 SR 04 SR 11

LINK TO STRATEGY

Development effectiveness
Financial sustainability
Organisational capabilities
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

MM 02

MATERIAL MATTER
FINANCIAL SUSTAINABILITY

Financial sustainability is crucial as it refers to the IDC's ability to manage its financial resources to ensure long-term viability, effectiveness and impact. Our self-sufficiency and capability to generate adequate revenue to cover costs and sustain operations are achievable by mitigating financial risks and by ensuring sufficient capital to support lending and investments. We strive to optimise operations to minimise costs, maximise impact and ensure clear financial reporting and governance. By maintaining our financial health, we build trust with our stakeholders and we can support sustainable industrial development. The Corporation continuously diversifies revenue streams to broaden sources of income and reduce high operating costs by making processes more efficient and updating technology. Our risk assessments and management curb financial losses and fraud and we avoid over-reliance on external funding. Our financial performance is influenced by economic downturns, inflation and currency fluctuations and we are challenged by having to balance financial sustainability with sustainability impact goals.

We seek a sustainable profile mix and ensure that impairments are studiously managed. This includes using sustainable finance to drive the IDC's sustainable industrial pathways framework through various sectors, industries and value chains.

STRATEGIC RISK

SR 01 SR 02 SR 03 SR 04 SR 05 SR 06

LINK TO STRATEGY

Financial sustainability
Organisational capabilities
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

MM 03

MATERIAL MATTER
SOCIOECONOMIC DEVELOPMENT

The IDC prioritises ESRG and sustainability impact to ensure that its investments contribute to sustainable development and deliver socioeconomic positive outcomes. We drive transition, resilience and adaptation to climate change in our strategic sectors, industries and value chains while promoting the use of sustainable finance instruments. The Corporation ensures equitable and inclusive access to finance through solid procurement practices. Through corporate social and other programmes, we engage with and offer development to communities. We have developed and refined ESRG tools and frameworks and established monitoring and evaluation mechanisms.

A framework has been developed to further promote the integration of ESRG and the sustainability impact principles of the responsible investment policy. The policy sets out the key principles on responsible investing, including exclusions and restrictions on specific sectors and industries. Compliance with this, sustainability screening tools and the environment and social policy will be assessed for all new and existing IDC projects. The sustainability screening tools are applied on all fossil-fuel-sector-based transactions and funding activities (including coal, natural gas, liquid fuels and nuclear) and are revised and updated from time to time. The sustainability screening tools include questions on country-level Paris Agreement alignment (alignment with nationally determined contribution targets), government policies and sector commitments and project specifics such as project emissions intensity, energy technologies, alternative lower energy sources, carbon tax liability and carbon footprint.

IDC environmental health and safety due diligence is aligned with International Finance Corporation performance standards. The screening tools used include the responsible investment policy, IDC environment and safety checklist, World Bank environmental health and safety guidelines, International Finance Corporation factsheets and the IDC development scorecard. In addition, IDC due diligence has been enhanced to include climate change risk assessment. The environment and social policy guides adherence to the IDC's environmental and social management system and, where applicable, the Equator Principles.

STRATEGIC RISK

SR 01 SR 02 SR 04 SR 11

LINK TO STRATEGY

Development effectiveness
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

MM 04

MATERIAL MATTER

BUSINESS PARTNERS' AND CLIENTS' NEEDS

Clients need affordable finance, efficient processes, responsible investing practices, transparency and disclosure, ethical business practices, environmental sustainability, social responsibility, good governance and a positive impact on society and the environment. We listen actively to these needs and concerns and regularly measure and track client satisfaction. We strive to respond promptly to enquiries and issues and to deliver high-quality and appropriate financial products. To understand evolving needs and add value to our business partners, we drive thought leadership in priority industry value chains.

STRATEGIC RISK

SR 01 SR 10 SR 11 SR 12

LINK TO STRATEGY

Development effectiveness
Financial sustainability
Organisational capabilities
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

MM 05

MATERIAL MATTER

GOVERNANCE, RISK AND COMPLIANCE

Effective governance and compliance help the IDC to operate with integrity, transparency and accountability, maintain the trust of stakeholders and achieve its development goals. Our stringent risk management practices identify, assess and mitigate risk, including credit, market, operational and reputational risk. We have a competent, independent and diverse Board that oversees strategy, risk and performance. The Corporation adheres to laws, regulations and standards. Internal controls are effective and include financial, operational and IT controls. We ensure timely, accurate and comprehensive disclosures of financial information and development impact. We promote a culture of ethics, integrity and fraud prevention, with clear policies and reporting mechanisms. Our independent auditors review our annual financial statements, internal controls and development impact. Sensitive information is protected and data privacy and security maintained. Our clients expect seamless services, making integration of digital processes with operations essential. Artificial intelligence enablement is increasingly important with an evolving regulatory environment. We must ensure that our operations and solutions remain relevant.

STRATEGIC RISK

SR 08 SR 09 SR 10

LINK TO STRATEGY

Financial sustainability
Organisational capabilities

CAPITALS

SDGs

MM 06 MATERIAL MATTER HUMAN CAPITAL

We face fierce competition for talent and specialist skills and have, therefore, built an attractive and competitive employee value proposition. Our employees are responsible for building trust-based relationships with our stakeholders through excellence and integrity. Our people strategy aims to create a positive work environment that enables growth and development, making the IDC an employer of choice. Priorities include transforming our culture to inculcate values that support our purpose and strategy, getting the right people into the right jobs in combination with digital enablement, and retaining top talent and scarce skills. We encourage open communication about matters concerning our people and customise interventions to address them. We track progress of our culture journey as talent management is a priority. This includes succession planning, training, development and mentoring. The hybrid working model, which allows employees to work from home, is balanced by managing and measuring productivity, culture building and collaboration. Physical office time is mandatory twice a week and we continue to assess and develop the model to enable our people to perform at their best. Workplace policies seek to prevent and address discrimination.

STRATEGIC RISK

SR 07

LINK TO STRATEGY

Financial sustainability
Organisational capabilities
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

4 QUALITY EDUCATION

MM 07 MATERIAL MATTER PARTNERS

The IDC's future performance relies on leveraging strategic partnerships' scale, reach and footprint to grow the client base and realise integration benefits and synergies. Stakeholders can enjoy significant shared value from synergetic partnerships forged through our brand, competitive position and collaborative, values-driven culture. Partnering allows us to challenge our traditional models, drive financial inclusion and address gaps. Partnerships also give us access to scarce specialist expertise and skills. We form partnerships with civil society groups through our CSI programme. We ensure our partners share our values and, as far as possible, align on governance approach. We liaise with policymakers and advise and build networks to support cooperation agreements with social partners, DFIs and other role-players. Regional and private sector collaboration, particularly in infrastructure and energy generation, is embedded in our business model. The Corporation manages several third-party funds and programmes. In addition, it coordinates and facilitates events and projects.

STRATEGIC RISK

SR 01 SR 02 SR 04 SR 06 SR 12

LINK TO STRATEGY

Development effectiveness
Financial sustainability
Organisational capabilities
Strategic positioning and stakeholder alignment

CAPITALS

SDGs

17 PARTNERSHIPS FOR THE GOALS

TRADEOFFS

Balancing the needs of numerous stakeholders in a capital-scarce environment demands certain tradeoffs. Often-harsh but always balanced decisions allow focus on strategic areas that promise the best long-term value while satisfying the short-term needs of stakeholders.

1 Funding for capital-intensive vs labour-intensive industries

An important element of our mandate is creating jobs to alleviate unemployment. While we invest in more capital-intensive industries that do not create many direct jobs but will unlock downstream economic activity and increase competitiveness, we also focus strongly on labour-intensive downstream businesses that create employment, often at a lower cost but with limited industrial or value chain development.

2 Leveraging more private sector finance vs increasing the IDC's share of project funding

We seek out funders such as project promoters to avoid crowding out investment and allow allocation of limited financial resources to other developmental endeavours. However, partially funded projects that are not implemented clearly will not contribute to development. However, the potential benefits of such projects may be significant, thus the Corporation increases its funding accordingly.

3 Prioritising funding approvals and disbursements vs partnering for growth and sustainable development

Given its countercyclical role, the IDC boosts its impact by growing numbers of investment approvals and disbursements and supporting distressed companies through poor economic conditions. Notable successes aside, many businesses have not proven sustainable, which negates the expected development impact and depletes our resources. Greater attention on ensuring sustainable development could lower levels of funding as marginal projects would not be financed.

4 Focus on project development vs transactions with short-term outcomes

The IDC develops industries proactively, specifically those essential to priority value chains. We allocate resources to achieving short-term goals and in activities with a long-term impact.

5 Supporting transactions that create new jobs vs assisting companies in distress and saving jobs

We prioritise startups and expansion of existing businesses. We also finance entities in difficult trading/operating environments to improve their strength and competitiveness. Our countercyclical assistance to ailing companies with long-term sustainability potential avoids negative deindustrialisation costs.

6 Taking greater risk vs rebalancing our portfolio and reducing impairments

The IDC funds entities with viable business plans. Given its higher risk appetite, it can fund more businesses but these can increase impairments. Ideally, we want to increase funding while decreasing impairments. We manage this conflict by continuously bolstering post-investment processes and monitoring high-risk clients. We help clients before they become financially stressed. Decisions that reduce the IDC's financial risk, such as discontinuing support for an unsustainable business, may result in job losses. Such considerations are considered during decision-making.

7 Maximising short-term impact vs ensuring long-term financial sustainability

High short- and medium-term funding levels can hamper longer-term funding capacity, which is exacerbated if funding does not deliver short-term returns. We continue to monitor economic conditions and assess our capacity to raise funding levels by scrutinising the performance of our mature portfolio and new investments.

8 Increased industrial development vs negative environmental impacts

IDC funding promotes economic growth. This, in turn, affects the environment, with degrading natural resources negatively affecting long-term economic growth. In evaluating projects for investment, the IDC weighs up and mitigates potential negative environmental impacts.




Our operational performance

The IDC focuses its impact on the short- and longer terms. Over the short term it uses and protects existing capabilities to facilitate industrial expansion and job creation in the local economy. The longer-term focus is on capabilities needed for growth and sustainability of future value chains.

DEVELOPING INDUSTRIAL CAPACITY

Multidimensional operations model

The IDC has three cross-cutting dimensions:

- Value chains including upstream sectors, the enabling components and new emerging value chain,
- Segments that require a differentiated approach such as small business, medium and large enterprises, social enterprises and pre-bankable projects (projects in feasibility stage)
- Geography that spans different spatial areas in South Africa and on the continent.

VALUE CHAINS

UPSTREAM

- Agriculture
- Mining

ENABLERS

- Energy
- Water
- Infrastructure
- ESRG/decarbonisation
- Digitalisation
- Services

INDUSTRIAL VALUE CHAIN

- Agro-processing
- Automotive
- Metals and beneficiation
- Machinery and equipment
- Chemicals
- Clothing, textiles, leather and footwear (CTFL), furniture and wood products

EMERGING VALUE CHAIN

- Green hydrogen
- New energy vehicles
- Energy storage
- Natural gas

SEGMENTS

- Medium and large enterprises
- Development projects in feasibility stages
- Funds and programmes
- Small business
- Social and solidarity economy

SPATIAL

SOUTH AFRICA

- Urban (townships) and rural
- SEZs and industrial parks
- Targeted districts
- Provincial (integrated)

REST OF AFRICA

- SADC
- Selected countries outside SADC
- Regional value chains

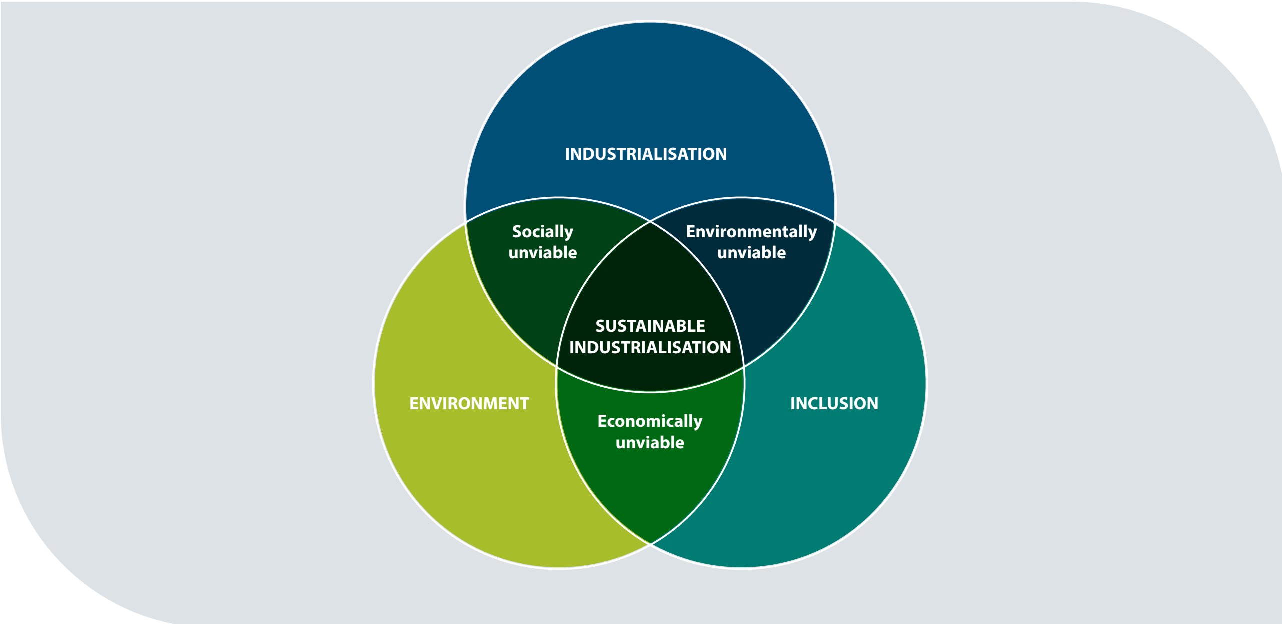
OUTCOMES

- Expanded industrial capacity
- Job creation
- Inclusivity and transformation
- Localisation
- Spatial equity
- Reduced negative environmental impact
- Just energy transition

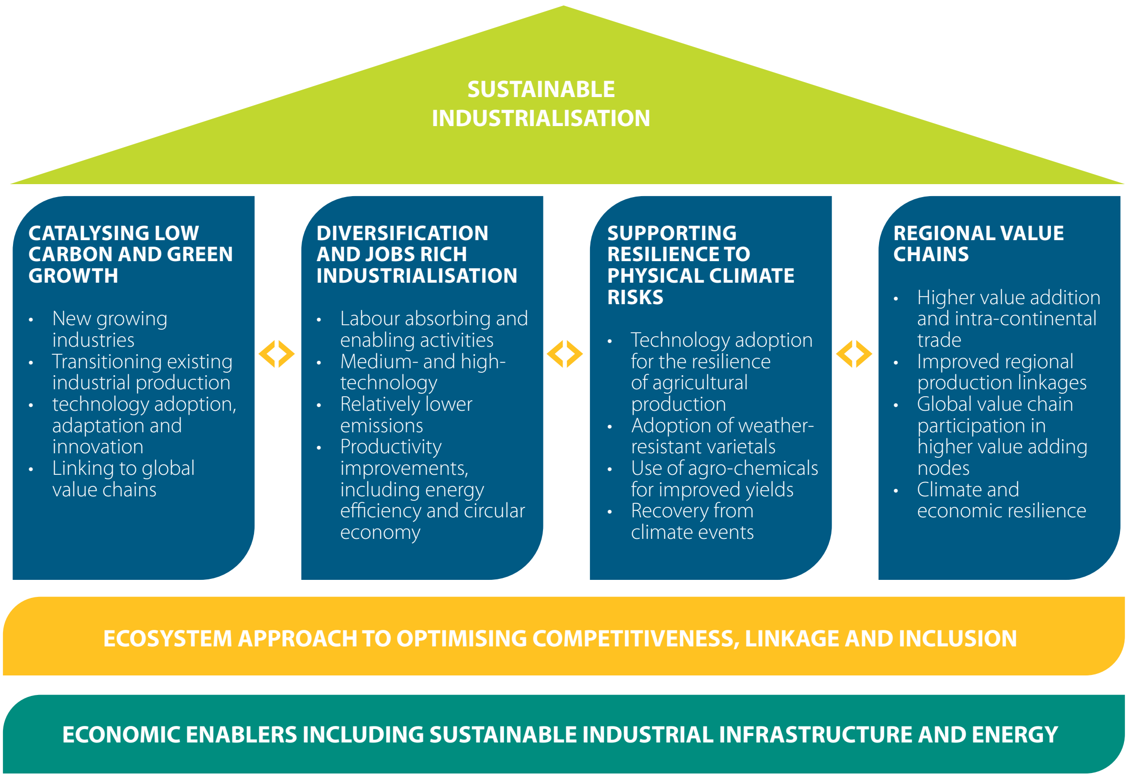
Through this multidimensional model the IDC focuses its impact on the short- and longer terms. Over the short term it uses and protects existing capabilities to facilitate industrial expansion and job creation in the local economy. The longer-term focus is on capabilities needed to grow and sustain future value chains.

Pathways to sustainable industrialisation

Acknowledging both the South African economy's legacy challenges and climate change dynamics, the IDC has developed a sustainable industrialisation framework to drive industrial development in the context of climate change. Sustainable industrialisation is framed as the maintenance and expansion of industrial capacity in a way that is socially inclusive and environmentally responsible.



This approach supports the maintenance and expansion of industrial capacity, facilitates transition to more sophisticated activities with scope for cumulative productivity growth and employment generation, and enables the low carbon transition. It does this while supporting a more equitable distribution of income, high-quality employment and environmental protection.



Pathway 1: Catalysing low carbon transitions and green growth

The IDC recognises that a comprehensive, integrated approach is crucial to achieving low-carbon transitions and sustainable industrial transformation across sectors and industries. This requires an ecosystem founded on the following premises:

- Renewable energy will fuel the transition to a lower emission economy
- Transition fuels (supported by extended transmission grid, improved distribution networks and battery storage) are essential for managing cost competitiveness and intermittency of renewable energy
- Industries will adopt new business models powered by renewable energy with energy storage infrastructure, extended grid transmission, improved and resilient distribution networks and new products and solutions addressing societal needs such as mobility
- Green hydrogen is crucial for the transition of hard-to-abate or greening root industries
- To ensure a socially viable and just transition, the economy must diversify and build capabilities in the supply chains of new industries to support employment and better pay.

Pathway 2: Economic diversification and jobs-rich industrialisation

A country's production and exports influence its growth, inclusion and energy intensity related to climate change and its greenhouse gas emission impact. South Africa's industrial structure is dominated by mineral resources and resource-related manufacturing, which is capital intensive – with limited scope for employment creation and inclusion – and energy intensive, contributing to the country's relatively high emissions per capita. Consequently, the Corporation's sustainable industrialisation strategy includes contributing to diversification of the country's industrial structure. This entails the development of sustainable and inclusive value chains and enabling ecosystems targeting medium- and high-technology manufacturing and labour-absorbing and -intensive manufacturing.

Pathway 3: Supporting climate and economic resilience

As it recognises that extreme weather events and shifts in weather patterns may disrupt production systems and ecosystems, the Corporation assists firms and industries to:

- Withstand climate-related shocks (see page 33)
- Build resilience to recover timeously from weather, seasonal and climate-related shocks and shifts.

Pathway 4: Regional value chains

Africa's economic potential is vast and holds significant opportunities for sustainable development. The Corporation's strategy is to accelerate continental industrialisation and to deepen regional value chains. Industrialisation refers not only to an increase in manufacturing activities but a structural change from primary production and commodity-based exports to higher value-adding industrial production (see pages 54 to 61).

The pathways are not mutually exclusive but reinforce each other. For example, diversification is pursued through low carbon transitions and green growth, through which the IDC supports backward integration into diversified manufacturing production of components for new green industries. The pathways are supported by a cross-cutting ecosystem approach that seeks to optimise competitiveness, linkage development and inclusion, and support economic enablers such as industrial infrastructure and renewable energy.

INDUSTRIAL/MANUFACTURING VALUE CHAINS

Agro-industry

The agriculture value chain is prioritised to support diversification and jobs-rich industrialisation. Investments in inclusive agriculture and food systems reduce poverty, ease spatial inequalities and create rural jobs while enhancing food security and nutrition. Driven by consumer preferences, this value chain has created new activities at the interfaces of agriculture and manufacturing, dubbed the 'industrialisation of freshness'.

During the financial year, the IDC approved R1.4 billion in funding, 42% lower than in 2022/23.

The Corporation's agricultural industry development plan is based on pillars including increased production capacity, industry rationalisation, agricultural infrastructure, funding products and partnerships, regional agricultural value chains and sustainable agriculture.

It directly supported two masterplans:

- Poultry Masterplan – continued support for expansion and transformation in a sector recently hit by avian flu. We approved funding for an integrated grower/abattoir business in North West and for a broiler/breeder/hatchery operation in Gauteng. Since the masterplan's signing, the IDC has contributed 97 000 tons of poultry meat processing capacity
- Sugar Industry Masterplan – in an industry still in distress, the IDC's working capital support to Tongaat Hulett – a significant contributor to the economies of KwaZulu-Natal, Mozambique and Zimbabwe – helped to avert the loss of thousands of jobs. In addition, support has been stepped up for investigation into polylactic acid, considered an alternative to the traditional sugar export market. This project is a partnership with the South African Sugar Association that is assessing the feasibility of producing polylactic acid from cane for the bioplastics market in response to the growing requirement for greener, non-fossil-fuel-based products.

The IDC supports inclusiveness and transformation to this sector in the following ways:

- Direct funding to black-owned commercial farmers and industrialists creating new productive capacity. These include citrus- and mango-growing expansions on underused restituted land in Komatipoort, Mpumalanga, and the establishment of a red meat abattoir and processing plant owned by a black industrialist in Wesselbron, Free State
- Favourable wholesale lending to established agribusinesses to provide access to finance to black farmers traditionally excluded from formal funding. Our funding during 2023/24 to a large agribusiness in North West is expected to support 18 black farmers
- Agricultural aggregation models that incorporate smallholder farmers into formal value chains. The IDC has investigated global, continental and local best practice and has developed an in-house methodology. We have integrated cooperative and emerging potato farmers into the value chain in KwaZulu-Natal, introduced vegetables and other produce into retail stores and supermarkets in northern Free State, revitalised the cotton gin in northern KwaZulu-Natal to aggregate cotton production, supported the establishment of an aggregator platform app in Gauteng and incorporated sugar and white beans into the supply chain of a major blue-chip company.

Our partnership with the Department of Agriculture, Land Reform and Rural Development through our management of the Agro-industrial Fund has enhanced our transformation imperatives. The fund assists qualifying black producers to develop, expand, acquire and integrate operations in prioritised value chains. In the year under review, it supported nine businesses to the value of R236 million, creating and sustaining 433 jobs.

The Agro-processing Competitiveness Fund provides concessionary funding to facilitate increased competition, growth, job creation and development. In 2023/24, it invested R45 million in five businesses, creating and sustaining 71 jobs.

The IDC ramped up its support to 752 flood-affected grape and raisin farmers employing 2 230 people in Northern Cape, providing R228 million in funding over a two-year cycle of funding.

CASE STUDY

POULTRY PIONEERS PHIWOKUHLE AND PALESA POISED FOR IDC-FUNDED GROWTH

Birds of a feather Phiwokuhle Shabangu and Palesa Mokoka are sticking together to fill a large gap in the poultry market.

Mpumalanga entrepreneurs Phiwokuhle Shabangu and Palesa Mokoka spotted a gap in the poultry market and realised that they could close it by producing 450 000 birds a cycle.

Thus Mokoka Shabangu Farming and Poultry, a contract broiler-rearing company in Mpumalanga, was established in August 2019. Given its objective to further transformation in agro-processing and agriculture, the IDC provided funding to ensure the poultry-centred pair's ambitions are realised. The funding, for construction of 10 temperature-controlled broiler houses, will enable the company to increase the number of birds for supply to Festive's newly commissioned abattoir in Olifantsfontein, Gauteng.

Importantly, the partnership will help to boost meat production volumes being supplied by black poultry-producers. In addition, poultry is the most affordable animal protein and is crucial to food security, thus growing volumes will spur higher consumption.

The IDC's investment aligns with its commitment to the Poultry Masterplan and the industrial development plan, which seek to upscale and commercialise black broiler farmers and enable black female industrialists to gain greater representation in the sector.

Automotive and transport equipment

Automotive manufacturing is the largest contributor to manufacturing exports in South Africa. Despite the country's geographic disadvantage, a combination of domestic capabilities, free-trade agreements and policy incentives has facilitated competitiveness in major export markets, including the European Union and United Kingdom. This has resulted in South Africa having a world-class automotive assembly industry with a local presence of seven international original equipment manufacturers (OEMs).

The South African Automotive Masterplan envisions an increase in local vehicle production to more than 1 million vehicles a year by 2035. In 2023/24, the IDC approved R2.3 billion of funding to this value chain, 78% higher than in the previous period. These investments are expected to create more than 3 000 job opportunities, notably in Eastern Cape, a region with high unemployment.

To support objectives of this masterplan, the IDC partnered with global OEM Stellantis to establish a plant that will manufacture 50 000 Peugeot Landtrek 'bakkies' a year, 70% of which have been earmarked for export. The plant, at Coega SEZ, is expected to create more than 1 000 direct job opportunities.

The South African automotive value chain includes close to 500 component suppliers contributing significantly to the almost-40%-industry-average local value addition. We continue to support deepening and transformation of these localisation efforts. In the year under review, the Corporation approved R400 million worth of funding to black industrialists manufacturing components such as metal pressings, deep-draw large-skin panels, welded and riveted assemblies, coils and aluminium and steel blanks. We also supported foundry companies supplying the automotive industry.

Crucially, the South African automotive sector faces transition risks and opportunities in the short- to medium term as its main export markets have committed to zero-emission vehicles by 2035 (accounting for 46% of cars produced locally). Accordingly, we are leading the implementation of the new energy vehicle component of the Just Energy Transition Investment Plan presented at both COP27 and COP28. The IDC also partnered with the dtic to develop the Electric Vehicle White Paper released in November 2023.

Furthermore, the Corporation is creating partnerships in the e-mobility global and local ecosystem. During 2023/24, it continued to assist Mellowvans, a local e-mobility manufacturer, with the commercialisation of the company's last-mile delivery vehicle.

Priorities for 2024/25

Focus in the year ahead will be on leveraging e-mobility transition opportunities and mitigating challenges. Opportunities include:

- Supporting existing OEMs and component suppliers to transition, including value chain deepening through battery assembly and production
- Attracting new OEMs to South Africa for localisation
- Promoting diversification in mobility/logistics and public transport projects and infrastructure
- Developing regional automotive value chains to achieve shared value addition from the market access created by AfCFTA.

CASE STUDY

STELLANTIS STAYING FIRMLY IN ITS LANE AS IT MOVES INTO MANUFACTURING OVERDRIVE

Models mooted to be coming off the production line are the recently launched Peugeot Landtrek bakkie, which extends Peugeot's longstanding history in South Africa

Stellantis is geared to accelerate domestic motor manufacturing with the promise of 50 000 new vehicles leaving its Eastern Cape production line annually.

The world's fourth largest OEM in its sector, selling nearly 6.31 million cars a year, the company owns 14 iconic brands, including Peugeot, Fiat, Jeep, Citroen, Opel and Maserati. Models mooted to be coming off the production line are the recently launched Peugeot Landtrek bakkie, which extends Peugeot's longstanding history in South Africa, which dates back to the 1960s and has spawned 82 dealerships.

The IDC, courtesy of its mandate to fast track the growth of the automotive and transport industry, is comfortably in the passenger seat, having approved funding to establish the manufacturing plant in which all the Stellantis import replacement and export revenue generation action will take place.

The plant will produce petrol and diesel vehicles, with the capability to switch to both battery and plug-in hybrid variants of the Landtrek. Local production of the fuel cells for this bakkie is being researched. In addition to its funding, the IDC is setting up the Stellantis NewCo workers trust, enabling employees of the company to have equity.

In its latest endeavour, Stellantis is in good, albeit competitive, company, as it has lined up with other global automotive pacesetters in its new home, Coega SEZ in Gqeberha. This 'car community' is projected to boost prospects for component suppliers, raising their cost competitiveness while increasing localisation.

In this partnership, the IDC takes its lead from the South African Automotive Masterplan whose aim is to bolster the country's competitiveness in vehicle assembly. The project looks certain to attract further key investments, given its strategic contribution to positioning Eastern Cape as a leading automotive hub in sub-Saharan Africa.

Metal products (including machinery and equipment)

The metals industry remains a key sector underpinning South Africa's industrial capabilities, with key linkages to most sectors of the economy. The IDC is committed to contributing to an internationally competitive and sustainable steel industrial capacity across the value chain. This requires a diversified product range targeting local, continental and international markets. It is aligned to the Steel Industry Masterplan, for which the IDC is an implementer.

We committed R3.1 billion to this value chain in the year in review, which is on par with last year's investment. The funding will save or create about 5 500 jobs.

Since the upstream part of the value chain has experienced low demand, our emphasis has been on steel diversification through enhanced support for mills to upgrade and extend product ranges, producing improved quality and high-grade steels for key sectors. Many previously funded projects are in construction and close to completion, while feasibility studies are investigating higher-margin opportunities in more specialised markets. The IDC support continues to protect critical industrial capacity in the current distressed environment through, for example, investment in existing foundry operations under strain and based on sound turnaround plans.

The IDC has funded a female black industrialist to establish a plant that will beneficiate scrap and used aluminium cans to produce ingots for use in downstream aluminium-producing industries.

The value chain's downstream section is characterised by higher value and increased labour intensity. Through the Downstream Steel Industry Competitiveness Fund, the Corporation supported seven businesses with underlying loans of R360 million, creating and sustaining 1 550 jobs. This fund provides interest rate support to improve the competitiveness of qualifying enterprises and survivability of distressed companies with bankable turnaround strategies.

With our focus on diversification of the economy into higher value-adding and employment-absorbing industries, the machinery and equipment industry remains a priority. It is a medium-technology industry with scope for productivity gains and potential to increase the country's manufacturing value addition and established capabilities in niches such as mining machinery and equipment, which can be leveraged for lateral migration. The challenge is to build on these capabilities to enhance exports to African markets and globally.

Our activity in downstream machinery and equipment includes funding for entities that manufacture:

- Mining equipment for the international market
- Low-, medium- and high-voltage fittings and equipment used in the power industry for electricity distribution and transmission lines in South Africa and southern Africa
- Copper conductors for power transformers, electrical industries and products such as generators and rotating motors
- Heat thermal collectors for energy-efficient photovoltaic thermal and solar geysers.

Sector demand will be highly dependent on infrastructure developments and procurement from state-owned entities. It is, therefore, encouraging that the new Public Procurement Bill sets out industrial policy goals for strategic and local procurement, supporting localisation.

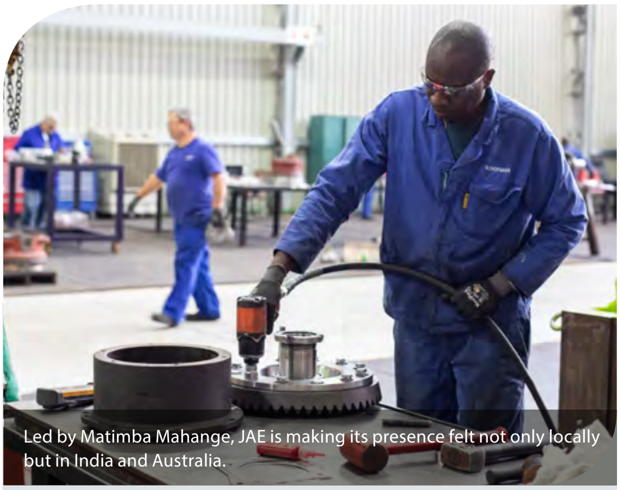
Priorities for 2024/25

We will pursue opportunities for:

- Decarbonisation of this hard-to-abate value chain
- Transmission grid expansion opportunities
- The continental boom in critical minerals and the need for mining equipment.

CASE STUDY

EMPOWERMENT FUNDING AT THE COALFACE



Led by Matimba Mahange, JAE is making its presence felt not only locally but in India and Australia.

Since the 2014 launch by the dtic of its black industrialists programme, more than 900 entrepreneurs have received funding from dtic entities, including the IDC. These individuals have either upscaled their operations through working capital or acquired equity in existing companies, thus joining the mainstream economy.

This proud tradition continued with Matimba Mahange of the black industrialist group MMML. The IDC supported the consortium to acquire equity in JA Engineering Works (JAE) and provided funding for the acquisition in 2022.

JAE is a proudly South African company that meets the varied demands of underground and opencast mines through the local design and manufacture of mining equipment and aftermarket parts. It currently specialises in the manufacture of battery scoops, continuous miners, roof bolters, shuttle cars and feeder breakers. It also provides aftermarket parts and servicing in its niche market. JAE is the only local OEM in its market and has in and has a stated objective of procuring 80% of raw components from South Africa.

It has grown two new international markets, namely India and Australia, with exports representing a significant part of turnover. To support its growth, the IDC provided further funding during the reporting period to grow the company's international market penetration.

Matimba, who is now JAE group CEO, plans to grow the revenue stream by increasing the entity's client base and footprint beyond Mpumalanga, KwaZulu-Natal and Gauteng.

Chemicals

Chemicals, the basis for materials and products, are present in virtually all industries. Conventionally, chemical production converts extracted minerals and fossil hydrocarbons and deepens the value chain in value-adding manufactured materials, whether intermediary or end-use materials/chemical products/fuel.

In the year under review, the IDC approved and disbursed R1.8 billion to this value chain. Given the global sustainability shift and that the local chemical sector is based largely on coal-based technologies, it is imperative to decarbonise the root industries of the value chain. While South Africa lacks fossil hydrocarbons, it has abundant renewable energy sources to produce sustainable fuels and chemical building blocks with sustainable carbon sources.

Our phased approach focuses on the use of natural gas as a transition feedstock and ultimate transformation to green hydrogen molecules. We will also examine biofuels.
The use of natural gas requires responsible investment, hence our fossil fuel assessment methodology to ensure alignment with the Paris Agreement. The Corporation is encouraged that SADC member states have adopted the Regional Gas Masterplan, which was partly IDC-sponsored.

The IDC is driving the commercialisation of the green hydrogen sector in South Africa. This will address premature deindustrialisation and decarbonisation in a just energy transition. Two milestones during the year were Cabinet approval of the Green Hydrogen Commercialisation Strategy in October 2023 and the submission of the Green Hydrogen Implementation Plan of the Just Energy Transition Investment Plan to COP28 in December 2023. The IDC coordinated both these documents and is the project management office for their implementation.

Other chemical value chain funding spanned sectors such as agricultural chemicals, plastics and oil waste recycling. We made specific inroads through pharmaceutical-related investments, including nutraceuticals, nuclear medicine, active pharmaceutical ingredients, mRNA vaccines and medicinal cannabis.

The IDC is working with the Presidency's Project Management Office to develop a conducive and coherent legislative environment for cannabis industrialisation, while piloting certain projects.

A priority is the chemical processing of critical minerals for battery production, essential for the battery storage value chain. The IDC industrialisation strategy for this sector is bi-directional and includes:

- Forward value-addition to battery minerals into battery active materials

- Backward integration to capitalise on the stationary and mobility demand for battery storage.

Cell manufacturing will be pursued with strategic equity technology and offtake partners, mindful of technology lock-in risk.

Priorities for 2024/25

Target areas include:
- Water treatment chemicals
- Green hydrogen
- Natural gas
- Battery processed minerals
- Medicines and pharmaceuticals.

CASE STUDY
IDC FUNDING BOOST FOR CANNABIS VALUE CHAIN

IDC funding will enable cannabis cultivator and producer of medicinal cannabis to produce high-yield and -quality products all year 'round

It may not yet be a mainstream crop, but cannabis is growing news since its medicinal benefits have been noted. Although legislation still prohibits large-scale growing, those who are getting in at soil level look set to reap the benefits of what is colloquially referred to as 'green gold'.

Cannabis cultivator and producer of medicinal cannabis and extracts, Beyond Buds of Montagu, Western Cape, is positioning itself to lead the march locally.

In a state-of-the art indoor facility designed to South African Health Products Regulatory Authority good manufacturing practice standards, the company cultivates and processes high-grade dried cannabis flower for export to the European Union, notably Germany. With modern equipment and an advanced hydroponic growing system whose purchase was enabled by the IDC, Beyond Buds will produce high-yield and -quality products all year around. An upgraded heating, ventilation and air-conditioning system, in particular, will bring its products up to European Union good manufacturing practice levels, a prerequisite for medical products destined for Europe.

The IDC's involvement is in line with the government-approved cannabis position paper and interim industry action plan paper in which the Corporation flagged legal cannabis as a new economic growth frontier, with considerable potential to strengthen the country's industrial capacity.

Its investment enables the Corporation to support the local cannabis value chain and partner with lead firms to build a more inclusive chain and a platform for South Africa to become a major actor on the global cannabis stage.

Clothing, textiles, leather and footwear

The CTFL value chain is key to fostering jobs-rich industrialisation. It is socioeconomically significant given its substantial labour-absorptive capacity and contribution to employment creation, particularly for women and entry-level employees. The clothing sector creates an estimated 11 jobs per R1 million of capital stock, about 6% of total manufacturing employment.

Despite the dtic's Retail-CTFL Masterplan, in whose development and implementation the IDC was key, the textiles and clothing sectors are struggling due to prolonged lower consumer spending and increased competition by international e-trade platforms. To counteract this, we approved almost R1 billion of funding to the sector during the year in review, homing in on niche manufacturing areas and bolstering the raw material and downstream industries.

Highlights included:

- Approval of a turnaround and product enhancement plan for cotton spinning. The investment supports around 2 500 small cotton farmers and job creation is set conservatively at 5 000
- Revitalisation of the wool value chain with investment in wool washing and scouring capacity to increase local beneficiation
- Localisation of denim manufacturing to grow capacity growth by about 1.5 million pairs of jeans – around 2.5% of South Africa's annual consumption
- Investment in cleaner and more energy-efficient dyeing and finishing technologies to support retailers' in-season trading model
- Transformative startup, expansionary and acquisition investment in black industrialists
- Facilitation of ownership for 1 543 workers.

Complementary to the IDC's on-balance-sheet support to this value chain is its management of the Clothing, Textiles, Footwear and Leather Growth Programme, which provides grants and concessionary loans to operations to improve employment, competitiveness, growth and localisation. During the financial year, the programme ploughed R413 million into 42 businesses, creating and sustaining 440 jobs.

CASE STUDY

WEAVING THE FOUNDATION FOR A NEW VALUE CHAIN

Gerber and Co is putting a new spin on local wool beneficiation.

When Gerber and Co first debated its wool-processing plans, it was not spinning a yarn but birthing a venture that, ultimately, may have the potential to create a local wool beneficiation value chain to reduce reliance on China for processing of local wool, mohair and similar fibres.

Following years of applying strategies with limited success, the company went back to its knitting after spotting an opportunity to set up a processing plant in Paarl, Western Cape. This new washing and scouring facility will produce 5 000 tons of product a year, accounting for about 15% of the value of wool sheared annually in South Africa.

The development piqued the interest of the IDC, which had already identified wool processing as a driver of localisation and a step towards a fully fledged beneficiation value chain.

When completely commissioned, the IDC-financed plant will be carbon neutral and will turn out knitted garments for local and international brands, carpeting and duvet inners and non-woven items for the insulation and automotive sectors. Certain products will be sold across Gerber and Co's seven retail stores.

Mining and minerals

Critical minerals underpin clean energy systems but are also key inputs into modern technology and communications systems. Global demand for these minerals is forecast to increase by 500% by 2050.

Africa has substantial critical mineral resources with mining and processing capability. The energy transition has massive potential to catalyse growth for the continent through investments in these supply chains. Developing opportunities closer to the mineral source can reduce the cost of renewable energy for consumers globally, reduce emissions and create jobs and economic opportunities for local communities and countries.

The IDC's critical minerals game plan maximises the mining and beneficiation of regional mineral resources. The strategy is based on 17 minerals identified as critical for the global transition to renewables, electric vehicles, hydrogen and battery storage. We will leverage renewable energy sources and critical minerals to foster international competitiveness, much as energy from cheap coal drove the country's initial industrialisation phase.

In the reporting period, project development funding was approved for a battery-grade manganese (high-purity manganese sulphate monohydrate) processing plant that will source manganese from the Kanye region in Botswana. Funding was also allocated to the development of a greenfield natural graphite mine in Tanzania's Mahenge Province. On commissioning, this mine will produce 90 000 tons annually of battery-grade graphite.

In addition, we advanced transformation through the sizeable acquisition of a coalmine by a black industrialist and allocated funding to allow black-owned mining contractors to fulfil their contracts with larger mining entities. Many opportunities were identified by the IDC SME-Connect programme, which establishes linkages between SMEs and larger companies.

To stimulate and enhance exploration in South Africa, the Corporation partnered with the Department of Mineral Resources and Energy to establish the R400 million Junior Mining Exploration Fund, which was launched at the 2024 Mining Indaba. The fund:

- Assists qualifying enterprises to conduct exploration
- Provides black junior miners with access to finance
- Promotes economic inclusion to support equitable economic growth.

Priority for 2024/25:

- Continue rolling out the critical minerals game plan, with specific attention on copper mining and beneficiation, which are crucial for the global electrification drive.

CASE STUDY

PRIESKA MINE – A PHOENIX RISING FROM THE FLY ASH

Copper is core to the energy transition. It finds application, too, in electric vehicle manufacturing.

The IDC has given the Prieska copper zinc mine in Northern Cape a new lease of life, allowing it to capitalise on rising global prices for these metals. Shut down in 1991 by its former owner Anglovaal, the mine and its mineral rights were snapped up in 2017 by Orion Minerals Limited, an Australian junior miner listed on the Johannesburg and Australian stock exchanges.

With IDC support, Prieska copper zinc mine is set to become the first large-scale copper mine in South Africa in more than 50 years, promising to create scores of jobs in unemployment-plagued Northern Cape.

IDC finance enabled completion of a trial mining exercise and installation of dewatering equipment, allowing the new owner to deal with water that had accumulated up to 288m below surface. This dewatering will give access to the main hoisting shaft and to mineral reserves, including a substantial orebody beyond the previously mined areas, which will considerably boost the mine's tonnage. Proving the mining method for the remaining reserves and remnant pillars will improve mineral recovery from former and future mining areas.

By mining the remnant pillars, the peak funding requirement for the development of the mine will drop significantly, which will hasten the first cashflow for the project. On full commissioning, Orion should produce more than 248Kt copper and 800Kt zinc.

Copper is core to the energy transition and a crucial component of equipment for energy generation, distribution and transport electrification. It finds application, too, in electric vehicle manufacturing.

ENABLERS FOR INDUSTRIALISATION

Energy

Given the energy deficit and need to decarbonise, the IDC has been a significant funder of the government's Renewable Energy Independent Power Producer Procurement Programme, having supported 23 of its 89 (25.8%) projects since inception of this initiative. These boast a contracted capacity of 1 414MW from 6 322MW (22.3%) up to bid round 4. Through our involvement, black-owned entities were able to participate in and benefit from the projects.

With our emphasis having broadened to commercial and industrial aspects, we funded projects that will add 1 521MW of new generation capacity. Funding approvals increased to R1.9 billion from R539 million in the previous year.

IDC support enabled two black-owned and -operated companies (one women-owned) to compete with foreign independent power producers. With our drive also aimed at assisting mining and manufacturing companies to decarbonise and address energy security, we invested in independent power producer projects with an offtake arrangement from such entities.

Renewable energy solutions are key to the competitiveness of South Africa's SEZs. Through the industrial zones programme located in the IDC, we are piloting an initiative at Coega, Eastern Cape.

In addition, we approved an energy resilience scheme to supply energy service SMEs with R364 million worth of loadshedding solutions comprising rooftop solar photovoltaics and batteries.

We also contributed R200 million to the Township Energy Resilience Fund to support businesses affected by loadshedding and the energy crisis. By financial year-end, R195 million had been committed for dissemination by 30 intermediaries.

As a founding member of the South African Energy Council, the IDC maintained its leadership in creating an enabling energy environment. The council strives for energy security, affordable power to drive economic growth, sustainable job growth and a just transition to the 2030 national determined contribution target and net-zero by 2050.

In the next financial year, we intend to commercialise our commercial and industrial portfolio offtake model to fast-track construction of utility-scale renewable energy projects through demand aggregation. Collaboration will be investigated with energy-trading companies and opportunities sought in energy efficiency and gas-to-power projects.

An aerial view of the Redstone Concentrated Solar Power plant under construction in the Northern Cape.

CASE STUDY
PELE'S GROWTH WILL BOOST SOUTH AFRICA'S ENERGY SECURITY


Construction of Redstone CSP located in the Northern Cape, in which Pele Green Energy is a shareholder, is currently underway.

The four founders of Pele Green Energy – a black-owned and -managed, vertically integrated independent power producer – were in their 20s when they took the renewable energy plunge. Fifteen years on, they fulfil multiple roles in the value chain – sponsor, shareholder, developer, operator and renewables asset manager. And, with the IDC by their side, they are well on their way to satisfying their vision of large-scale structural transformation in the sector.

The partnership, now in its 11th year, is formalised through HoldCo, an entity intended to streamline funding processes, reduce borrowing costs and enhance funding efficiency to expedite the development of projects. The IDC has invested directly in Pele Green and in other Pele group entities, furthering the company's investments in Redstone CSP, Khanyisa IPP and Knowledge Pele. Indirect support includes senior debt in project vehicles in which Pele Green has a minority stake.

During 2023/24, the Corporation advanced finance to enable the organisation to acquire equity in eight projects and to fund project development activities.

With this new bottom-line boost, Pele will add 1 045MW of energy capacity to South Africa's economy and create 2 372 construction and operational jobs.

This winning partnership is one of the country's first portfolio-funding transactions in which a local independent power producer enjoys substantial support from local lenders. It reflects the IDC's commitment to fostering a competitive environment for black producers to power ahead alongside global players.

Over the last eight years, Pele has grown from a preferred minority black economic empowerment partner in Renewable Energy Independent Power Producer Procurement Programme projects to lead sponsor in utility-scale projects with commercial and industrial sector offtakers.

Infrastructure

Infrastructure supports industrial activities, ensuring the smooth flow of goods, services and information, facilitating logistics and distribution, enabling access to reliable power and energy supply, and promoting innovation and technological advancements.

Given South Africa's infrastructure challenges, the IDC concentrated during the year on transport and logistics, storage, water and sanitation and telecommunication.

Funding of R1.8 billion was awarded to projects including the Trans-Caledon Tunnel Authority's Mokolo Crocodile Water Augmentation Project. This 160km pipeline will add 75 million m^3 capacity annually and will transfer water from the Crocodile River just west of Thabazimbi to Steenbokpan and Lephalale. The project will provide water to households in Lephalale, industries, mines and to Eskom, enabling the coal-fired electricity generating plant to apply more environmentally responsible flue-gas desulphurisation technologies.

Funding was approved to conduct a bankable feasibility study for Project Ukuvuselela, which aims to develop a sustainable end-to-end rail logistics solution for the automotive sector to divert vehicle transportation from road to rail. Transnet and the IDC are collaborating to upgrade the Transnet railway infrastructure connecting Tshwane to the port of Port Elizabeth in Eastern Cape. This is underpinned by the national rail reform policy that will liberalise the rail sector, allowing third party private rail operators access to the rail infrastructure network.

Remaining conscious of the infrastructural requirements for electricity transmission and for new industries in natural gas, green hydrogen, liquid fuel and energy vehicle charging, we are housing and providing administrative support to Infrastructure South Africa, the industrial development zones programme of the dtic and Tirisano Construction Fund.

Tradeable services

Tradeable services can be sold or exchanged internationally. Unlike goods, they have no physical form but can be delivered digitally or require physical presence for delivery. The IDC is keenly focused on tourism and creative industries, including motion pictures, which promise not only foreign-exchange-earning potential, but potential for high job creation, transformation and linkage to industrial inputs.

The IDC is among few funders of the creative sector in South Africa and made great strides in 2023/24, investing more than R500 million through strong partnerships with other government agencies such as the dtic, the National Film and Video Foundation and the Film Commission. The proliferation of streaming platforms has improved bankability of projects.

We supported 18 film projects that created more than 1 800 jobs. Highlights included funding a majority black-women-owned media group and establishing the Boy Kills World franchise, which started with the international release of the film followed by the launch of a game based on it. We will continue to build on this ecosystem to ensure sustainable development of the sector through investment in content creation, infrastructure and distribution platforms.

The tourism sector has posted a strong post-Covid recovery, as South Africa remains an attractive destination with good infrastructure, relative political and climate stability and attractive exchange rate. Business tourism growth is, however, suppressed by sluggish economic growth and government austerity measures on travel spend.

During the review year, we approved funding of more than R300 million to establish new hotels in Struisbaai and Gqeberha. We also disbursed funding to a new hotel in Thohoyandou and towards the upgrade of an existing hotel in North West (close to Pilanesberg).

Through the IDC-supported Green Tourism Incentive Programme, 66 business received funding approvals worth R44 million.

During the coming year, tourism ventures that enhance South Africa's value proposition will be in the spotlight. We will identify worthy attractions and leisure destination capacity-building initiatives, while advancing transformation in collaboration with the Department of Tourism.

CASE STUDY

STRIVING TO BE KNOWN ON THE ENTERTAINMENT STAGE

KAE – owned by Tshepiso Chikapa (seated left) – is living up to its ambition to become one of South Africa's biggest television and film production companies

Known Associates Entertainment (KAE) is certainly living up to its name, having become one of South Africa's foremost television and film production companies. The company is part of the Known Associates Group comprising subsidiaries wholly owned by Tshepiso Chikapa Phiri, a well-respected film producer and entertainment specialist.

In partnership with those who share its creative gene and with the backing of the IDC, KAE develops and produces original content such as feature films and television series across genres, and provides production financing and structuring, post-production services, licensing and distribution.

Employing master storytellers, it can lay claim to award-winning projects that have gained local and international critical acclaim. Its innovative 'story factory' approach uses production line principles to establish a process flow that sees an inspired idea through to timely product delivery. Quality management elements ensure consistent, high-quality output, which enables South African and African content creators to develop, produce and deliver superior content to a global network of buyers and investors.

KAE's offering has progressed from creative filmwork to superior, commercially viable projects, investing in the development of film and television and ensuring scripts of exceptional quality and promoting ownership of intellectual property by black producers, youth and women. Its network of associates maintains a reputation for on-time, on-budget delivery.

Segments

Small and medium enterprises

SMEs create a robust and dynamic economy, facilitating job creation, innovation, competition, adaptability and economic growth.

The IDC prides itself on its deep understanding of industrial value chains and is close to SMEs through its regional office network.

In 2023/24, it committed R3 billion to SMEs through various funding mechanisms, including the small business finance unit, which provides bespoke direct lending customised to the projected cash flows of the businesses.

An alternative channel for SME support is through wholesale credit lines to non-banking intermediaries that focus on SMEs that are not necessarily suited for funding from commercial banks. These highly specialised intermediaries also offer non-financial support such as mentorship, training and market linkages. During the year, we provided R410 million funding to two such organisations.

The IDC-managed Khoebo Innovation Promotion Programme, which offers concessionary funding to enable early-stage innovative SMEs to penetrate the market with local innovations, supported seven SMEs and startups to the value of R45 million.

The IDC's support to the SME sector extends beyond funding and includes the SME-Connect programme and pre-investment support. The latter assists companies with promising, but not yet bankable, business concepts, to ready their plans for funding.

The SME-Connect programme continues to nurture the collaboration of smaller businesses in the supply chains of larger entities. It not only facilitates finance but market access through securing high buyer commitments from large corporates. During 2023/24, the programme targeted 58 potential SMEs requiring R954 million.

CASE STUDY

NO ROCKY ROAD AS DURBAN ENTREPRENEUR CLEANS UP

Rocky Brands is steadily infiltrating a market dominated by household brands. Here, employees package products for clients.

Infiltrating a market dominated by long-established household brands with loyal followers takes guts and confidence. Fortunately, Rishav Juglall has these qualities in bucketloads. Buoyed by his marketing and economics background, he founded Rocky Brands in 2011 after he discovered he could undercut retailer pricing on many goods. This realisation came when his mother asked him to buy a glasstop-stove cleaner, which he found at a leading store.

Much curiosity and some research later, Rishav found a similar product manufactured by Weiman in Illinois, United States. At the time, it was Walmart's top-rated brand. He captured the attention of Weiman executives after he submitted a sales pitch to introduce its product range in South Africa. So taken aback were these decision-makers that they sent Rishav free samples to test the market. It would prove a clean sweep for all concerned. Between 2015 to 2018, the Rocky team bottled its products by hand, buying a desktop filler only in 2018, when it relocated from Durban to Johannesburg and opened a 2 000m^2 manufacturing facility at Riversands incubation hub.

Impressed by his ingenuity and chances of success, the IDC approved funding of R16.4 million in 2023/24 to enable Rocky Brands to expand and ensure its products meet the stringent requirements of South Africa's leading retailers.

There seems little doubt that this will transpire, as Rishav is cleaning up in other areas too, having been recognised as one of the country's most enterprising and innovative youngsters, scooping top honours in the Ferro Coating Resins Group Durban chemical cluster competition, followed in 2022 by the Pick n Pay supplier of the year title.

Project development funding

IDC project development activities range from funding of feasibility studies for priority industrial projects to development of ideas and concepts, with strategic equity partners, towards bankability. The intention is for these projects to 'graduate' into potential investments for the IDC, building on a proud history in which development funding has been the foundation of many key equity holdings underpinning the Corporation's financial sustainability.

During the year, the project development portfolio stood at 47, with potential total project value of R69 billion. New development funding approvals amounted to R332 million for five projects.

Partnership programmes and fund management

Partnerships among institutions in the development ecosystem are vital to enhance and accelerate initiatives. The IDC has developed the capacity to manage and administer programmes and funds with valued partners. This capability resides in the partnership programmes unit, which has extensive expertise in conceptualising, originating, establishing, managing, administering and monitoring of funds and programmes.

The aims are to unblock funding leverage with the mainstream funding of the IDC, address systemic change and reach priority groups and marginalised communities, creating jobs.

The IDC currently manages 27 funds and programmes. Its funding partners include the dtic, Department of Tourism, Technology Innovation Agency, Department of Science and Technology, The Presidency, Gauteng Provincial Government, KfW Development Bank, Department of Mineral Resources and Energy, Citi Group and Department of Agriculture, Land Reform and Rural Development.

During 2023/24, we channelled R2.9 billion off-balance sheet to highly impactful interventions.

We use our fund and programme capability to manage on-balance sheet funds earmarked for targeted interventions or outcomes such as those in the social and solidarity economy.

The funds and programmes under management are outlined below.

Off-balance sheet funds		On-balance sheet funds	Programme administration
Standalone	**Co-investment with the IDC**	**Targeted interventions**	
Implemented independently from IDC approval and administration processes. Each fund is managed by a steering committee with clear terms of reference and on which both IDC and investors are represented. Each fund also has an investment committee.	Funds are co-invested with the normal IDC funding to provide leverage. Funds are incorporated in IDC origination and approval processes and approved and managed within IDC core processes.	The IDC identifies gaps and needs to be addressed. These funds are approved case by case based on needs of the South African economy and are funded from the IDC.	The IDC provides administrative support to certain funds with independent governance arrangements.
• Green Tourism Incentive Programme • Khoebo Innovation Promotion Programme • Natural Indigenous products Programme • SEF • CTFL growth programme • Township Economy Partnership Fund • KfW Hydrogen Grant Fund • Junior Mining Exploration Fund • Citi Group Black Industrialist Fund	• Agro-processing Competitiveness Programme • Downstream Steel Industry Competitiveness Fund • Agro-industrial Fund • Manufacturing Competitiveness Enhancement Programme (MCEP) • MCEP – Economic Distress Fund • MCEP – Stabilisation and Job Creation Fund • MCEP – Infrastructure Programme • MCEP – Furniture Industry Challenge Fund • MCEP – Energy Resilient Transition Fund • MCEP – Manufacturing Support Programme	• Spatial Intervention Fund • Social and Solidarity Fund • Township Economy Energy Resilience Fund • Gro-E Youth Fund • Youth Pipeline Development Fund • Sustainable Plastics Fund	• Tirisano Construction Fund • Infrastructure South Africa • Industrial zones programme

*Performance of the value-chain-focused funds is discussed on pages 54 to 61.

Social and solidarity economy

The IDC strives for an economic system in which shared ownership and control creates more equitable and inclusive outcomes, fosters ecological sustainability and promotes flourishing communities. These outcomes cannot be achieved without thriving and sustainable social enterprises.

Our solidarity economy programme aims for sustainable regeneration of communities while addressing economic, social, environmental and cultural issues through innovative business models and partnerships. These should reduce dependency on handouts by generating income through investments, enterprise and ownership of assets.

The Spatial Intervention Fund promotes, facilitates and implements economic development in a specific area to address spatial disparities, harness job creation opportunities and create meaningful change. The Social and Solidarity Economy Fund enables social enterprises to grow and support the social economy.

During the year, these funds approved R78 million for 18 enterprises and disbursed R68 million. The interventions strengthened the Corporation's contribution to industrial value chains by benefitting enterprises in agriculture, healthcare, the circular economy, furniture, tourism and cultural industries.

SEF provides funding to implementing partners to identify, source and accredit beneficiaries whose business holds social employment potential. The fund helped 35 public benefit organisations during the year, dispersing R966 million and creating jobs for 58 957 participants, which translated to 5 668 full-time positions.

Spatial

Africa (excluding South Africa)

During the year under review, the IDC reformulated its focus and strategy for the continent to reflect:

- A strong regional value chain orientation to identify and address interdependencies across territories, sectors and ecosystems envisaged by AfCFTA
- Structural change of African economies away from primary production and commodity-based exports to higher-value-adding local industrial production and processing that adhere to 'rules of origin' principles, thus encouraging local value addition
- Direct and indirect benefits on the local economy of continental development (especially in the in SADC)

In the past financial year, funding approvals/disbursements included an oil refinery in Angola, a packaging company in Botswana, a beef abattoir in Namibia, a graphite mine in Tanzania and manganese mining and processing in Botswana.

We also sanctioned funding in a private debt fund investing in climate-aligned infrastructure in Africa through commercial loans for export credit agency transactions. The loans provide capital for the 'uncovered' portions of such financing and bridge a financing gap in the market. We intend to co-invest with well-established export credit agencies and international banks.

CASE STUDY

WASTE TO WEALTH AS BOTSWANA FIRM MAKES GREAT STRIDES

Strides of Success crafts kraft into a thriving business.

Handling vast quantities of waste material is a global challenge and no country is too small to play its part. Botswana's Strides of Success, for one, has stepped up to the recycling plate to turn one person's refuse into another's value-added necessity.

In a first for Botswana, Strides will manufacture kraft and tissue paper from both recycled and virgin paper, producing jumbo reels to be sold to downstream corrugated box manufacturers and tissue converters. These customers will then produce various grades of kraft packaging and tissue products, such as boxes, cartons, paper packaging, tissue cores, toilet rolls and serviettes.

Acknowledging the economic and social benefits of such an enterprise, the IDC availed funds so that the company could buy machinery and equipment for its mills. These facilities will manufacture 12 000 tons of kraft and fluting paper and 3 600 tons of tissue paper wadding a year.

The business looks forward to filling the gap in the SADC region, which is suffering a shortage of kraft and fluting paper, and to reducing reliance on tissue imports.

Township economy

For the IDC, investment in the township economy is not corporate social investment but an effort to integrate township-based businesses into the mainstream economy. We drive a focused funding proposition, identifying and addressing key challenges facing this segment of the economy. As townships have a massive potential to grow the economy and create employment, we enable local business owners to formalise their enterprises, breaking barriers to entry, namely lack of capital and stagnancy.

We subscribe to the following:

- Marginalised places and people will stay poor unless they are connected to larger economies
- Marginalised communities have assets, which if properly and appropriately developed, can contribute to larger regional economies
- The economy will do better when more people are doing better.

Our township economy effort hinges on five pillars:

- Financing of projects and businesses located in and around townships through normal IDC business products
- Social impact funding mechanisms and initiatives through social and solidarity economy funding
- Seeking innovative solutions and strategies through, for example, non-banking intermediaries targeting township businesses, youth- and women-owned enterprises
- Partnerships such as the R400 million Township Economy Partnership Fund founded with the Gauteng government
- Crisis funding and resilience building in the wake of disasters or emergencies such as floods and unrest.

Most recently, funding, including a grant programme of R200 million, was extended to township enterprises affected by loadshedding and the energy crisis.

Supporting economic inclusion and communities

The IDC aims to achieve positive economic and social outcomes by promoting inclusivity and connecting marginalised people and places to the larger economy through financial support for transactions that lead to lasting change.

The Corporation's all-inclusive and integrated transformation strategy addresses crucial enablers of economic participation:

- Access to economic opportunities
- Ownership of productive assets
- Income and wealth distribution
- Access to public goods, services and infrastructure
- More inclusive approaches to economic development through innovation
- Support for education through CSI initiatives.

The strategy has enabled the IDC to deliver measurable societal benefits. Performance highlights during the reporting period included:

- SEF supported 35 public benefit organisations to the value of R966 million, creating job opportunities for 58 957 participants
- Approval and support for the establishment of five workers' trusts
- R5.7 million approved for the establishment of trusts and grant funding for the early realisation of benefits programme, which assists trusts to receive income while waiting for their dividends.

Tshigo Seletela and Tshephisho Nailana from The Concrete Hub, an IDC-funded concrete- and brick-manufacturing business in Mokopane, Limpopo.

PORTFOLIO PERFORMANCE

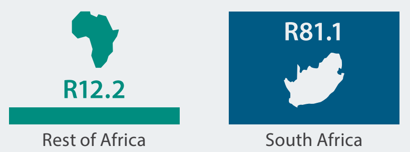
Portfolio management and monitoring

The IDC runs structured portfolio management and monitoring operations to actively engage clients at strategic and operational levels and support them to build sustainable businesses that deliver society developmental impact and minimise financial risks.

The IDC's portfolio under management, by exposure, as of 31 March 2024, was approximately R94 billion spread across 637 clients. It spans multiple sectors where South Africa has natural economic endowment. More than 94% of our exposure is spread across mining and metals, manufacturing, energy, agro-industry and tourism.

About 87% (R81.1 billion) of this portfolio is distributed across all provinces of South Africa and 13% (R12.2 billion) is in the rest of Africa. This is consistent with the IDC mandate as a pan-African development finance institution.

Portfolio by exposure (R'billion)



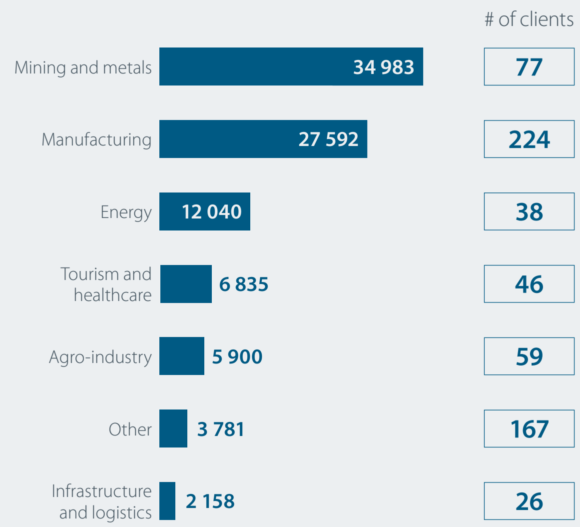
In South Africa, the portfolio illustrates IDC's main exposure is in the mining, energy and manufacturing and largely sectors across three geographies. These are Limpopo, Northern Cape and Gauteng.

Portfolio exposure by investment instrument (R'billion)

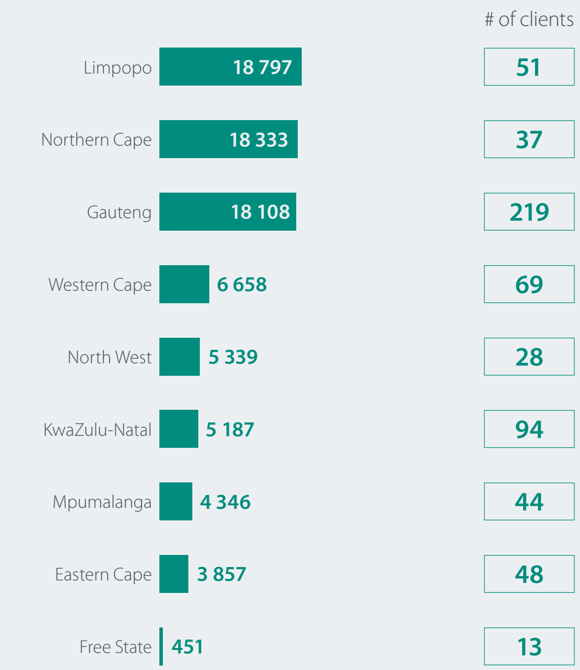
The exposures in the portfolio consist of both debt (about R62 billion) and equity (about R32 billion) investment instruments. The equity portion of the portfolio reflects the instrumental role that the IDC has played in catalysing, growing and sustaining several large businesses over time. The equities portfolio under management, therefore, contains investments that are unlisted and those that are listed on security exchanges. Key clients in the portfolio are listed on page 71.

Composition of the IDC portfolio

Portfolio exposure by industry sector (R'million)

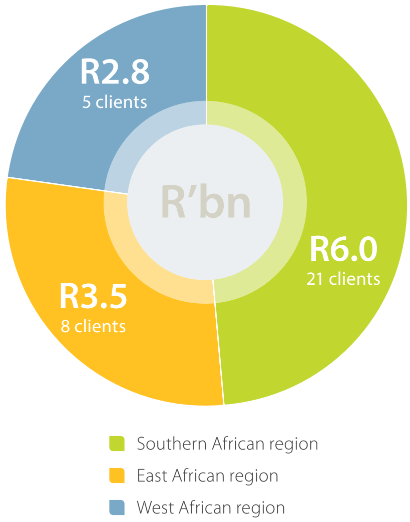


Portfolio by exposure by province (R'million)



IDC portfolio across the continent

Across the continent, the IDC portfolio is spread across three economic regions:



SOUTHERN AFRICAN REGION		
Country	Business partners#	Exposure (R million)
Mozambique	9	4 616
Angola	1	378
Democratic Republic of the Congo	1	268
Malawi	2	209
Zambia	2	219
Botswana	2	71
Namibia	4	243
TOTALS	**21**	**6 004**

EAST AFRICAN REGION		
Country	Business partners#	Exposure (R million)
Tanzania	1	1 237
Uganda	2	1 123
Kenya	2	899
Ethiopia	1	14
Rwanda	1	112
Cross-border East Africa	1	95
TOTALS	**8**	**3 480**

WEST AFRICAN REGION		
Country	Business partners#	Exposure (R million)
Ghana	3	2 057
Mali	1	358
Nigeria	1	313
TOTALS	**5**	**2 728**

Bisie tin mine located in the eastern Democratic Republic of Congo, is one of the IDC's flagship investments on the continent.
Credit: Alphamin Resources

	Major listed clients	Business activity
1	**Sishen Iron Ore Limited**	Mining of iron ore
2	**BHP Billiton plc**	Basic precious and non-ferrous metals
3	**SASOL Ltd**	Petroleum/synthesised products
4	**Exxaro Resources Limited**	Mining of coal and ignite
5	**Acerinox SA**	Basic iron and steel
6	**South32 Limited**	Mining of coal and ignite
7	**Life Healthcare Group Holdings Ltd**	Hospitals and healthcare
8	**Alphamin Bisie Mining SA**	Metal ore mining, except gold and uranium
9	**Merafe Resources Limited**	Basic precious and non-ferrous metals
10	**Incwala Resources (Pty) Ltd**	Platinum group metals
11	**Hulamin Limited**	Forging, pressing, stamping and roll-forming of metal
12	**York Timber Holdings Limited**	Sawmilling and planing of wood

	Major non-listed clients	Business activity
1	**Foskor (Pty) Ltd**	Fertilisers and nitrogen compounds
2	**Scaw South Africa (Pty) Ltd**	Fabricated metal products
3	**Smart Union Resources**	Copper mining
4	**BAIC Automobile SA**	Manufacture of motor vehicles
5	**Oiltanking MOGS Saldahna**	Petrol, lubricating oils and greases from crude oil
6	**Cast Products**	Casting of iron and steel
7	**Xina Solar One**	Production and distribution of electricity
8	**Karoshoek Solar One**	Production and distribution of electricity
9	**Broadband Infraco state-owned company**	Telecommunication
10	**Prilla 2000**	Preparation, spinning and weaving of textile fibre
11	**KDI Transformers**	General-purpose machinery
12	**Karsten Group Holdings**	Growing of fruit, nuts, beverage and spice crops

Portfolio performance

Since the economically disruptive 2020 Covid-19 period, the performance and health of the IDC's portfolio have improved across key value-creation and risk-reduction indicators.

- Collections from the portfolio have grown, creating a healthy revenue line in the IDC income statement
- The carrying value of the portfolio has increased with a steady growth in unlisted investments. Growth of listed investments is also up but this fluctuates with share prices
- The non-performing loans have reduced over the period and are trending in the right direction
- Similarly, the portfolio impairments ratio has stabilised and is now dropping towards ideal target levels
- Impairments from equity investments been sticky and stubborn due partly to a subdued economic environment. In addition, the portfolio impairment has been weighed down by a handful of large assets that are taking time to turn around and are subjected to a longer curing policy regime to ensure sustainable turnaround is achieved.

The IDC portfolio sustains permanent and indirect jobs in the economy. Other development impacts include skills development and financing and nurturing of businesses owned and led by women and youths.

Our approach

Through management and monitoring, we strive to build a strong portfolio with a sustainable profile mix of healthy and struggling or distressed investments. This portfolio is reviewed periodically. We work with clients to ensure that they have value creation plans for growth and risk reduction and, where indicated, plans that will see them through turnaround and restructure. For maximum impact on the portfolio, we occasionally initiate mergers or acquisitions or exit positions.

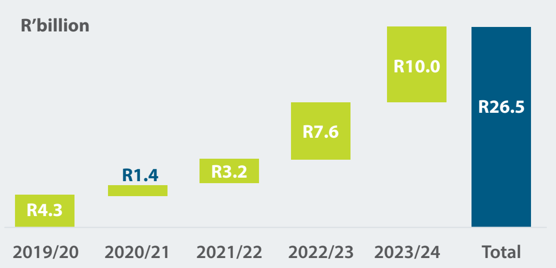
The IDC remains committed to ensuring a higher-performing portfolio by adjusting organisational culture, promoting staff development and empowerment and deploying more effective and efficient processes, standards, methodologies and technology.

TRANSFORMATION AND SOCIOECONOMIC DEVELOPMENT

Supporting black industrialists and black-empowered businesses

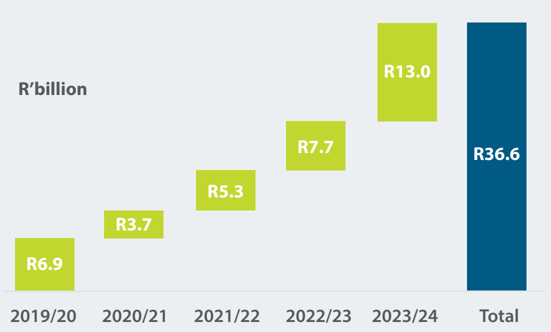
The IDC's black industrialists programme supports black entrepreneurs as manufacturers and owners in crucial sectors to drive economic growth and inclusive development. We facilitated and committed R10 billion for black industrialists in the year under review, which is a 31.5% increase compared to the previous corresponding period.

Total funding facilitated and committed for black industrialists



In the period under review, R13.0 billion in total funding was facilitated and committed for companies with more than 25% black shareholding. This represents a 68.8% increase from the R7.7 billion committed in the previous financial year.

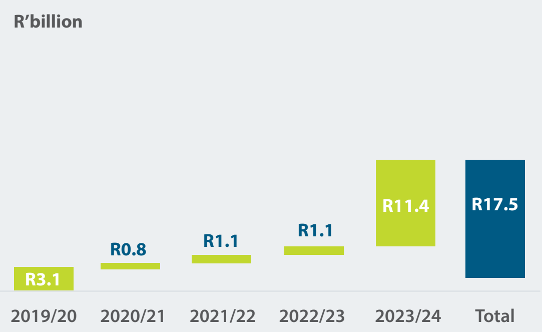
Total funding facilitated and committed for black-empowered and black-owned companies



Women entrepreneurs

Total funding facilitated and committed to enterprises in which women held more than 25% equity amounted to R11.4 billion. This represents a more than 936% increase from the R1.1 billion recorded in the previous financial year.

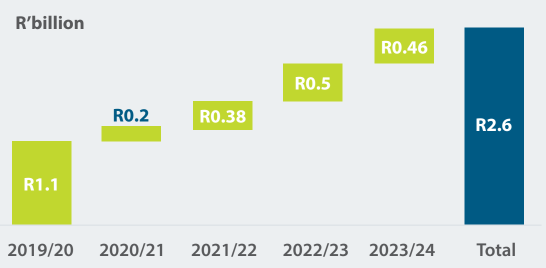
Total funding facilitated and committed for women-empowered businesses



Youth entrepreneurs

The IDC continues to support youth entrepreneurship and accelerate youth-owned and -managed enterprises. We facilitated and committed R456 million to fund youth entrepreneurs during the year (2022/23: R501 million).

Total funding facilitated and committed for youth-owned companies



Community support and corporate social investment

Our commitment to community upliftment drives our CSI efforts, particularly in marginalised and rural areas in which we operate. Our community support includes grant funding, in-kind donations, employee volunteering and backing social causes. While our contributions have adapted over time to align with broader business strategies, our focus remains on addressing identified community needs and humanitarian priorities.

Guided by our CSI policy, our key activities are:

- Humanitarian crises: Providing aid during emergencies
- Education and skills development: Empowering individuals through learning opportunities
- Entrepreneurship: Supporting local businesses and startups
- Consumer education: Enhancing awareness and knowledge
- Employee volunteering and giving: Encouraging staff involvement.

Highlights

- R38.4 million went to support initiatives that will benefit more than 22 000 individuals
- R60.2 million disbursed, including commitments from the previous years, expected to reach beneficiaries in all nine provinces
- The IDC partnered with eight non-government organisations and community-based organisations to disburse R11.9 million for humanitarian relief to victims of floods, cholera outbreak and fires. The intervention supported 16 000 beneficiaries
- R14.7 million was disbursed to support 18 community projects to create opportunities to gain employment through skills development and sustainability through income-generating projects
- R2.2 million approved to train early childhood development practitioners in rural Limpopo and North West, ensuring that they have the appropriate skills and certification required for teaching
- R1.9 million disbursed to support Capricorn's College Senwabarwana campus to construct an automated greenhouse to improve experiential learning for primary agriculture studies
- Launch of WeCare online volunteering platform for IDC staff, attracting 565 employee registrations and creating 600 volunteering connections. Some 250 IDC employees volunteered in 12 Nelson Mandela International Day initiatives across the country.

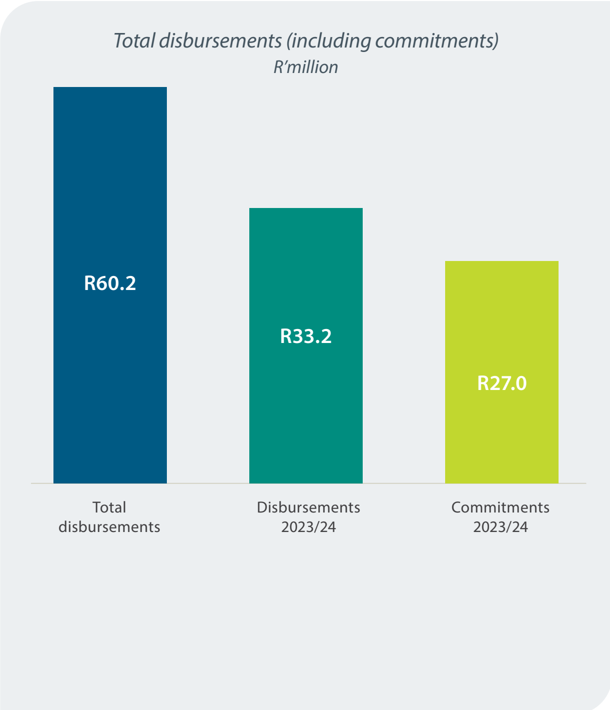
Funding approvals

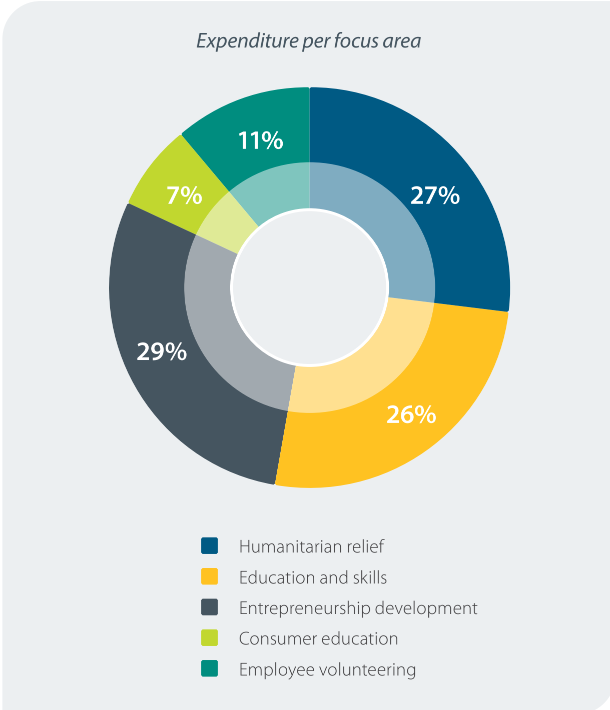
Of the year's budgeted allocation, 97.5% was approved and 85.3% was disbursed. Of the approved amount, 31% (R11.9 million) was for humanitarian relief.

Focus area	Number of initiatives	Number of beneficiaries	Approval
Education and skills development	4	1 966	R5.9 million
Entrepreneurship development	10	2 430	R14.1 million
Consumer education	2	4 065	R2.8 million
Special projects – humanitarian relief	12	16 000	R11.9 million
Employee volunteering and giving	25	25 organisations	R3.7 million

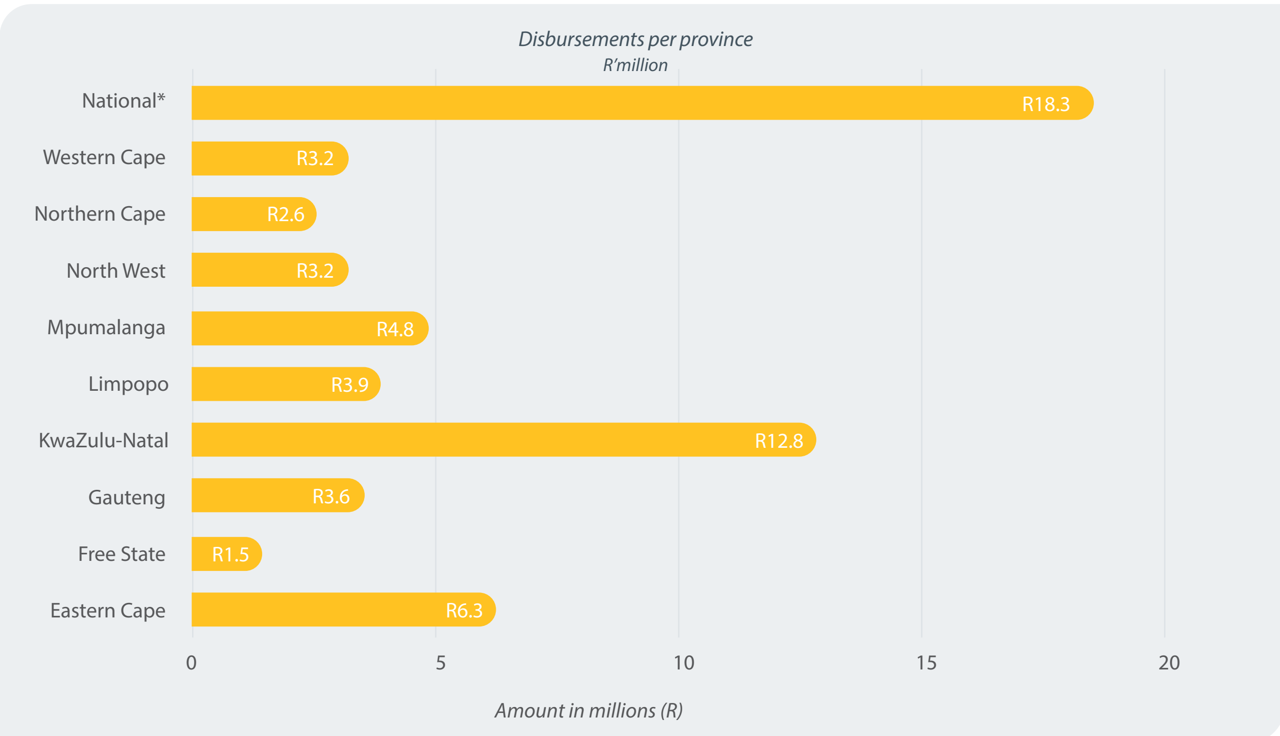
CSI disbursements

Total disbursements for the year amounted to R60.2 million. This included 2023/24 disbursements (R33.2 million) and R27 million milestone payments from the previous year's commitments.





During the reporting period, about 75% of the CSI spend went to beneficiaries in rural areas, predominantly women and youth. KwaZulu-Natal accounted for most of the expenditure due to humanitarian aid initiatives to support victims of floods. Eastern Cape, one of the most rural provinces with high poverty levels, ranked second and Mpumalanga third.



*National denotes national-footprint projects approved at IDC head office.




Our people

The achievement of the IDC's strategic objectives and delivery on its mandate are possible only through excellent human capital strategies, solutions and practices, and through the people the IDC attracts and retains.

The IDC remains one of South Africa's top-performing state-owned companies, employing some of the most skilled, committed and engaged individuals. The people first strategy that anchors our human capital management philosophy is yielding dividends, creating a psychologically safe environment an enhancing entropy.

The achievement of the IDC's strategic objectives and delivery on its mandate are possible only through excellent human capital strategies, solutions and practices, and through the people the IDC attracts and retains.

The Corporation retains its reputation as an employer of choice and is known in the market to have a compelling employee value proposition. Both attributes enabled us to attract great talent in the year under review. Employees are valued and supported throughout their career at the Corporation. Although our proposition is competitive, we constantly review and refine it to offer the best value to staff.

The culture transformation journey continued during the year, as did the performance management system (policy, procedures and implementation system) review to drive a culture of high performance, diversity, equity, inclusion and talent development

We strengthened our enabling culture, embedding performance management practices, managing employee relations proactively and building a solutions-led learning and development environment. Although staff turnover was higher than expected, which depleted scarce skills in crucial areas, this will continue to be prioritised in the year ahead.

The hybrid work model put in place during Covid remains and provides employees with flexibility.

The IDC takes the health and wellness of its employees very seriously and cases are actively managed. With our partner, Kaelo, we continue to offer work that is meaningful, impactful and stimulating. We will continue to build an environment of trust, collaboration and engagement, nurturing innovation, learning and development, performance accountability and high performance.

Talent and succession planning are crucial for the IDC. Here, staff graduates from learning and development programmes show off their certificates.

Learning and development

The IDC has embraced the 70–20–10 model that extends learning and development beyond classroom and course-based e-learning to include on-the-job learning, working and talking with colleagues and experts (networking) and structured development activities.

The IDC's learning and development offerings cater for employees at different levels of careers and personal development, as depicted below:

LEARNING AND DEVELOPMENT OFFERINGS

70-20-10 APPROACH TO LEARNING

YOUTH DEVELOPMENT

Youth

- External bursary
- Children of staff bursary
- Learnership: Chartered accountant programme (Training Outside Public Practice trainees)
- Internship programme

TECHNICAL AND FUNCTIONAL

All staff:

- Behavioural training
- Compliance and legislative training
- Mentoring or coaching practices
- Academic study assistance (staff bursary)
- Customised, core functional and e-learning platform

DEALMAKERS ACADEMY

Operations and deal support teams:

- Dealmakers due diligence training
- Financial, marketing, and technical training
- Work integrated learning
- Team leaders training
- Customised dealmakers training for strategic partners (local and African DFIs)

LEADERSHIP DEVELOPMENT

Leaders at various levels: Junior, middle, heads and executives:

- Development aligned to 360-degree outcomes
- Leadership brand/ competencies
- Talent and succession development:
  - Leadership pipeline programme
  - Leadership coaching and mentoring practices/ international exposure
  - Assignment/study immersion

SKILLS DEVELOPMENT

All staff:

- Skills development and governance
- Continuous professional development
- General compliance training

KNOWLEDGE MANAGEMENT

All staff:

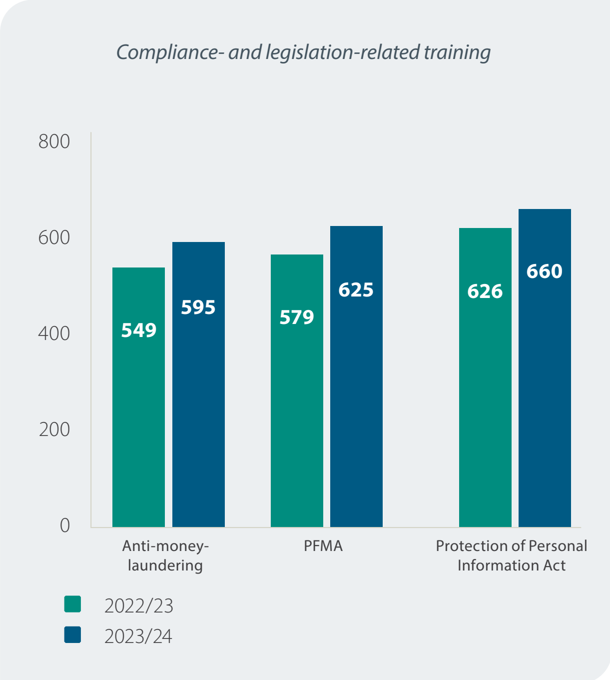
- Knowledge harvesting and transfer
- Communities of practice
- Lessons learnt
- Project review
- Enterprise content management
- Knowledge development through academic-driven research

Below are employee training statistics for the last four years:

Total employee training for 2020/21 to 2023/24

	2023/24	2022/23	2021/22	2020/21
Number of employees trained	680	493	557	555
Female	374	299	323	304
Male	306	194	234	251

Overall, R22 million was invested in training initiatives. Additionally, employees participated in compliance- and legislation-related training.

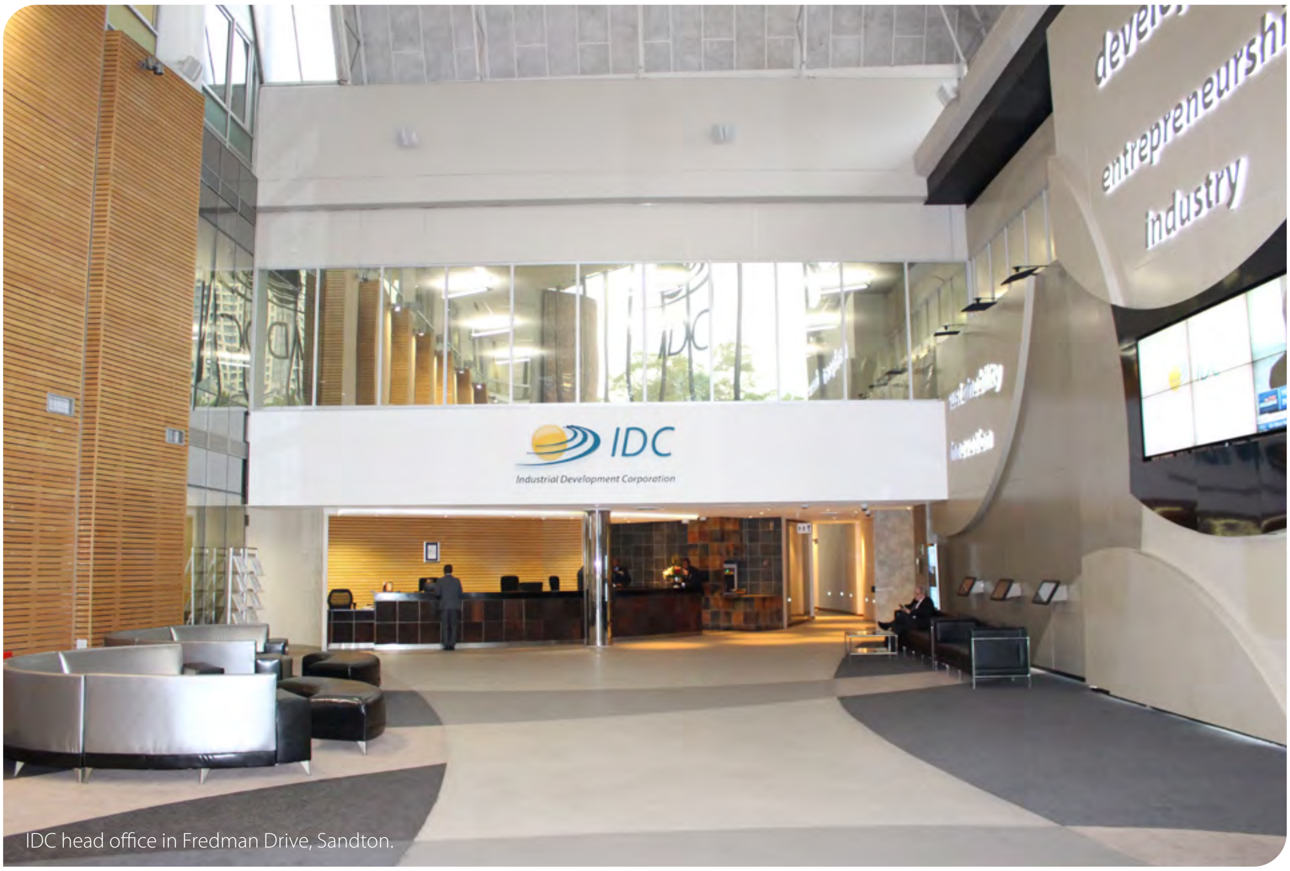


Leadership and team development

Our culture of high performance, entrepreneurial spirit and innovation is supported by effective and relevant training, on-the-job learning and career development opportunities. We continue to invest in leadership and team development to enable our people to grow and unlock their potential.

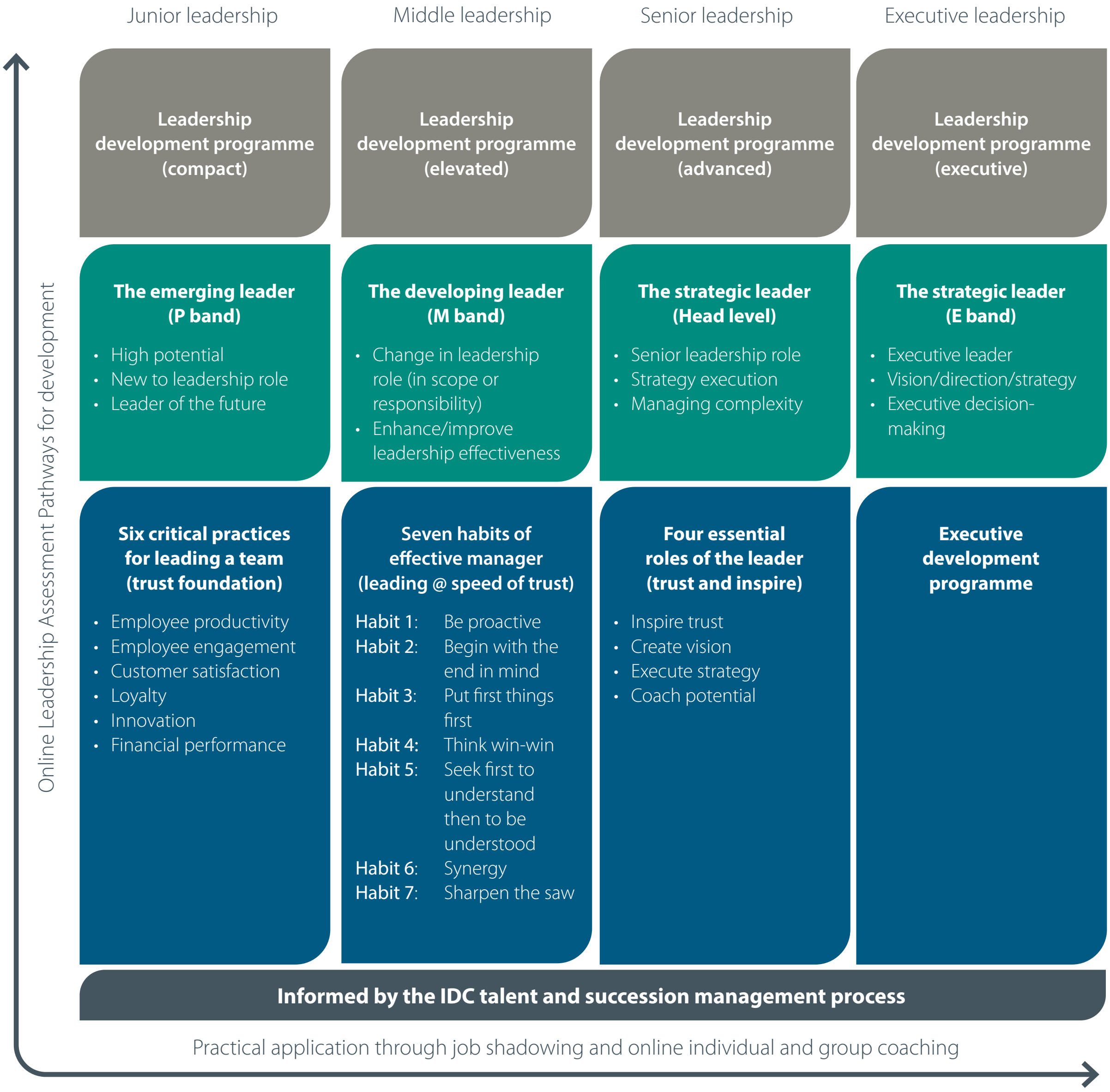
An annual leadership 360-degree evaluation, in its fourth year, is undertaken in line with the Corporation's leadership framework and competencies. As leaders are a key enabler to building our desired culture and the broader culture transformation initiative, the survey was enhanced to assess and determine the extent to which employees experience a psychologically safe environment to thrive. The evaluation outcomes facilitate ongoing leadership awareness and development, thereby improving leadership capability and transformation.

For the reporting period, leadership results regressed slightly to a score of 3.9/5 (2022/23: 4.1/5). But more importantly, the survey revealed a score of 3.8/5 for psychological safety, indicating the positive impact of initiatives to build and maintain an enabling work environment. These included awareness sessions on anti-workplace harassment, bullying and victimisation and driving awareness of and sensitisation for diversity, equity and inclusion.



IDC head office in Fredman Drive, Sandton.

The IDC leadership development framework is focused on enabling leaders to perform through their teams supported by team development and capability building. During the year, 47 participants enrolled in the leadership pipeline development programme facilitated through the Franklin Covey Leadership Academy.



Developing the youth

Youth development programmes improve the feeder pipeline of important skills required by the business. These initiatives also create job opportunities for young South African professionals who require practical skills and experience to enter the job market.

During the year, 61 young people, including those with disabilities, benefitted from internship and learnerships, while 29 employees graduated from the Dealmakers Programme as business analysts and senior business analysts.

Bursary schemes

The IDC continues to offer three bursary schemes – for staff, children of staff and underprivileged, unemployed South African youth unable to afford formal tertiary studies and education. In the 2023 academic year, 100 bursaries went to employees, 110 to children of staff and 132 to external bursars.

Talent and succession planning

Talent and succession planning are crucial enablers for business continuity. The Corporation's operating model and structure and long-term sustainability plan inform its essential future roles. The talent and succession plan:

- Ensures that the Corporation has appropriate bench-strength (future talent readily available and developed capability) for its leadership and key roles
- Develops strategies to attract, develop and retain identified talent
- Facilitates development of identified talent for business growth and continuity.

During the year under review we reassessed the talent needs of the Corporation and identified roles core to our business. Ensuring a pipeline of talent will continue in the year ahead. We will also assess our talent management strategy and maturity level against best practice to identify possible enhancements.

Performance management

The performance management system, supported by an extensive change management programme, is aligning individual goals and performance to corporate targets and influencing a shift in performance culture.

During the period, the policy was approved by Exco, all staff members participated in performance management training, 90% of staff contracted via the performance management platform and individual and team targets were aligned with corporate targets.

Culture transformation

Culture transformation is one of our focuses given the clear connection between employee behaviour, beliefs and connection and organisational performance.

Activities implemented in the year included:

- Coaching to enhance leaders' ownership of culture and growing leadership capabilities to establish culture transformation as a 'way of life'
- Equipping employees who volunteered to be transformation champions to support the leadership team in driving and monitoring the journey through tracking achievements against culture action plans
- Driving corporate and divisional action plans through regular connect and engagement sessions with the solution incubator teams across the Corporation.

Plans for 2024/25 include a comprehensive culture survey to measure entropy.

Managing employee wellness

Permanent and fixed-term employees continue to use the services of our employee wellness partner, Ask Nelson Kaelo. These include counselling, coaching, financial and legal support.

Employees are reminded through internal communication of the need to stay well and annual IDC-funded medical assessments continue for qualifying employees aged 40 and older.

During the year, we maintained our longstanding participation in the CANSA cancer awareness shavathon.

External healthcare providers participated in our annual wellness day, offering valuable services and clinical screening to staff. At the event, the IDC creche, gym and staff restaurant showcased their employee value propositions.

Other services provided to staff during the year included clinical advice, bereavement support, extended sick leave assistance and facilitation of group risk insurance matters.

Employee relations

The IDC adheres to labour laws and is dedicated to employment practices that create a fair and supportive work environment as outlined in section 23(1) of the Constitution of South Africa, 1996. We also align with the government's commitments to the International Labour Organisation.

Training initiated in the previous year on preventing and eliminating harassment continued and bullying and harassment matters are handled in compliance with labour laws and the employee relations policy, ensuring fairness, consistency and transparency. The Corporation has an approved anti-workplace harassment policy.

Relationship with the union and collective bargaining

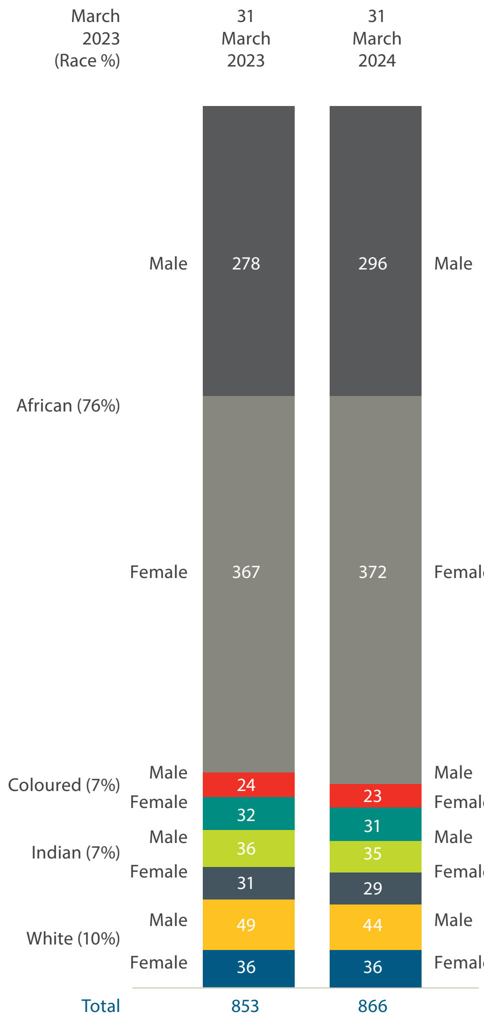
The Corporation has a positive relationship with its labour union, the Public Servants Association, which at year-end, represented 60.8% of the total workforce.

Employment equity

The Corporation's equity profile is in line with the economically active population at 92% (2022/23: 92%).

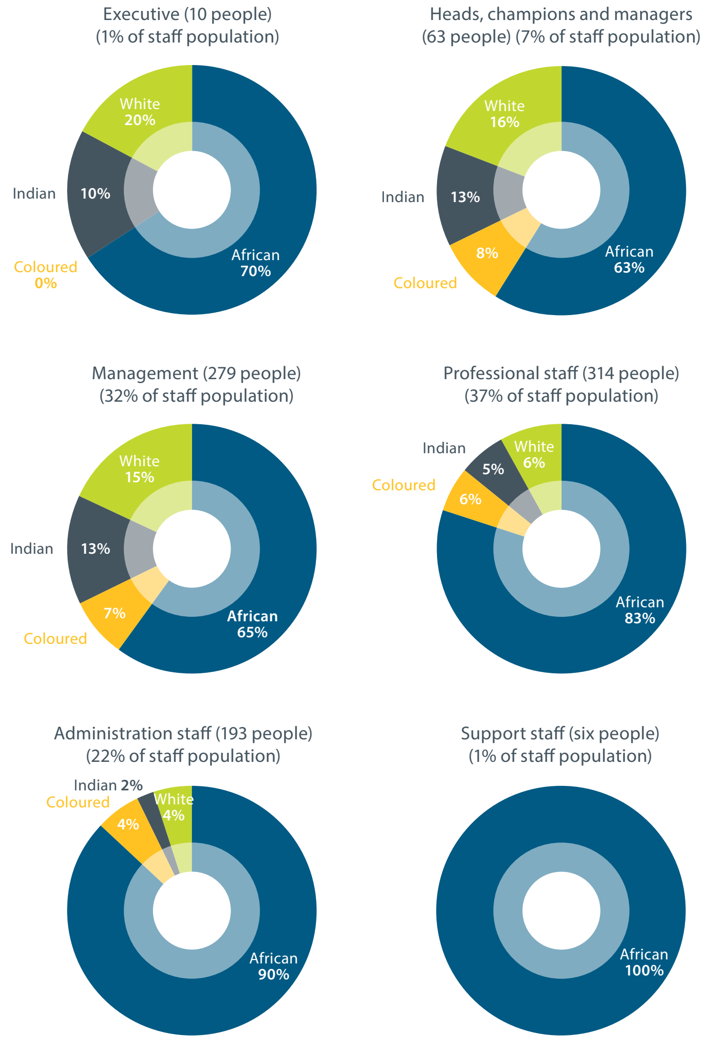
Representation of females remained consistent with that of the previous year, at 55%, with female executives at 50%. Female representation at senior management level regressed slightly to 32% (2022/23: 34%) and is a priority for improvement in our employment equity plan.

The staff profile for 2023/24 was as follows:



(Current male: female ratio – 45%:55%)

% breakdown by level and race at 31 March 2024



Capacitating our business

Existing and prospective employees are the IDC's ambassadors. Having employees who are committed and connected to the corporate purpose requires a dynamic, compelling and competitive employee value proposition that attracts, grows, nurtures and retains talent.

At 31 March 2024, the Corporation employed 866 people (2022/23: 853). The number of employees directly delivering operational objectives (client-facing and enabling units) remained consistent at 74% and expertise and capacity in the operational units remained at the 36% mark. Increased capacity and recruitment will continue to be informed by market and economic activity in key sectors, industries and business operations.

As shown below, voluntary turnover decreased by 3.3% from the previous year. Also positive is the significant reduction of voluntary turnover of staff in key roles, which decreased by 6.36%. Overall turnover dropped by 2.6% to 6.6% (2022/23: 9.2%). This may be attributed to improved employee engagement and connectedness and to improved operational activity and performance.

Turnover rate from 2021/22 to 2023/24			
	2023/24	2022/23	2021/22
Overall turnover (all types)	6.6%	9.2%	8.02%
Overall turnover (voluntary)	4.4%	7.7%	5.60%
Overall turnover (crucial roles)	5.11%	11.47%	6.11%

In the year ahead, we will focus on stemming the tide of lost critical skills through mechanisms to continuously grow, develop and engage staff through the employee value proposition. This will include seconding opportunities, placing employees on external boards for exposure, allowing and encouraging our talent to act in higher roles and providing exposure to other DFIs through our international exposure initiative. We have partnered with a specialist talent acquisition service provider, which will ensure focused talent acquisition efforts driven by quicker 'time to fill' and proactive building of talent pools for hard-to-fill and crucial roles.

Employee recognition, rewards and benefits

In December 2023, we launched the employee recognition framework to recognise admirable values and behaviours aligned to our ethos and to acknowledge outstanding performance, thus motivating and retaining talent.

The framework allows for on-the-spot, quarterly and annual recognition (non-financial and financial). During the year, 140 employees were lauded for living the organisational values and being IDC ambassadors.

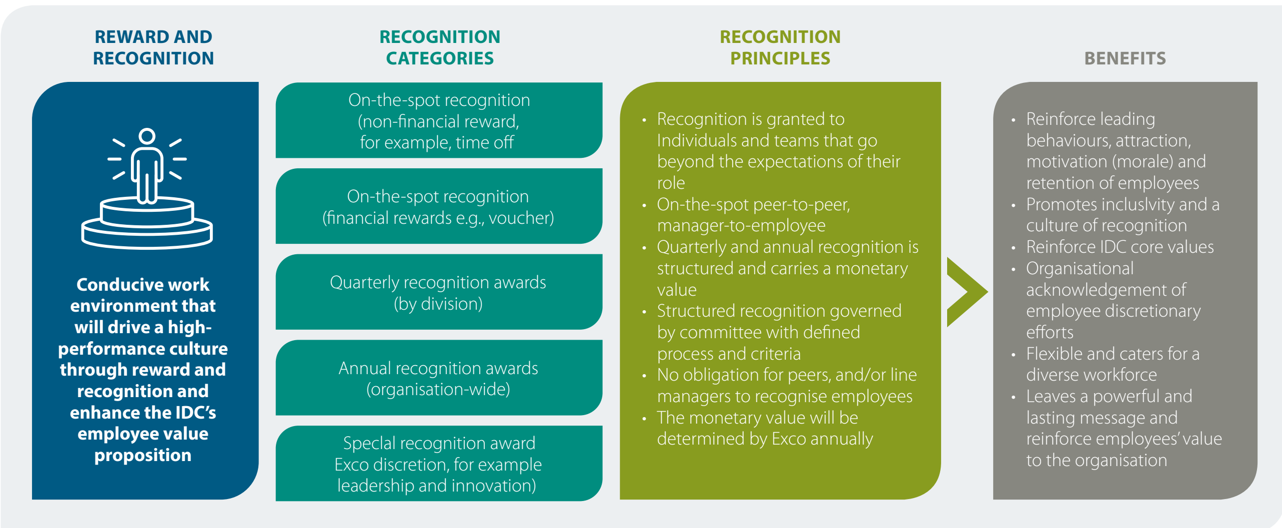
Other key initiatives implemented in the year under review included:

- Implementation of the revised performance management system to drive a high-performance culture that enables the Corporation to deliver on its mandate. The system cascades corporate targets to teams and individual employees and advocates ongoing interactions and conversations between leaders and team members to achieve goals
- Improvement of client service and governance with the introduction of a fully functional human capital shared services centre and enhanced human capital information management systems.

Occupational health and safety

Employee safety, health and wellbeing remain IDC priorities. 'One strategy, one IDC, one team' advocates a standardised, systematic approach to safety based on risk assessment.

In 2023/24, we recorded a fatality-free year. There was one lost-time, six first-aid and three driving incidents involving employees on business trips.



Governance

Sound corporate governance is vital to creating stakeholder value and for ensuring accountability, transparency, ethical behaviour, fairness, responsibility and social development, which underpin the long-term sustainability of the Corporation to ensure that strategic objectives are delivered and stakeholder value is realised.

OUR COMMITMENT TO GOOD GOVERNANCE

Governance of the IDC is guided primarily by the IDC Act, PFMA, Companies Act, JSE debt listing requirements and the King IV Report on Corporate Governance for South Africa. The Board is committed to ensuring that principles, processes and practices enable the IDC to conduct its business with sound corporate governance principles, ethical culture, good performance, effective control and legitimacy. Sound corporate governance is vital to creating stakeholder value and for ensuring accountability, transparency, ethical behaviour, fairness, responsibility and social development, which underpin the long-term sustainability of the Corporation to ensure that strategic objectives are delivered and stakeholder value is realised.

Governance is entrusted to the Board, which directs, controls and oversees operations according to laws and regulations.

Executive authority and parliamentary oversight

The Minister of Trade, Industry and Competition is the executive authority and shareholder representative for the Corporation. The Board is appointed by the Minister in consultation with Cabinet and in terms of section 6(3) of the IDC Act.

The executive authority must ensure that the corporate plan remains consistent with the mandate outlined in the IDC Act and with government priorities.

The Standing Committee on Public Accounts reviews the annual financial statements and the external auditors' report. Corporate performance is reported regularly to the Portfolio Committee on Trade, Industry and Competition.

Key Board considerations and activities during 2023/24

In line with its oversight role, support for leadership to fulfil the strategy and monitoring of progress on objectives and financial and non-financial performance, the following key corporate plan areas were focuses during 2023/24:

- Consideration and approval of changes to the 2023/24 corporate targets
- Approval, in line with PFMA requirements, of quarterly corporate performance reports for submission to National Treasury and the dtic
- Approval of the financial performance and the IDC's unaudited group financial results for the year ended 31 March 2024
- Consideration and approval of policies and frameworks, including procurement, debt funding, responsible investment, risk appetite and conflict of interest
- Approval of the IDC mini-group quarterly financial results for the period ended 30 September 2023 and irregular, fruitless and wasteful expenditure reporting
- Consideration and approval of the increase in the current risk limits and appetite for investing in third-party managed funds by R1 billion, to a total limit of R2 billion
- Approval of its revised charter, the terms of reference of the committees and the governance framework
- Approval of the financial plan for 2025 to 2029, including the mini-group financial plan for 2025 to 2029, and the borrowing mandate and operating expense budget for 2024/25.

Governance framework

The Board owes a fiduciary duty to the Corporation and manages all its activities with due care, skill, diligence, good faith, impartiality and independence. It also strives to avoid conflicts of interest and manages unavoidable conflicts effectively.

The Board's focus on the value of a supportive corporate governance environment encourages effective and efficient, fair and transparent operations through clearly delineated roles and duties. While policies, laws and regulations govern operations, shareholder and Board supervision ensures that practices are in line with good governance principles.

The Board delegates certain functions to well-structured committees without abdicating its own responsibilities. Delegation is formal and in writing. The performance of all delegated responsibilities is constantly reviewed through effective reporting and disclosure to ensure accountability and stakeholder confidence and value.

Corporate governance principles guide due diligence and post-investment support for subsidiaries and investee companies. Improving clients' corporate governance practices and supporting their governance are integral to the IDC developmental mandate.

Governance structure

During the review year, the IDC's governance structure was as follows:

Role of the Board

The roles and responsibilities of the Board set out in the Board charter include:

- Acting as the focal point for and custodian of corporate governance
- Providing strategic direction, identifying key risks and monitoring KPIs
- Ensuring that a comprehensive system of policies and procedures is operative and effective
- Ensuring ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents and codes of conduct
- Reviewing the strategic direction of the Corporation and providing strategic input into the corporate plan.

The Board is satisfied that it fulfilled its responsibilities in accordance with legislation and the Board charter for the period under review. It believes that its delegation of authority contributes to role clarity and effective exercise of authority. It identified and agreed actions for implementation in 2024/25.

Composition of the Board

The Board comprises 10 non-executive members, six females and five (including the CEO) males. Diversity of race and age ensures continuity and effective succession planning. The executive authority ensures an appropriate balance of knowledge, skills, experience, power and diversity in gender, race, tenure and socioeconomic background among Board members appointed to the Corporation.

The Board is independent and its members have the competencies and experience to execute their fiduciary duties.

The size of the Board is regulated by the IDC Act, which provides that a minimum of five and maximum of 15 members shall be appointed by the shareholder. All members except the CEO are non-executive. The Chairperson and CEO positions are separate.

Terms in office

Non-executive Board director tenures:

Member	Number of years on the Board
B Mabuza	13
L Bethlehem*	15.5
B Dames	13
P Mthethwa	13
B Godsell	13
Dr SM Magwentshu-Rensburg	13
Adv ND Orleyn	9
N Mnxasana	9
A Kriel	8
Dr N Zalk**	14.5
S Mangole	-

**On leave of absence since June 2023 and then subsequently retired on 20 July 2024*
***Resigned in July 2023*

Board meetings and attendance

An annual workplan enables the Board to attend to its responsibilities in a structured and orderly manner. During the review period, the Board held seven scheduled meetings, seven special meeting sand three strategy sessions. The table below details attendance by directors at Board meetings:

Director	Scheduled meetings	Special meetings	Strategy
Total number of meetings	**7**	**7**	**3**
B Mabuza	7/7	7/7	3/3
TP Nchocho#	3/7	5/7	1/3
B Dames*	7/7	5/7	3/3
N Mnxasana	6/7	6/7	2/3
Adv ND Orleyn	7/7	5/7	2/3
Dr S Magwentshu-Rensburg	6/7	7/7	3/3
L Bethlehem###	0/7	1/7	0/3
Dr N Zalk**	2/2	1/1	-
P Mthethwa	7/7	3/7	3/3
B Godsell	7/7	6/7	3/3
A Kriel	5/7	7/7	1/3
D Jarvis##	4/4	2/2	2/2

**Brian Dames was recused from two meetings due to a declared conflict of interest*
#Resigned as CEO on 30 September 2023
##Appointed interim CEO effective 1 October 2023
###On leave of absence since June 2023 and then subsequently retired on 20 July 2024

Conflicts of interest

In leading ethically and effectively, the Board operates within the parameters of an approved and well-entrenched conflict of interest policy that precludes directors from doing business with the Corporation. The policy is reviewed every three years. Directors must declare their interests annually and disclose any conflicts of interest and determine the extent to which the conflict may affect the performance and independence of their duties at the Corporation.

Once a conflict has been disclosed, it is managed appropriately by the Board through an established process. A declaration of interest form is maintained by the company secretariat. Directors have a fiduciary duty to disclose any new interest or potential interest to the secretariat. Each director's personal interests are updated at each Board meeting and the register is circulated for information. Every effort is made to prevent conflicts of interest from undermining the Corporation's governance protocols and diminishing stakeholder confidence.

Board committees

To enhance its efficiency, independence and the comprehensive application of good judgment in discharging governance responsibilities, the Board is supported by various committees. The responsibilities are delegated with clear terms of reference and where applicable, Board resolutions.

The deliberations and recommendations of committees do not replace the fiduciary responsibilities of Board members, who are bound to exercise due care and judgment in line with their legal obligations.

During the year under review, the Board was supported by five Board committees:

- Audit Committee
- Risk and Sustainability Committee
- Social and Ethics Committee
- Human Capital and Nominations Committee
- Investment Committee

Committee members are appointed by the Board through the Human Capital and Nominations Committee. Each committee is chaired by an independent non-executive director who reports to the Board on committee activities and makes recommendations to the Board for approval. Committee terms of reference are reviewed annually, or more regularly if needed, to maintain alignment with legislation and governance prescripts.

Audit Committee members are appointed by the shareholder at the annual general meeting. The Board Chairperson and the CEO are standing invitees to all committee meetings, while other executives attend when needed or invited.

Board and committee evaluation

During the period under review, the Board and its committees underwent an external evaluation of its performance. This occurs every second year and supplements the annual internal performance evaluation.

The Board was rated an average score of 2.8 on a four-point rating scale. While this is a satisfactory performance rating, the Board continues to strive for improvement and excellence. The committees scored an average of 3.1 on a four-point scale. Recommendations were made to enhance effectiveness and a plan has been adopted to implement these.

The Board evaluation focused on:

- Size, composition and independence
- Succession planning
- Director development and training
- Culture and teamwork
- Meeting procedures and reporting
- Duties, roles, delegations and agenda setting.

Committee evaluation assessed:

- Size and composition of the committees
- Planning, performance and reporting
- Meetings and teamwork.

The Board is satisfied that the evaluation has contributed to its performance and effectiveness. The next evaluation will be conducted at the end of 2024/25.

Board remuneration

Annual fees for non-executive directors are approved by the shareholder at the annual general meeting. For the period under review, the fees remained unchanged. Directors do not receive performance-based remuneration or retainers.

Chief Executive Officer

The CEO manages the day-to-day activities of the Corporation, supported by a team of executives. On 30 September 2023, the former CEO, TP Nchocho, resigned ahead of expiry of his contract in December 2023. The Board, with concurrence of the Minister, appointed David Jarvis the Corporation's interim CEO with effect from 1 October 2023. The Board and the Minister are finalising the appointment of a replacement CEO.

Group Company Secretary

The Board appoints the Group Company Secretary, who provides the Board and committees with professional corporate governance services, including advice and guidance on their duties and responsibilities, compliance with governance principles and adherence to laws and regulations. The Board members have unfettered access to the services of the Group Company Secretary, who is not a director of the Corporation.

Advocate Maseapo Kganedi was appointed Group Company Secretary on 1 May 2022. The Board is satisfied that this function is effective. The annual Board evaluation also includes an assessment of the Group Company Secretary's performance of governance responsibilities.

The CEO assesses the Group Company Secretary's other responsibilities. The assessment confirmed that she effectively discharged her responsibilities in the reporting period.

COMBINED ASSURANCE

The Board and its committees work to establish a unified approach to governance and risk management, following the IDC's integrated risk management framework, aligned with the Corporation's strategy.

This forms the basis for the combined assurance model, which aims to incorporate and optimise all assurance services and functions to create an effective and comprehensive control environment. This, in turn, supports the accuracy of information used for decision-making by management, the Board and its committees. The model includes three lines of defence:

First line of defence:

This involves functions such as line management, which owns and manages risks daily. It includes operational management processes covering the development and implementation of systems and procedures, management reviews, risk ownership and control self-assessments.

Each strategic business unit or department must annually maintain and review its operational risk register to ensure that significant common operational risks are detailed on the strategic risk register.

Combined risk management and assurance model

Although this line of defence may lack independence and objectivity, its value lies in close understanding of day-to-day operations and risks.

Second line of defence:

This involves functions that oversee risk, providing guidance and challenging management teams. These functions monitor management activities and ensure adherence to policies and performance in line with the stipulated risk appetite. The second line is separate from those responsible for delivery but is not independent of the organisation's management chain, such as risk management and compliance.

Third line of defence:

This is independent and objective assurance of the adequacy of the design and effectiveness of systems and controls, governance and risk management. It focuses on the internal audit function and external assurance providers such as auditors and regulatory and supervisory bodies.

Governance oversight

The Board Audit Committee and Board Risk and Sustainability Committee oversee assurance and evaluate the effectiveness of the combined assurance model and activities against key risks. The committees also review the results presented annually in the combined assurance dashboard to ensure that appropriate assurance activities, including operating controls over key risks, are implemented and are adequate and effective.

Combined Assurance Forum

The Combined Assurance Forum, comprising internal audit, enterprise risk management and compliance and regulatory affairs departments, is chaired by the Chief Risk Officer and mandated to administer the combined assurance model. This includes compiling annual combined assurance plans and reports and implementing feedback from both the risk and sustainability and the audit committees.

Focuses

The forum approved a revised combined assurance plan, updated to align and link the various assurance providers' planned activities for 2023/24 to the revised 12 key strategic risks detailed in the strategic risk register. The 2025/26 assurance plan will be tabled for input to Board Risk and Sustainability Committee and for approval to the Board Audit Committee in the third quarter of the 2024 financial year.

The dashboard will lead to a 2024/25 combined assurance report for discussion at the Board Audit Committee and noting by the Board Risk and Sustainability Committee.

The approach has enhanced collaboration among assurance providers and eliminated duplication to produce succinct outcomes.

As required by the approved 2024/25 combined assurance plan, the forum will present a consolidated report on the outcomes of assurance activities to executive management and committees during 2024/25 to assist management in its oversight.

The three assurance providers will continue to assure the emerging risks identified and highlighted in the operational risk registers and strategic risk register. The forum will consider the following as part of its assurance activities in 2024/25:

- The adverse impact of the macroeconomic environment and subdued economic conditions due to:
  - Rising capital costs and interest rates, which may adversely affect the sustainability of the IDC's business partners, leading to rising impairments and non-performing loans
  - Challenging operating and trading conditions coupled with constrained growth in the domestic economy, which may have an impact on the IDC's developmental objectives
- Electricity supply, transport and logistics challenges adding serious threats to business sustainability
- Cybersecurity, which remains a priority risk to be managed, moreover because of greater reliance on information technology with its significant flow of data and crucial information though electronic media and the increase in cyber-related crime. The forum will continue to review controls to ensure data protection and integrity.

Enterprise risk management

The IDC has adopted an enterprise-wide risk management framework to ensure a structured approach to managing the wide range of risks it faces. The framework incorporates a universe of key risk types categorised into strategic, financial and operational risk. This approach ensures that risk management is integrated into the overall management process, enabling the Corporation to achieve its objectives, sustain long-term success and maintain resilience. Risk management is executed through a risk lifecycle, which includes risk identification, risk assessments and measurement, risk treatment and monitoring through key indicators and combined assurance. The graphic on page 91 illustrates the high-level approach to enterprise risk management:

Strategic risk management

IDC strategic risks are integrated into the strategic planning process to ensure the alignment of the risk profile to the organisation's strategic objectives and corporate plans. Assurance is provided through a coordinated combined assurance plan prepared and executed by IDC second and third lines of defence teams and approved annually by the Board Audit Committee. Refer to pages 36 and 37 for Board-approved strategic risks.

Operational risk management

Operational risk management ensures that risks resulting from inadequate or failed processes, people systems and external factors are consistently and comprehensively identified, assessed, mitigated and controlled. Risks can develop quickly with significant overlaps with other types of risks and can have both financial and non-financial consequences. Operational risk is managed through implementation of tools such as:

- Risk and control self-assessments for all departments and business units, with periodic reviews. These assessments ensure a dynamic and iterative process for consistently and comprehensively identifying, assessing, mitigating, monitoring and reporting key operational risks
- Key indicators developed and monitored for material risks and key controls
- Operational risk management to ensure losses and incidents are identified, responded to and remediated to minimise impact.

Operational resilience and business continuity management

Operational resilience and business continuity are crucial components of the IDC risk management approach to ensure sustained operations and ability to withstand and recover from disruptions. Management of programmes is guided by the business continuity management policy and disaster management plan, which are aligned to best practice. The function safeguards the interests of the IDC by ensuring that it continues to deliver key products and services at an acceptable level following a severe disruption or incident by:

- Conducting business impact analysis organisation-wide, ensuring that recovery priorities are aligned and resources are allocated effectively
- Prioritising crucial business processes and implementing agreed recovery strategies to minimise the effect of business disruptions
- Collaborating with internal departments and units and external stakeholders
- Annual testing and validation of business continuity plans to ensure they are fit for purpose and increase the Corporation's recovery capability
- Training and awareness.

Oversight

The quarterly Enterprise Risk Management Forum ensures oversight and monitor enterprise-risk-related decisions across the Corporation. The forum reviews and challenges processes, risks, issues and actions. Undesirable risk exposures are escalated to Exco and the Board Risk and Sustainability Committee.

Credit risk management

Our robust credit and investment risk management processes involve comprehensive engagement with internal departments and stakeholders. Our core credit risk processes consist of:

- A multidisciplinary due diligence team with financial, marketing and technical skills supported by specialist resources including legal and compliance, environmental, health and safety, valuations, project management and credit risk management
- An independent credit and investment risk assessment by the credit risk management department
- Credit approval committees, including the executive management team, senior managers, external members and independent non-executive directors of the Board Investment Committee. The credit committees operate in line with Board-approved delegated limits and policies
- The client support and growth division, which manages the portfolio after the first disbursement until the final

settlement. A dedicated and experienced team focusing on large equity investments monitors and manages subsidiaries and significant investments
- A business advisory and turnaround team that provides specialist insights on strategic actions to turn around and restructure businesses in distress.

The group risk division, under the leadership of the Chief Risk Officer, reports quarterly to Exco and the Board Risk and Sustainability Committee on the Corporation's portfolio shape, including performance against the key risk metrics of the risk appetite framework, such as concentration risk and portfolio quality (non-performing loans, impairments and risk appetite breaches). A dedicated department within the group risk division, risk governance and portfolio management, was established to oversee the portfolio performance, ensure that relevant prudential limits have been set to support business and maintain stringent compliance with risk policies, processes and procedures. Breaches of prudential risk limits are interrogated and motivated by the responsible business units, then escalated to the relevant Board sub-committees for consideration and condonement. The Board Risk and Sustainability Committee continues to provide active oversight on the top impaired and non-performing exposures.

Asset quality

Focused interventions and strategic plans are underway to improve asset quality and ensure realignment to our risk appetite levels. Movement has been positive in the risk profile of our portfolio and new approvals and we remain committed to our development mandate to lend assistance to businesses in distress, in the main to avoid systemic market failure.

Growing macroeconomic vulnerabilities may influence client risk profiles, placing a strain on cashflows. We expect clients to continue to be affected by energy supply and transport and logistics infrastructure constraints. These clients are closely monitored and early intervention is undertaken to ensure that these businesses remain sustainable.

In accordance with our countercyclical role, we have a diversified target market with credit risk taken over a medium- to long term. Portfolio reviews and sector deep-dives are undertaken to assess the impact of observed deterioration in portfolio quality and identify portfolio concentrations to ensure risk-mitigation strategies are effectively implemented.

Management of concentration risk extends to industry, credit and counterparty risk, considering the aggregate exposure to a single counterparty or group counterparty. To manage concentration within portfolios, remedies are considered, including the selling-down of exposures if necessary.

Impairments

During the year, clients dealt with challenging macroeconomic conditions, exacerbated by widespread electricity disruptions and poor infrastructure delivery.

Despite this, impairments were contained through targeted strategic interventions introduced in previous financial years and continuous review of our internal systems and procedures to intensify post-investment monitoring.

Impairment levels improved in 2023/24, declining from R23.7 billion to R21.7 billion, with an improved impairment ratio of 36.4% compared to 37.5% in 2022/23. The biggest factor in impairment improvement was write-offs of R2.4 billion capital gross carrying amounts with a resulting expected credit loss release of R2.3 billion.

Non-performing loans (company)

The IDC measures and monitors non-performing loans on the basis of both amortising loans and IFRS stage 3 methodologies. The value of non-performing loans decreased from R13.4 billion in 2022/23 to R12.4 billion in 2023/24. The non-performing loan ratios are trending in the right direction. Amortising non-performing loans improved from 28.3% in 2022/23 to 26.3% in 2023/24 and IFRS non-performing loan ratio increased from a restated 38.3% in 2022/23 to 45.2% in 2023/24. The year under review experienced a higher rate of migrations into stage 3 relative to the improved migrations out of stage 3 to stage 2 and stage 1. This is due in part to the stringent curing rules, which require accounts to be in a non-defaulted status for up to 12 consecutive months before migrating out of stage 3. The increase in stage non-performing loan ratio is attributable largely to material legacy exposures to which the IDC has taken a patient approach, due mainly to development considerations.

Non-performing loans remain concentrated on a few material exposures for which strategic plans have been implemented. The Board Risk and Sustainability Committee continues to provide independent risk oversight over portfolio performance and closely monitors the status of action plans to remedy non-performing assets.

Early warning indicators

The 'watchlist' process is an early warning tool used to timeously identify events or situations that could potentially lead to a deterioration in the credit risk of a business partner. The IDC has established criteria to identify watchlist clients and this entails devising an intervention plan, with an approved timeline, to address concerns. Watchlist clients are closely monitored by the Investment Monitoring Committee and the underlying issues are discussed, with input invited from stakeholders. It is imperative that early warning signals be disclosed and that an appropriate intervention plan is implemented to mitigate further deterioration in credit risk.

Future priorities

The commitment to improving the asset quality is a key priority as it protects the IDC's balance sheet and ensures financial sustainability. A concerted drive to reshape the portfolio is underway to ensure the resiliency of our portfolio. This will enable competitive borrowing of funds, which will allow the Corporation to further entrench its developmental impact. Prevailing risk appetite levels have been reviewed and will be monitored to ensure alignment with strategic objectives.

Liquidity risk management

Liquidity risk is governed by the liquidity and liquidity risk premia policy. The Asset and Liability Committee provides objective oversight and delegates decisions within Board-established prudential guidelines and policies for liquidity risk exposures.

The IDC uses liquidity coverage ratios to test liquidity stress. These weigh potential liquidity outflow exposures under stressed scenarios (net stressed outflows) against the available counterbalancing capacity (available high-quality liquid assets). The stress scenarios are aligned with the Corporation's risk profile and take into account currency convertibility and the ability to raise funding, including foreign currency funding, to meet simulated maturing liabilities.

Early-warning indicator methodology

The red, amber or green status of each indicator is tracked using both quantitative and qualitative trigger levels that indicate:

- Green: Business as usual
- Amber: Potential liquidity problems that currently do not threaten the IDC's financial standing
- Red: Potential liquidity problems that may threaten the IDC's financial soundness.

Contingency funding plan

The contingency funding plan aims to mitigate, as far as possible, the impact of liquidity stress on the IDC mini-group through a robust operational governance framework that:

- Links liquidity stress testing and contingency planning
- Articulates mechanisms for monitoring early warning signs
- Itemises the IDC's contingency funding sources
- Defines contingency funding plan escalation processes
- Outlines responsibilities for managing the Corporation through liquidity stress
- Identifies the names and contact details of people implementing the plan.

As the delegated authority accountable for managing liquidity risk, the Asset and Liability Committee manages the Corporation through a liquidity stress event and operationally empowers the liquidity management team to provide heightened management information required by the committee for the execution of approved management actions.

Liquidity crisis simulation workshops are organised at least annually and are supported by independent external facilitators. Identified shortcomings are addressed and improvements incorporated into the contingency funding plan.

Risk focuses

The IDC has implemented models in several crucial strategic areas, including credit risk, market risk, risk pricing and economic forecasting. In the year under review, several of these models were rigorously validated, most notably equity pricing, financial planning, country risk and economy impact, to ensure that they continued to function in line with the base outcomes established during their development and without introducing undue and unforeseen business risk.

The team applied a risk-based approach towards model validation and selected high-priority models to ensure that model risk controls were adequately tested to provide business assurance about their operation.

These models are important to the Corporation as they are used in risk pricing, financial planning and reporting and proactively maximise developmental impact. Validation findings are attended to by the model owners within agreed timelines.

Compliance

The Board charter requires the Board to ensure ethical behaviour and compliance with laws and regulations, and audit and accounting principles, including codes of conduct.

Implementation of compliance management has been delegated to management, but the Board monitors and reviews compliance with key regulatory and legal requirements through regular reports to the social and ethics, audit, and risk and sustainability committees.

The compliance and regulatory affairs department performs day-to-day compliance and assists the Board in creating an enabling, compliance-based culture. The department also assists the business units to identify and assess regulatory risks applicable to the various operations and develop compliance risk management plans to mitigate and control them. Regulatory risks are monitored constantly and reported to stakeholders.

Regulatory developments

The compliance and regulatory affairs department, as per King IV recommendations, has adopted a risk-based approach in line with the organisation's established materiality levels and ensures that internal stakeholders receive information relevant to their oversight responsibility.

King IV requires the governing body committee to ensure implementation of the combined assurance model to optimise all assurance services and functions so that, holistically, these make for an effective control environment and support the integrity of information used for internal decision-making by management, the governing body and its committees.

Every organisation faces myriad risks that can threaten its operations, reputation and bottom line. The department navigates these risks through its robust and effective compliance programme, which includes staff training in the proven knowledge that training distinguishes companies that successfully navigate those risks from those that become cautionary tales.

The Financial Intelligence Centre Act (FICA),, as amended, provides a regulatory framework for South Africa's anti-money-laundering and counter financing of terrorism programmes and positions the Financial Intelligence Centre as the supervisory body overseeing compliance with the framework. FICA complements the Prevention of Organised Crime Act, the Protection of Constitutional Democracy against Terrorism-related Activities Act and the Prevention and Combatting of Corrupt Activities Act. It gives the Financial Intelligence Centre authority over accountable institutions in South Africa.

Ensuring compliance with FICA mitigation interventions includes close monitoring and physical reviews of high-priority clients, desktop reviews of low- to medium-priority clients, compilation of reports for internal approving committees, and training of and engagement with staff and IDC subsidiaries.

FICA delivers domestic compliance with the Financial Action Task Force's 40 recommendations, considered the global standard. South Africa is a member of the task force and thus must implement its policies and procedures. In February 2023, the task force greylisted the country following an assessment of the effectiveness of its anti-money-laundering and counter-terrorist financing system. It will be subject to increased monitoring as a result.

Protection of Personal Information Act 4 of 2013

The Corporation complies with the Protection of Personal Information Act. The records department is the custodian and is responsible for associated policies and ensuring adherence to the requirements of the Act across the IDC and all subsidiaries.

Public Finance Management Act 1 of 1999

The IDC's day-to-day operating activities are regulated by sections of the PFMA. Under section 92, the Corporation has sought exemptions and specific arrangements for itself and some subsidiaries.

The compliance and regulatory affairs and the procurement departments have a compliance project to support affected subsidiaries to improve their compliance with the Preferential Procurement Policy Framework Act (PPPFA) and regulations.

Training sessions continued during the year under review, including a tool pack to assist with systems and procedures and other National Treasury prescripts. On request, the Corporation also helped subsidiaries to align their tender processes to the PPPFA.

Internal audit

The internal audit department is the third line of defence of the Corporation's enterprise-risk management framework.

The department provides independent, objective assurance to the Board that governance processes, risk management and internal control systems are adequate and effective in mitigating the most significant risks that threaten the achievement of the Corporation's strategic objectives. The department also, on request, provides ad-hoc assistance to subsidiaries. The detailed responsibilities are set out formally in a charter approved by the Board Audit Committee.

Internal audit has implemented a risk-based internal audit plan based primarily on the registers compiled by the operational risk management department, the IDC's revised corporate plan and key emerging risks highlighted by the external auditors and internal audit experts. There is also a dedicated forensics team to which matters may also be reported anonymously via an external service provider.

We maintain internal controls to provide reliable financial and performance information and reasonable assurance that transactions are concluded according to laws, regulations and the delegation matrix approved by the Board, and that assets are protected adequately against material loss and recorded fully and correctly. During the year, the control environment architecture was adequate to manage most identified operational risks effectively.

Management remains committed to enhancing the control environment where weaknesses are identified by internal audit. Internal audit:

- Reviewed revised processes of the client support and growth division, such as value creation plans and capability advisory services, in line with the revised target operating model, and provided trend analysis and lessons learnt on common causes of high impairment levels and non-performing loans
- Assessed the effectiveness of processes and the Corporation's readiness to deal with natural and other disasters that may affect it and its business partners
- Reviewed initiatives identified by management as improving the effectiveness of risk management, controls and governance processes, and ensuring the achievement of long-term strategy
- Assessed MS Dynamics project implementation governance processes against Project Management Institute guidelines
- Sourced a data analytics tool to unpack complex reconciliation on data and customised analytics. This identifies trends and/or anomalies hidden in data and conducts bank statement analysis, procurement analytics and ad-hoc analytics to support internal audit investigations.
- Through awareness programmes, provided trend analyses on previous years' forensic and operational reports and identified themes and lessons learnt to be shared with IDC staff to enhance continuous and proactive management of risks
- Collaborated with the learning and development department to train and upskill strategic business units and departments on systems and procedures drafting, and, with the compliance and regulatory affairs department, rolled out an anti-money-laundering awareness programme.

Assurance continued on core activities such as due diligence and on various application reviews, including an assessment of risk grading and pricing system controls, part of credit risk management activities, and monitoring of the portfolio.

Reports detailing management actions taken to address weaknesses noted by internal audit are submitted to both the Board Audit Committee and executive management quarterly. During the financial year, management continued to demonstrate its commitment to resolving issues noted during audits. The internal audit department also provided financial crime awareness training to our strategic business units and departments. In total, 512 employees (58% of IDC employees) attended the training.

In the new financial year, financial crime training and awareness will be provided to IDC employees, business partners, service providers and subsidiaries.

New staff members received training on fraud, including reporting crime and corruption and the role of Tip-offs Anonymous. Thirteen cases were reported for investigation in the review year (2022/23: 17).

Focuses for 2024/25

Following the approval of the IDC energy crisis resilience scheme, which aims to alleviate the pressures faced by business partners due to rolling blackouts and their negative impact on productivity, internal audit will review its implementation to evaluate adherence to the stipulated project guidelines and objectives.

Due to the increased reputational risks surrounding third-party managed funds, management requests a review of specific third-party funds managed through the partnership programmes department to evaluate whether controls over the management and use of funds align with the fund objectives.

The assessment of the rollout and implementation of sustainability and responsible investment risk has been revised to include the areas covered in the ESRG and sustainability impact framework.

Further assessment of the operational environment identified three new systems: The Sync Pro benefits system used by the human capital division to administer the insurance process, the Cornerstone system used by the human capital division for employee performance management and the e-tender procurement system used by the procurement department. We will review the systems' controls to assess if they support business objectives.

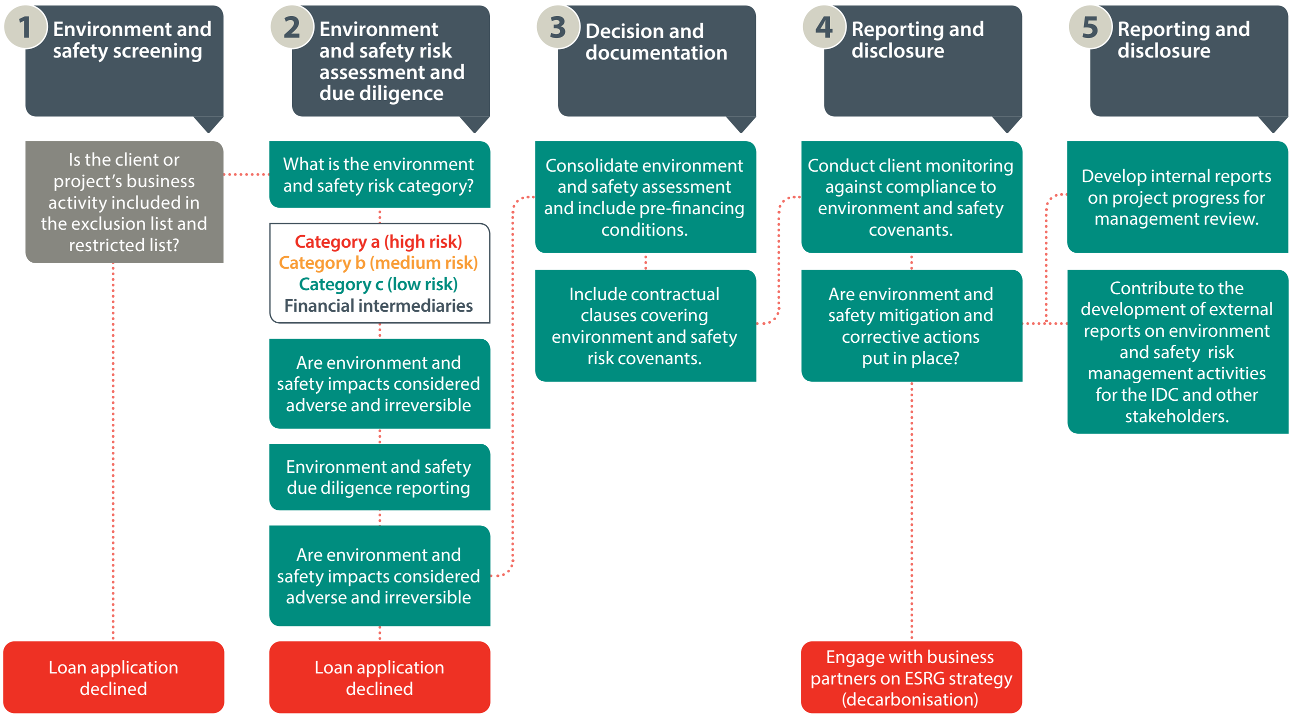
Integrating ESRG and sustainability impact into our investment cycle

We integrate ESRG principles and sustainability impact practices into our pre-investment, due-diligence and post-monitoring processes. This enables our clients to meet statutory compliance in the process and embed impact principles throughout the investment cycle. Incorporating ESRG and sustainability impact enables the IDC committees to make informed decisions about the relevance, significance and nature of ESRG risks and development impacts.

IDC projects undergo the following screening processes:

- Our responsible investment policy's exclusion and restriction lists guide our investee business partners on what the Corporation funds
- Use of sustainability screening tools to ensure a balanced approach to energy security, industrialisation and the energy transition in the context of sustainable development
- To further drive sustainable development across the continent and the transition of carbon-intensive sectors, the IDC continuously updates its house views on coal, liquid fuels, natural gas and other fossil-fuel-based projects
- The IDC development scorecard is used to assess both the potential and ongoing development outcomes and impact. This scorecard comprises four main categories, namely the productive economy, environmental compliance and impact, social impact and governance
- The environment and social policy, under review, guides the Corporation's due diligence and adherence to the environment and social management system. See figure below:

Summary of our environment and social management system application process



Assessment of the client's environmental and social performance for compliance with IDC ESRG requirements, South African legislation and international standards where applicable. The environmental and social review at appraisal identifies potential impacts and risks of the project (including reputational risks), existing and proposed mitigations, gaps in requirements and actions and conditions for investment. The scope and depth of this risk assessment depends on the nature and complexity of the development, the legislative requirements and the following categorisation:

- Category A (high-risk projects)
- Category B (medium-risk projects)
- Category C (low-risk projects)
- Financial intermediaries (A, B or C)

Environmental and social transactions reviewed over the years have been mostly category B projects.

As reflected in the diagram above, during due diligence, the IDC screens and assesses every project submitted for consideration to identify ESRG risks and impacts, determine risk categorisation, develop environmental and social action plans to address identified gaps and establish monitoring and reporting measures.

Carbon footprint 2023/24

The table below details the IDC's in-house carbon footprint. Scopes 1, 2 and 3 reflect a decrease in emissions. In-house data for scope 1 remained relatively consistent with those of the previous year but 45% higher than the base year 2019. This is due to loadshedding in the years after 2019. The table shows a generator fuel increase for 2023 compared to previous years.

Base year	Verified 2019 Update	Verified 2020 Update	Verified 2021 Update	Unverified 2022 Update	Verified 2023 Update
Scope 1 (tCO2eq)					
Fleet cars	82.00	30.00	46	259.18	76
Generator fuel	29.00	40.00	< 1	-	221
Aircon gas (R22)	76.00	37	52	108.60	28
Aircon gas (R407)	-	2.00	11	3.54	-
Aircon gas (R404)	-	12	28	40.75	8
Jet fuel	-	-	-	-	-
Refrigeration gas (R134)	92.00	-	3	6.5	-
Refrigerant (410) *	12.00	3	60	0.02	90
Subtotal scope 1	292.00	124	199	418.59	423
Scope 2 (tCO2eq)					
Electricity	4 842.00	3 911	4 230.00	3 972.03	3305.00
Scope 3 (tCO2eq)					
Newspaper	5.00	5.00	5.00	4	-
Stationery	20.00	7.00	3.00	4.00	6
Mixed waste	13.00	346	13	21.00	43
Car rentals	35.00	0.0236	6.30	< 1	-
Business air travel	2 343.00	358	23	123	476
Staff commute	1 280.00	751	290	0.00	904
Business mileage claim	174.00	77	12	0.00	60
Water	55.00	40	3 936	25.00	39
Subtotal scope 3	3 804.00	1 584	392	177	1 528
Subtotal (scopes 1 and 2)	6 220.00	5 134.00	4 035	4 429	3 728
Total IDC (scopes 1, 2 and 3)	10 024.00	6718	4 427	4 606	5 256
Emission intensity (IDC scopes 1, 2 and 3)	12.11	8.0	5.63	5.71	5.13
Emission intensity (IDC scopes 1 and 2)	7.51	6.13	4.99	5.21	3.74
Emission per m^2 (IDC only)	0.28	0.2	0.12	0.12	0.13

The scope 2 reduction of about 32% from the base year 2019 indicates a reduction in electricity consumption because of the work-from-home model and loadshedding effects.

Scope 3 emissions dropped significantly – by 60% – due to the reduction of waste generation, newspaper procurement and stationery requirements since the Covid-19 pandemic's work-from-home arrangement. In-house emissions intensity reduced by 57% from 2019 to 5.23 (tCO2eq) 2023.

Legacy rehabilitation projects

African Chrome

The IDC has managed an environmental liability at African Chrome for over a decade through engagements of consultants and service providers for groundwater remediation, care and maintenance of the site. Regrettably, these efforts have been halted due to ageing infrastructure, vandalism and theft.

In December 2023, the Department of Forestry, Fisheries and Environment was consulted to review and redevelop the future strategy. The IDC was tasked with conducting a comprehensive environmental site assessment and is currently procuring the services of a consultant. Following the assessment, customised, economical and streamlined strategies will be deployed to conclude remediation.

Columbus JV

Rehabilitation has continued, with increased tonnages from 8 000tpm to 12 000tpm at an average monthly cost of R1.5 million to the IDC, which is the 20% contribution to the joint venture. About 140ktpa of materials were removed and disposed of at the Holfontein high hazardous site on the East Rand. A third party is being brought in to investigate the possibility of reclaiming chrome from the dumps. Should this come to fruition, it will reduce the IDC's liability and the rehabilitation duration.

Broad-based black economic empowerment

B-BBEE aims to enhance the participation of black individuals in the economy through entrepreneurial activities and the establishment of black-owned businesses.

An independent audit has verified that the IDC currently holds a B-BBEE score of 90.50 (2021/22: 86.15), granting it the status of a level 4 B-BBEE contributor as per the Financial Sector Code.

B-BBEE scorecard

Criteria	Amended Financial Sector Code				
	Weighting	Bonus points	2020/21 score Level 2	2021/22 score Level 5	2022/23 score Level 4
Ownership	N/A	N/A	N/A	N/A	N/A
Management control	20	N/A	18.30	18.38	16.68
Skills development	25	3	13.50	17.49	18.73
Enterprise and supplier development	50	8	46.50	39.33	41.90
Socioeconomic development	5	4	9.00	3.95	5.72
Total	100	15	87.30	79.15*	83.03*
Financial Sector Code score			95.16*	86.15*	90.50*

*The scores have been adjusted to meet the Financial Sector Code specialised scorecard points (79.15/100*109)/ (83.03/100*109)

The organisation saw an improvement in the B-BBEE score from level 5 (86.15) to 4 (90.50).

A targeted focus resulted in investments by the IDC in skills development and training, including external and internal bursaries, staff children bursaries, Sector Education and Training Authority-registered training and training for disabled staff, contributed significantly to the improvement of IDC's B-BBEE level. The Corporation's commitment to skills development resulted in a 1.26 point improvement in the indicator.

Continuous support, advice and recommendations for the Corporation's consumer education initiatives have further contributed to the improved score. The corporate affairs department is committed to programmes that develop women and youth-owned businesses, such as My Dough and Graca Machel Trust.

The IDC transformation strategy aims to provide continuous support to business partners, investee companies and the organisation. This support manifests through advisory services and transformation funding in different platforms promoting developmental outcomes.

BOARD COMMITTEE REPORTS

Board Audit Committee

The Board Audit Committee is a statutory committee constituted in terms of section 77 of the Public Finance Management Act 1 of 1999, as amended, section 94 of the Companies Act 71 of 2008, as amended, read with King IV and the JSE Limited debt listing requirements. It assists the Board to oversee finance, internal and external audit, combined assurance, financial risk management and integrated reporting. The IDC is required to maintain a good balance sheet, manage the quality of its assets and ensure financial sustainability to deliver on its mandate.

Composition and attendance

During the year under review, the committee comprised three non-executive directors and two external members elected at the annual general meeting. The Chairperson of the Board is not a member of the committee. The CEO, Chief Financial Officer, internal audit, IDC-appointed joint external auditors and a representative from the office of the Auditor-General of South Africa are permanent invitees to the committee meetings. The committee held 11 meetings, seven of which were special meetings. The table below depicts members' attendance:

Members	Scheduled meetings	Special meetings
NP Mnxasana (Chairperson)	4/4	7/7
Dr SM Magwentshu-Rensburg	4/4	6/7
R Pitot	4/4	7/7
R Godsell	4/4	6/7
P Mathidi	4/4	7/7

Activities and focuses

The committee reviewed and recommended its terms of reference to the Board for approval. It approved its annual workplan. An annual review was conducted of its performance to identify areas of improvement.

Reappointment of the IDC group external auditor was recommended to the Board for onward recommendation to the shareholder at the annual general meeting. Audit fees were referred to the Board and shareholder with a recommendation for approval. The committee also approved the external audit engagement letter, audit plan and scope of work for the financial year; assessed the auditor's skills, independence and performance, and monitored the effectiveness of audit plan execution and reporting. The auditor's report and management's responses were reviewed.

The Corporation's financial management was closely monitored, including the appropriateness and effectiveness of the finance function and the effectiveness of internal controls. The committee consulted with executive management on the engagement letter, terms, audit plan, scope of work and audit fees for the financial year.

The quarterly and audited annual financial statements were reviewed and recommended to the Board.

The three-year corporate financial plan for years ending 31 March 2025 to 31 March 2027 was considered and supported. This plan comprises the mini-group (the Corporation and its wholly owned subsidiaries) financial plan and IDC group financial plan.

The committee also monitors the internal audit function and its activities. During the year under review, it assessed the independence and effectiveness of the function, ensuring that the combined assurance model in line with the revised three-year rolling internal audit plan addressed all significant risks, approving the internal audit plan and monitoring its execution. Internal audit's quarterly reports were assessed in line with the approved internal audit plan and audit processes identifying weaknesses, and breakdowns of systems and internal controls were deliberated on. The effectiveness of management actions and implementation plans to address adverse audit findings was also assessed.

The committee agreed that the going-concern assumption was appropriate for the preparation of the consolidated annual financial statements, subsequent to a review of management's documented assessment of the Corporation and the IDC group as a going concern.

Future focus

In 2024/25, the committee will prioritise the appointment of an external auditor for recommendation to the shareholder. This is in line with the standing commitment to the rotational appointment of external auditors after the conclusion of the contractual term. Nexia SAB&T's contract will end on 31 August 2024.

The committee also plans to ensure an improvement of finance function efficiencies to improve audit outcomes, while monitoring internal controls.

Finally, the committee is satisfied that it fulfilled the responsibilities in its terms of reference for the reporting period.

NP Mnxasana
Board Audit Committee Chairperson
31 July 2024

Board Investment Committee

The Board Investment Committee is a standing committee of the Board, established to support the Board in considering transactions where the IDC's cumulative exposure to a business partner is between R300 million and R1.5 billion and group counterparty exposure is between R500 million and R5 billion. Transactions exceeding these limits are recommended by the committee to the Board for approval.

Composition and attendance

During the year under review, the committee comprised six non-executive directors, including the Board Chairperson. Executives including the CEO are permanent invitees to meetings of the committee. Other persons may be invited at the committee's discretion. Dr N Zalk resigned as a non-executive director and a member of the committee, effective 31 July 2023.

The committee held 20 meetings, six of which were special meetings. The table below depicts members' attendance:

Member	Scheduled meetings	Special meetings
Dr SM Magwentshu-Rensburg (Chairperson)	13/14	6/6
BA Mabuza	14/14	6/6
NP Mnxasana	13/14	6/6
PM Mthethwa	9/14	3/6
Adv ND Orleyn	7/14	2/6
Dr NE Zalk	2/4*	1/1*

**Resigned on 31 July 2023*

Activities and focuses

The committee reviewed its terms of reference and submitted them to the Board for approval. An annual review of the committee's performance was also conducted, findings of which were submitted to the Board. During its 2023/24 meetings, it also approved 24 transactions with a gross value of R9 billion, excluding grants and amendments to existing facilities. These transactions are expected to facilitate the creation of 9 405 job opportunities. An amount of R1.1 billion was approved for black industrialist initiatives, R300 million for women-led initiatives and R114 million for youth-owned businesses. Transactions where counterparty sector or regional limits were breached were considered and recommended to the Board for approval. Strategic funding transactions such as Transnet and Trans-Caledon Tunnel Authority were considered and recommended to the Board for approval. The committee received regular updates on the management of the deal pipeline compared to liquidity.

In addition to its mandate, the committee met jointly with the Board Risk and Sustainability Committee to consider matters of the operating environment and portfolio performance. These included reviewing the IDC portfolio, including the top 20 non-performing loans and impairments, the business rescue book and the responsible investment policy (including coal and liquid fuels position).

Future focus

The committee will consider regular updates on the performance of approved transactions.

The committee is satisfied that it fulfilled its responsibilities for the reporting period.

Dr SM Magwentshu-Rensburg
Board Investment Committee Chairperson
31 July 2024

Board Risk and Sustainability Committee

The Board Risk and Sustainability Committee is a standing committee established to support the Board with its oversight role on risk governance, financial sustainability and independent portfolio oversight. The committee oversees the development of the Corporation's risk appetite framework and ensures that its portfolio risk profile is within risk appetite parameters.

Composition and attendance

During the year under review, the committee comprised five non-executive directors, including the Board Audit Committee Chairperson. The CEO and Chief Risk Officer are permanent invitees to committee meetings.

The committee held seven meetings, one of which was a specially constituted meeting. The table below depicts members' attendance:

Member	Scheduled meetings	Special meetings
PM Mthethwa (Chairperson)*	5/6	1/1
LI Bethlehem**	1/6	1/1
BA Dames	6/6	1/1
A Kriel	5/6	1/1
NP Mnxasana	5/6	1/1

** Acted as the committee chairperson from June 2023*
*** On a leave of absence since June 2023 and subsequently retired on 20 July 2024*

Activities and focuses

The committee performed its regular governance roles during the year, including reviewing and referring to the Board for approval its terms of reference. It also approved its annual workplan. An annual review of the committee's performance was conducted and the findings were noted and submitted to the Board.

Being responsible for reviewing and approving the risk governance frameworks and policies essential to the Corporation's effective functioning, the committee reviewed and/or approved the following:

- Debt funding policy
- Liquidity and premia risk management policy
- Liquidity contingency funding plan
- Responsible investment policy
- Equity price risk management policy
- Records and information management policy
- Interest rate and risk management policy.

In addition, the committee reviewed the corporate treasury counterparty limits, the risk appetite framework, industry limits and the 2023/24 compliance programme.

Oversight formed a major part of the committee's work during 2023/24. The Corporation's strategic risks and their potential impact on the achievement of set strategic goals were assessed, as was the adequacy of action plans and strategies to mitigate identified risks through the combined assurance model. The committee also focused on the top 20 non-performing loans and status of the IDC portfolio under management, the status and adequacy of the information technology ecosystem and the status of compliance with FICA provisions..

Also discussed during the year were the model validation charter – which seeks to delineate how the model validation team performs its assurance role – the introduction of the expected shortfall as an IDC-approved equity risk methodology to augment the value-at-risk risk methodology during abnormal market conditions and the compliance risk profile report.

The committee reviewed the IDC's blackout response plan and state of readiness in the event of a total power grid failure, including scenarios of higher stages of planned loadshedding.

Future focus

In 2024/25, the committee plans to embed its sustainability responsibility and focus strongly on regulatory compliance. It will keep a watching brief on the top 20 investments, assisting the Corporation to attain a balance on portfolio concentrations. Progress on the implementation of digitalisation and data management plans will be monitored closely.

The committee is satisfied that it fulfilled its responsibilities for the reporting period.

P Mthethwa
Board Risk and Sustainability Committee Chairperson*
31 July 2024

Board Social and Ethics Committee

The Board Social and Ethics Committee, as a statutory committee constituted in terms of section 72 read with regulation 43 of the Companies Act 71 of 2008, as amended, ensured that the Board and management of the Corporation considered stakeholder interests, maintained positive stakeholder relations, embedded an ethical culture, acted responsibly, managed significant reputational risks and ensured the IDC remained a good corporate citizen.

The IDC's financing activities and associated social impacts have a measurable impact on stakeholders. As a result, the committee monitored the impact of such activities on the Corporation's performance.

Composition and attendance

During the year under review, the committee comprised six members, four non-executive directors and two divisional executives, namely the General Counsel and the Divisional Executive: Strategy and Corporate Affairs. The CEO, Chief Operating Officer and Chief Risk Officer are permanent invitees to committee meetings.

The committee held eight meetings, two of which were special meetings. The table below depicts the members' attendance:

Members	Scheduled meetings	Special meetings
Adv ND Orleyn (Chairperson)	5/6	2/2
Dr N Zalk*	3/3	-
PM Mthethwa	5/6	1/2
A Kriel	6/6	2/2
T Legodi	6/6	2/2
D Jarvis	6/6	2/2

**Resigned on 31 July 2023*

The committee monitors the implementation of the approved code of ethics and conflict of interest policy to ensure that ethics are adequately governed and managed. During the year under review, it considered amendments to the conflict of interest policy and recommended it to the Board for final approval.

Activities and focuses

During the period under review, the committee diligently executed its mandate, reviewing its terms of reference and recommending them to the Board for approval. It also approved and revised the annual workplan. An annual review of the committee's performance was conducted, the findings of which were noted and submitted to the Board.

The committee's discussions were often centred on fostering an ethical culture in the organisation. This was evidenced by its examination of 14 forensic investigation reports concerning allegations of unethical behaviour, with the majority pertaining to external affairs. The committee also addressed 13 submissions from the Tip-offs Anonymous service, indicating a vigilant stance on internal and external integrity.

The committee applauded the rollout of training sessions to raise awareness of fraud, cybercrime, anti-money laundering and corruption prevention. These sessions underscore the IDC's unwavering commitment to maintaining a culture of integrity. Moreover, the committee acknowledged the firm actions taken by management in response to negative findings against implicated parties, which included delinquency listings, disciplinary actions, referrals to law enforcement, civil litigations and notifications to professional entities where appropriate.

In the realm of employee relations, the committee took note of a landmark three-year agreement with the Public Servants Association of South Africa, covering all bargaining unit employees from 2022/23 to 2025/26. This agreement is a testament to the Corporation's ongoing efforts to negotiate in good faith and sustain a constructive relationship with the the association. Despite progress, some management decisions led to disagreements, resulting in the association initiating a dispute that is currently under the purview of the Commission for Conciliation, Mediation and Arbitration.

The committee also took charge of managing reputational risks, giving the green light for the disclosure of IDC-funded business partners and scrutinising those linked to politically exposed persons. Additionally, it reviewed a report on reputationally sensitive issues involving 20 IDC clients.

Following a decline in the Corporation's B-BBEE rating from a level 2 B-BBEE contributor in 2020/21 to a level 5 contributor in 2021/22, the committee endorsed management's strategy to enhance performance. The committee noted that this intervention led to an improvement, with the IDC achieving a level 4 contributor rating in 2022/23.

The committee's oversight extended to social investment endeavours, acknowledging the approval of funds amounting to R38.4 million, poised to benefit more than 22 000 individuals across all provinces. It also reviewed the IDC's humanitarian efforts in response to natural disasters and outbreaks, reflecting the organisation's commitment to social responsibility.

Furthermore, the committee examined the IDC's ongoing role as the implementer of SEF, part of the Presidential Employment Stimulus. For 2023/24, SEF disbursed R966 million to 35 public benefit organisations, resulting in 58 957 job opportunities.

The committee further noted that since its inception, SEF has facilitated 89 000 job opportunities and disbursed R1.4 billion, with a social return of R2 for every R1 invested. Implementing partners mobilised an additional R67 million.

The committee proposed an updated responsible investment policy for Board approval, highlighting the adoption of sustainability screening tools for transactions in the fossil fuel sector. These tools are designed to identify ESRG risks and opportunities, including the anticipated impact on sustainability.

The committee approved a discussion paper outlining the IDC's role in the just transition, emphasising the development of sustainable industries and support for entrepreneurs.

Progress in client experience management was noted, with improvements in addressing complaints related to service delays and communication.

Additionally, the committee noted the IDC's 78 formal stakeholder engagements that profiled and reinforced the Corporation as a DFI. While the reputation score was not part of the KPIs for the year under review, the committee noted interim measures adopted to track the Corporation's reputation.

The committee is satisfied it fulfilled its responsibilities for the reporting period.

Adv ND Orleyn
Board Social and Ethics Committee Chairperson
31 July 2024

Board Human Capital and Nominations Committee

The Board Human Capital and Nominations Committee is a standing committee of the Board, established to assist the Board with oversight of the implementation of the approved remuneration philosophy, human capital policies, plans and performance goals for the Corporation. The committee also oversees the nomination of directors and the nomination of non-executive directors to key IDC subsidiaries and major investee companies.

Composition and attendance

During the year under review, the committee comprised five non-executive directors, including the Board Chairperson. The CEO and the Divisional Executive: Human Capital are permanent invitees to committee meetings.

The committee held 10 meetings, five of which were special. The special meetings requested by management were scheduled to:

- Review the committee annual workplan and the Board evaluation report
- Review the 2022/23 corporate performance and executive performance ratings
- Approve short-term and long-term incentives
- Approve incentives payable to employees
- Receive the culture transformation report.

The table below details members' attendance

Member	Scheduled meetings	Special meetings
BA Dames (Chairperson)	5/5	4/5
BA Mabuza	5/5	5/5
A Kriel	4/5	4/5
Adv ND Orleyn	2/5	3/5
B Godsell	3/5	5/5

Activities and focuses

The committee reviewed its terms of reference for approval by the Board and reviewed and approved its annual workplan. It considered the human capital strategic priorities for 2023/24 and a report on performance concerns about the agro-processing and agriculture unit relative to the market opportunity.

During the year, the committee initiated the process to fill the vacant position of Divisional Executive: Mining, Metals, Infrastructure and Energy. It also constituted a recruitment panel to lead the search for a candidate to fill the CEO vacancy. Additionally, it provided guidance to management on human capital policies, focusing on talent attraction, retention, development and motivation. This included succession planning for executive management roles and addressing expiring executive employment contracts.

Employment equity progress was reviewed against the three-year employment equity plan and reported to the Department of Employment and Labour.

Guidance and input were provided on the culture transformation project that started in 2022 to enhance the Corporation's ways of working. The Corporation was also advised on its performance targets and their alignment to the dtic's revised outcomes.

Annual salary adjustments and incentives for staff and executives were assessed and approved in line with the remuneration philosophy. In addition, a special intervention to retain critical skills was approved by the committee.

In terms of its responsibility for performance management, the committee reviewed the corporate plan targets and recommended them to the Board for approval.It also assessed the Corporation's performance against full-year targets for 2023/24, including how transactions contributed to its performance against KPIs. It also reviewed the corporate performance targets for 2024/25 to 2026/27.

The 2023/24 performance ratings of executives, including the CEO, were reviewed and approved and a deep dive was conducted on the 2022/23 corporate performance.
The committee received evaluations of the effectiveness of the Board and committees conducted by an external party and recommended them to the Board for noting. It also assisted the Board to develop a remedial action plan informed by the findings of the evaluation. The nomination of directors to the boards of IDC subsidiaries was approved. An evaluation of the effectiveness of external credit committee members was received.

Future focus

The Board recruitment panel finalised its robust search for a CEO and made its recommendations to the Board, which, in turn, submitted these to the shareholder representative. The Board will prioritise further engagements with the shareholder representative to to conclude the recruitment process.

During 2024/25, the committee will finalise the recruitment of vacant divisional executive positions and of the Chief Operations Officer. The committee will liaise with the shareholder representative on Board succession management. It will study management's proposal for retaining key and critical skills, reviewing the IDC remuneration philosophy to ensure that it is fit for purpose.

The committee will also oversee the ongoing review of culture transformation work that will lead to improved staff engagement levels and high performance, while monitoring the culture shifts that have taken place.

The committee is satisfied that it fulfilled the responsibilities in its terms of reference for the reporting period.

BA Dames
Board Human Capital and Nominations Committee Chairperson
31 July 2024

CHIEF FINANCIAL OFFICER'S REPORT

"Our results reflect our resilience in a challenging operating environment, with a good performance in loans and advances. The figures are also testament to the effort of our teams, whose commitment and extra-mile attitude are commendable."

Performance overview

The South African economy during 2023 was characterised by materially lower commodity prices, which had a profound effect on the IDC group's performance. Headwinds such as infrastructure-related constraints (the worst electricity-supply interruptions on record), rail network failures and port inefficiencies, worsening domestic and international demand and challenging trading conditions further affected economic growth.

Against this backdrop, the IDC group struggled, particularly with its investments in the mining and metals sectors. Hence, our revenue, profit and disbursements were lower than in the prior year. Group profit decreased to R7.8 billion against the R10.7 billion of the previous year and revenue was down from R26.6 billion to R24.3 billion. As can be seen in the statements of financial position on page 107, these results reflect our resilience in a challenging operating environment, with a good performance in loans and advances. The figures are also testament to the effort of our teams, whose commitment and extra-mile attitude are commendable.

Our financial performance is attributable largely to dividend income from our listed and unlisted strategic investments and robust collections. Our operating costs were up by 23.8% due mainly to staff costs and inflationary headwinds during the year under review.

The value of disbursements also declined, with R15.9 billion on-balance sheet disbursed against R17.8 billion in the previous year. The Corporation continued to maximise its development impact through job-creation initiatives, while contributing to an inclusive economy by, among others, funding of black-owned and -empowered companies, black industrialists, women, and youth-owned enterprises.

STATEMENTS OF FINANCIAL POSITION

Figures in Rand million	Group		Company	
	2024	2023 Restated#	2024	2023 Restated#
Assets				
Cash and cash equivalents	12 548	11 657	8 016	7 218
Short-dated investments	1 100	250	1 100	250
Derivative financial instruments assets	3	-	-	-
Trade and other receivables	2 989	2 881	841	514
Inventories	2 249	3 157	2	2
Current tax receivable	734	319	677	307
Lease receivable	436	389	-	-
Loans and advances	40 647	38 865	45 914	45 104
Investment securities	52 458	57 857	43 980	44 156
Non-current assets held for sale and assets of disposal groups	-	1 398	-	-
Investments in subsidiaries	-	-	24 155	28 503
Investments in associates	26 863	28 994	25 983	30 629
Deferred tax asset	8 036	6 736	5 665	4 845
Investment property	308	280	26	22
Property, plant and equipment	6 444	6 442	39	33
Right-of-use assets	60	60	272	314
Intangible assets	33	35	23	30
Total Assets	**154 908**	**159 320**	**156 693**	**161 927**
Equity and Liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital	1 393	1 393	1 393	1 393
Reserves	49 851	56 354	60 647	69 385
Retained income	57 467	51 738	38 175	30 794
Non-controlling interest	(136)	(224)	-	-
Total Equity	**108 575**	**109 261**	**100 215**	**101 572**
Liabilities				
Bank overdraft	202	133	-	-
Derivative financial instruments liabilities	6	6	-	-
Trade and other payables	8 005	8 298	819	1 082
Lease liabilities	76	69	370	400
Current tax payable	-	523	-	521
Retirement benefit obligation	330	319	186	179
Liabilities of disposal groups	-	603	-	-
Borrowings	28 513	30 720	45 689	47 055
Deferred tax liability	8 586	8 492	9 078	10 560
Financial guarantees	216	399	299	521
Provisions	399	497	37	37
Share-based payment liability	-	-	-	-
Total Liabilities	**46 333**	**50 059**	**56 478**	**60 355**
Total Equity and Liabilities	**154 908**	**159 320**	**156 693**	**161 927**

Refer to note 36 in the annual financial statements 2024 document.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The statements of profit or loss below show that the company performed admirably, with an encouraging increase in profit.

Figures in Rand million	Group		Company	
	2024	2023 Restated#	2024	2023 Restated#
Continuing operations				
Revenue	16 593	20 048	6 229	8 147
Interest income	7 755	6 509	7 907	6 715
Total Revenue	**24 348**	**26 557**	**14 136**	**14 862**
Finance costs	(3 141)	(1 316)	(3 054)	(1 067)
Other income	581	282	-	5
Profit/(loss) on financial assets	(4)	-	(4)	-
Profit/(loss) on financial assets classified as fair value through profit or loss	(102)	(1 151)	(236)	(786)
Expected credit losses on financial assets	(1 563)	(3 791)	920	(3 296)
Financial assets written off	(1 594)	(1 223)	(1 594)	(1 222)
Operating expenses	(14 420)	(12 438)	(2 679)	(2 270)
Operating profit/(loss)	**4 105**	**6 920**	**7 489**	**6 226**
Share of profit of associates	2 553	3 830	-	-
Profit (loss) before taxation	**6 658**	**10 750**	**7 489**	**6 226**
Taxation	100	(305)	(108)	(298)
Profit/(loss) for the year from continuing operations	**6 758**	**10 445**	**7 381**	**5 928**
Profit/(loss from discontinued operations	68	224	-	-
Profit/(Loss) on loss of control	1 010	-	-	-
Profit/(loss) for the year	**7 836**	**10 669**	**7 381**	**5 928**
Other comprehensive income/(loss):				
Items that will not be reclassified to profit or loss:				
Remeasurements on net defined benefit liability/asset	14	28	15	25
Fair value movements on equity instruments	(4 741)	(18 983)	(10 574)	(14 602)
Share of comprehensive income of equity-accounted investments	(1 220)	2 784	-	-
Income tax relating to items that will not be reclassified	645	2 957	1 821	1 723
Total items that will not be reclassified to profit or loss	**(5 302)**	**(13 214)**	**(8 738)**	**(12 853)**
Items that will be reclassified to profit or loss:				
Exchange differences on translating foreign operations	(1 201)	1 876	-	-
Total items that will be reclassified to profit or loss	**(1 201)**	**1 876**	**-**	**-**
Other comprehensive (loss)/income for the year net of taxation	(6 503)	(11 338)	(8 738)	(12 853)
Total comprehensive income for the year	**1 333**	**(669)**	**(1 357)**	**(6 925)**
Profit/(loss) for the year attributable to:				
Owners of the parent	7 748	9 996	7 381	5 928
Non-controlling interest	88	673	-	-
	7 836	**10 669**	**7 381**	**5 928**
Total comprehensive income/(loss) for the year attributable to:				
Owners of the parent	1 245	(1 343)	(1 357)	(6 925)
Non-controlling interest	88	674	-	-
	1 333	**(669)**	**(1 357)**	**(6 925)**

 # Refer to note 36 in the annual financial statements 2024 document.

STATEMENTS OF CASHFLOWS

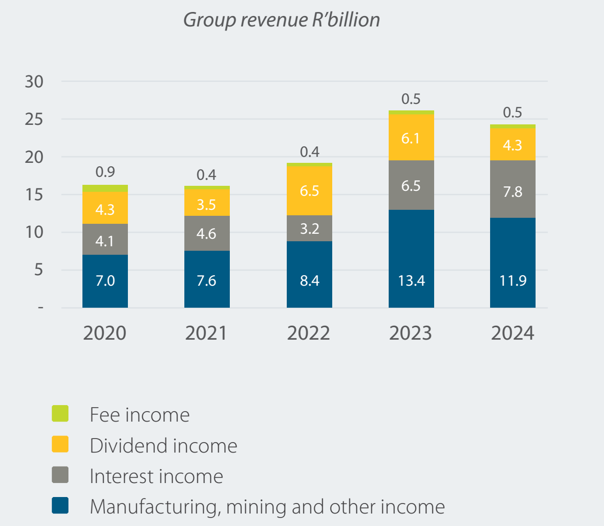
Although cashflows for the year were constrained given the difficult economic conditions, cash positions improved for the company. The decline in dividends was expected in the circumstances.

Figures in Rand million	Group		Company	
	2024	2023 Restated#	2024	2023 Restated#
Cashflows from operating activities				
Cash (used in)/generated from operations	(3 609)	(7 171)	(4 513)	(8 588)
Interest received	3 599	2 391	4 007	2 605
Dividends received	5 974	8 803	5 335	7 647
Interest paid	(2 647)	(2 609)	(2 045)	(2 337)
Tax (paid) refunded	(1 449)	(87)	(1 421)	-
Net cash from operating activities	**1 868**	**1 327**	**1 363**	**(673)**
Cashflows from investing activities				
Purchase of property, plant and equipment	(693)	(605)	(28)	(16)
Purchase of intangible assets	(7)	(11)	(5)	(9)
Purchase of right-of-use assets	-	(98)	-	-
Acquisition of investments	(42)	-	(187)	-
Proceeds on realisation of investments	588	-	581	-
Acquisition of short-dated investments	(2 323)	(982)	(2 323)	(982)
Proceeds on realisation of short-dated investments	1 473	732	1 473	732
Net cash from investing activities	**(1 004)**	**(964)**	**(489)**	**(275)**
Cashflows from financing activities				
Repayments of lease liabilities	(32)	(31)	(65)	(8)
Net cash from financing activities	**(32)**	**(31)**	**(65)**	**(8)**
Total cash movement for the year	**832**	**332**	**809**	**(956)**
Cash at the beginning of the year	11 524	11 638	7 218	8 196
Expected credit loss on cash and cash equivalents	(11)	(22)	(11)	(22)
Non-current assets held for sale	-	(424)	-	-
***Total cash at end of the year**	**12 345**	**11 524**	**8 016**	**7 218**

** Includes bank overdraft at group level.*
 # Refer to note 36 in the annual financial statements 2024 document.

Group revenue

Group revenue decreased by 8.3%, from R26.6 billion during 2022/23 to R24.3 billion in 2023/24. This was due mostly to the reduction in revenue from non-repeat of a once-off special dividend of R1.4 billion and poor performance of subsidiaries that resulted in lower dividend income. Also contributing to the decrease in group revenue was the constrained environment in manufacturing and mining, which decreased income. Listed investments contributed R3.5 billion (54%) of the R6.5 billion dividends, with the remaining dividends coming from unlisted investments. Interest income improved due to a growing loan book and higher interest rates.



Subsidiary and associate performance

The group experienced a modest return of R2.6 billion following last year's generous R3.8 billion profits from equity-accounted investments. This emanates from the IDC's share in its investments of between 20% and 50%.

- Foskor's revenue decreased by 13.3% to R10.1 billion in 2023/24, with profit of R366 million down from R2.8 billion in 2022/23. This was due to factors including higher operating costs, which lowered the gross profit margin, dips in production and lower efficiency.
- The Small Enterprise Finance Agency recorded a loss of R104 million, a reduction of its existing loss of R228 million. The agency continues to grapple with high impairment levels of R704 million, up from R594 million in 2022/23.
- Reduced revenue and greater production costs saw Prilla make a loss of R145 million in 2023/24, compounding the previous year's R75 million loss.

Non-performing loans, impairments and write-offs (group)

We continue to address the quality of loans on the book to lower impairments and write-offs, and to attract good-quality loans that will be repaid. The non-performing loan ratio remains high despite improvements in recent years.

Management strives to continuously reduce impairment risk and optimise the balance sheet. This is evidenced by the improved impairments provision in 2023/24, a decline from R23.7 billion in 2022/23 to R21.7 billion, with a slightly improved impairment ratio of 36.4% compared to 37.5% in 2022/23. The biggest factor in impairment improvement was a significant write-off that resulted in a derecognition of assets and an expected credit loss release of R2.3 billion relating to IDC company.

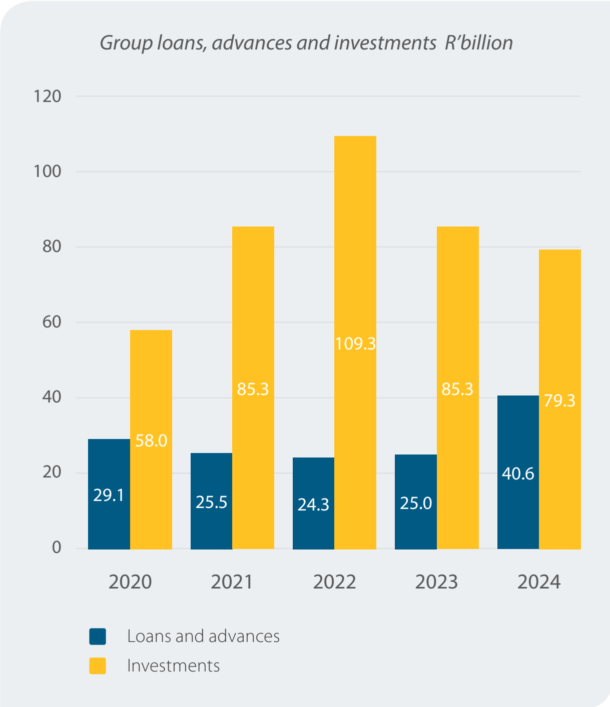
The performance in write-offs was attributable to the drive to improve the sustainability of distressed assets in the loan book.

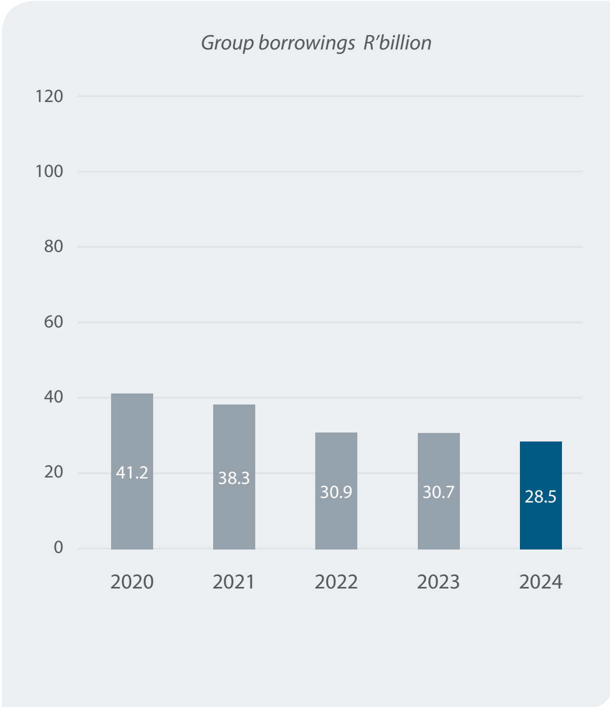
Assets without reasonable prospects of sustainable turnaround were either written down to realisable value and transferred to the IDC's recoveries, business rescue and insolvency team for action, partially settled with the balance written off or fully written off. This practice complies with International Financial Reporting Standards presentation principles and is in line with our accounting policies.

Drop in asset base

The asset base decreased by 3.2% to R156.7 billion (2022/23: R161.9 billion), primarily as a result of a decrease in the fair values of both listed and unlisted investments. Loans and advances increased by 1.8% to R45.9 billion (2022/23 R45.1 billion) owing to an improvement in the loss allowance.

Among the key drivers muting performance were the aforementioned disbursements of R15.9 billion in 2023/24 compared to R17.8 billion in 2022/23 and a R10 billion decrease in the fair value of listed and unlisted investments (shares). A decline in the share prices of listed equities reduced the value of investments to R32.0 billion (2022/23: R33.6 billion). The group has significant exposure to the resources sector and is exploring initiatives to diversify its portfolio and mitigate volatility from share prices.





The top three listed investments decreases were Sasol (R4.3 billion), South 32 (R511 million) and BHP (R400 million). The decline in Sasol fair value was due mainly to weaker brent crude oil and petrochemical prices, production challenges and underperformance of Transnet and Eskom, which resulted in lower sales volumes. South 32 fair value was negatively affected by lower commodity prices, lower sales volumes and increased input costs. BHP's share price declined marginally due mainly to lower commodity prices (iron ore, metallurgical coal and copper).

Debt funding (borrowings)

The review year was characterised by sufficient liquidity due to healthy collections and dividend inflows. Thus, debt raising was minimal, consisting of new funding and drawing from a long-term committed facility.

New debt of R3.2 billion was raised in 2023/24, with R2 billion from local banks and R1.2 billion from foreign banks. Of this, R204 million was drawn from a long-term committed facility.

These funds were raised through bilateral loan arrangements. Total borrowings decreased by a net R2.3 billion (7.3%) in 2023/24 compared to the previous year, due primarily to the redemption of maturing debt of R6.6 billion. This included public bonds of R4.9 billion and other amortising debt.

The debt/equity ratio was 46% (2022/23: 45%), reflecting a resilient and sustainable balance sheet despite a reduction in reserves. This ratio is well within the IDC sustainability guideline of 60%.

The IDC aims to diversify its funding sources. This strategy is guided by prevailing market conditions, pricing and available liquidity in both domestic and international markets. Consequently, the Corporation continues to explore funding opportunities from new and traditional sources such as bond issuances, commercial banks, DFIs and public entities. These include Kreditanstalt fur Wiederaufbau, African Development Bank, Agence Francaise de Developpement and European Investment Bank.

Irregular expenditure

Irregular expenditure

Reconciliation of irregular expenditure

	Group		Company	
Figures in R'thousand	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Opening balance	21 634 300	14 054 428	26 550	23 305
Irregular expenditure incurred in the 2022/23 financial year but identified in the 2023/24 financial year	-	584	-	584
As restated	**21 634 300**	**14 055 012**	**26 550**	**23 889**
Irregular expenditure confirmed	5 940 513	7 579 288	6 512	2 660
Closing balance	**27 574 813**	**21 634 300**	**33 062**	**26 549**

a) Reconciling notes to the annual financial statement disclosure

	Group		Company	
Figures in R'thousand	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Irregular expenditure incurred in the 2022/23 financial year but identified in the 2023/24 financial year	-	584	-	584
Irregular expenditure for the current year	5 940 513	7 579 288	6 512	2 660
Total	**5 940 513**	**7 579 872**	**6 512**	**3 244**

An amount of R584 131 was identified as irregular expenditure incurred in 2022/23 but was identified in the 2023/24 financial year.

b) Details of current and previous year irregular expenditure (under assessment, determination and investigation)

	Group		Company	
Figures in R'thousand	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Irregular expenditure under assessment	231	-	231	-
Total	**231**	**-**	**231**	**-**

The expenditure under assessment relates to work done in excess of the approved panel allocation.

c) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

	Company	
Figures in R'thousand	**2023/24**	**2022/23**
Non-compliance with certain aspects of procurement policy. Appropriate warning has been issued and relevant training has been provided.	2 660	2

IDC group incurred R5.9 billion in irregular expenditure for 2023/24 (2022/23 R7.6 billion) the major contributors being:

1. **Foskor's** irregular expenditure amounting to R5.7 billion results from its misaligned procurement policy, strategy and procedures to the PFMA, PPPFA and related regulations.
   - The procurement policy, which is aligned to the PFMA and PPPFA, was approved by the Foskor board in November 2023.
   - Main non-compliance aspects:
     - Not having relevant (in line with regulation) documentation/processes for deviations, namely emergency spend, OEM spend, breakdown expenditure etc
     - Contract extensions exceeding time and value limits compared to the initial award.

2. **Grinding Media SA** declared R206.2 million in the first quarter. However, as of July 2023, Grinding Media was no longer an IDC subsidiary.

3. **Prilla 2000 (Pty) Ltd**, which spent R34 million on procurement of specific parts (OEM) from sole suppliers, import of cylindrical paper cones and related packaging (material for yarn and imported yarn bought from sole supplier).

4. **Lodox**, which spent R7.7 million on machine components from a supplier whose contract had expired.

5. **IDC company** incurred R6.5 million because the contract of a service provider was extended without budget approval.

IDC continues to support its subsidiaries in their efforts to comply with the PFMA as they pursue the alternative solutions suggested by National Treasury (such as enhancement of procurement policies to include variations unique to the subsidiary).

Outlook

The IDC is cognisant of differing export market dynamics and urges its business partners to position themselves strategically. This requites them to shift focus markets where there's weaker demand and subdued growth while exploring market access opportunities in those with more robust growth.

Improving growth in global trade for goods and services should support demand for South African exports. However, increasing manufacturing capacity in Asian countries will heighten competitive pressures in export markets. Increasing productivity, reducing input and operating costs and raising economies of scale are essential to gain and maintain international stature.

Rising trade barriers prompted by protectionist policies, sanctions or climate change are set to increase friction in global trade. This reinforces the importance of diversifying export markets.

The IDC will continue to explore investment opportunities in critical minerals linked to renewable energy and new energy vehicles. The Corporation will continue to support broader mining activities to ensure that companies manage input costs and contribute to sustainability.

Finally, the Corporation will continue to monitor elevated geopolitical tensions, mindful of the significant unforeseen movements in commodity and financial markets they could bring.

Our financial position remains strong and our gearing ratio consistent, which enable us to fulfil our developmental mandate. The Corporation can borrow from capital markets and has listed and legacy investments that are generating substantial returns.

Appreciation

I acknowledge the sterling contribution of the financial management team and its fellow IDC teams, whose hard work in the year under review enabled us to record results that were commendable given the forces at play in our environment. My gratitude and appreciation go to the chairman of the Board, the Board Audit Committee and all Board members for their continued support and guidance.

Isaac Malevu
Chief Financial Officer

Independent auditors' sustainability assurance report

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

To the Directors of Industrial Development Corporation of South Africa Limited

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected sustainability key performance indicators (KPIs), as described below, and presented in the Integrated Report of the Industrial Development Corporation of South Africa Limited (IDC) for the year ended 31 March 2024 (the Report).

This engagement was conducted by a multi-disciplinary team including specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected key performance indicators (KPIs). The selected KPIs described below have been prepared in accordance with IDC's reporting criteria and the reporting boundary is IDC's operations.

Perspective Material issues	Focus areas	Key performance indicator
Organisational capabilities	i) Achieve efficiencies in terms of end-to-end deal process to meet desired service standards and deliver the right products and solutions to clients.	i1) Customer satisfaction index (scale of 1 to 10)
		i2) Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions and 180 business days for complex transactions (excluding projects, time waiting for client and days between ECIC approval and BIC/Board submissions).
Strategic positioning and stakeholder alignment	j) Enhance IDC's reputation and build trust amongst its stakeholders.	j) Reputation survey score (scale of 1 to 100)
Socio-economic development		Number and value of Social and Solidarity Economy Enterprises and initiatives funded.
		Number of workers' and community trusts.
		GHG determination in accordance with the GHG protocol.
Human Capital		Talent retention (voluntary turnover rate of individuals in critical roles).
		Leadership index (360 leadership survey).
Governance, Risk and Compliance		Communication and training on anti- corruption policies and procedures.
		A process is in place for annual on-line staff declarations and analysis of results.*

*KPIs not assured in prior year.

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying IDC reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw on, this allows for the selection of certain different but acceptable measurement techniques, which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision thereof may change over time. It is important to read the report in the context of the reporting criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included an examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). Nexia SAB&T applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' Responsibilities

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of IDC's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Performed a controls walkthrough of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs; and
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at IDC.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether IDC's selected KPIs have been prepared, in all material respects, in accordance with the accompanying IDC reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained and subject to the inherent limitations outlined in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 March 2024 are not prepared, in all material respects, in accordance with the accompanying IDC reporting criteria.

Other matters

Our report includes the provision of limited assurance on the KPIs which we were not previously required to provide assurance on. These KPIs are indicated in the table above relating to the subject matter.

The KPIs have been presented in a tabular format for ease of reference. The comparatives have however not been included as the definitions for some of the KPIs previously audited have been amended.

The maintenance and integrity of the IDC's Website (www.idc.co.za) is the responsibility of the directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent limited assurance report that may have occurred since the initial date of its presentation on IDC website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the directors of IDC in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than IDC, for our work, for this report, or for the conclusion we have reached.

Nexia SAB&T

Ayisha Ramasike
Chartered Accountant (SA)
Registered Auditor
Director
31 July 2024

119 Witch-Hazel Ave
Highveld Techno Park
Centurion

INDICATORS AND AUDIT OUTCOMES FOR INFORMATION AUDITED AS PART OF THE AUDIT OF PERFORMANCE INFORMATION AND SUSTAINABILITY AUDITS

Perspective	Performance indicator	Achieved
Development effectiveness RA	a) Total investment flows facilitated (R'm) (a1+a2+a3)	51 727
	a1) Value of on-balance sheet funding disbursed (R'm)	15 856
	a2) Value of off-balance sheet funding disbursed (R'm)	2 796
	a3) Value of leveraged funding committed by other funders (R'm)	33 075
	b1) Total funds committed and facilitated in support of transformation (Aggregate comprised of i) IDC own funds, ii) off-balance sheet funds and iii) leveraged/ catalysed funds). Transformation is broadly defined to include funding for Black Industrialists, black-owned companies, companies with broad-based ownership, trade union owned entities, women-entrepreneurs, and youth-entrepreneurs (R'm)	22 292
	b1.1) Black Industrialists	10 043
	b1.2) Black-owned businesses	13 020
	b1.3) Women-entrepreneurs	11 437
	b1.4) Youth-entrepreneurs	456
	b2) Growth in value of sales for manufacturing companies in IDC's portfolio (%)	2.8%
	b3) Total: Industry Master Plans and IDC Industry Priorities (R'm)	41 184
	b4.1) Total funds committed and facilitated to improve spatial equity (investment outside 6 main metro municipalities[1]) (R'm)	35 775
	b4.2) Total funds committed and facilitated for businesses in SEZs (including economic infrastructure projects that enable SEZs (e.g. energy supply, logistics, water) (R'm)	217
	b5) Total funds committed and facilitated for SMEs (R'm)	3 055
	b6) Number of workers that will gain a level of shareholding in their companies through direct or indirect structures in approved transactions (Number)	2 589
	b7) Generating capacity for electricity generation projects approved, including utility scale and small-scale embedded generation (MW)	1 521
	b8) Increase in exports generated for intra-regional and global trade through funds committed (R'm)	5 431
	c) Number of jobs expected to be created/saved from committed funds (Number)	17 826
	d) Investment value of projects that graduated from preparation to the investment phase (R'm)	3 719
Financial sustainability RA	e1) Impairment ratio (total book) (%)	36.4%
	e2) Non-performing loans (NPLs) (%)	26.3%
	e3) Achieve critical milestones in the turnaround plans for Cast Products, SA, Grinding Media, SA, Foskor, and Kalagadi Manganese	Milestones per Corporate plan Not Achieved on Average
	e4) Risk profile of the portfolio (predominantly medium risk portfolio)	55.0%
	f) Appreciation in carrying value of unlisted investments (excluding listed assets) (y-o-y; %)	-11.6%
	g) Growth in the value of reserves (y-o-y; %)	-2.8%

INDICATORS AND AUDIT OUTCOMES FOR INFORMATION AUDITED AS PART OF THE AUDIT OF PERFORMANCE INFORMATION AND SUSTAINABILITY AUDITS

Perspective	Performance indicator	Achieved
Organisational capabilities LA	h) Culture entropy score	Not applicable for 2023/24
	i1) Customer satisfaction index (scale of 1 to 10)	7.7
	i2) Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions and 180 business days for complex transactions (excluding projects, time waiting for client and days between ECIC approval and Board Investment Committee/Board submissions)	59.2%
Strategic positioning and stakeholder alignment LA	j) Reputation survey score (scale of 1 to 100)	Not applicable for 2023/24
Socio-economic development LA	Number and value of social and solidarity economy enterprises and initiatives funded	18 totalling R78 607 250
	Number of worker's and community trusts	8**
	GHG determination in accordance with the Greenhouse Gas Protocol	IDC has initiated the internal process of accounting for financed emissions focusing on business partners which include subsidiaries, listed entities, equity exposures and loan book business partners with an exposure threshold of R50 million and above for the calendar year 2023 (1 January to 31 December 2023). However, these are not yet disclosed publicly as processes and engagements are still being put in place.
Human Capital LA	Talent retention (voluntary turnover rate of individuals in critical roles)	5.11%
	Leadership index (360 leadership survey)	Average 3.8
Governance Risk and Compliance LA	Communication and Training on anti-corruption policies and procedures	512 employees (58% of staff) received training.
	A process is in place for annual online staff declarations and analysis of results	Process is in place

** Consisting of five new trusts established in the period under review and three existing trusts.

ACRONYMS

AfCFTA	African Continental Free Trade Area
B-BBEE	Broad-based black economic empowerment
CEO	Chief Executive Officer
CO_2e	Carbon dioxide equivalent
CSI	Corporate social investment
CTFL	Clothing, textiles, footwear and leather
DFI	Development finance institution
the dtic	Department of Trade, Industry and Competition
ESRG	Environmental, social, resilience and governance
FICA	Financial Intelligence Centre Act
GDP	Gross domestic product
IDC	Industrial Development Corporation
IFRS	International Finance Reporting Standards
IT	Information technology
JSE	Johannesburg Stock Exchange
MCEP	Manufacturing Competitiveness Enhancement Programme
NDP	National Development Plan
OEM	Original equipment manufacturers
PFMA	Public Finance Management Act
PIP	Prominent influential person
PPPFA	Preferential Procurement Policy Framework Act
SDG	Sustainable Development Goal
seda	Small Enterprise Development Agency
SEF	Social Employment Fund
SME	Small and medium enterprise

CONTACT INFORMATION

Head office

Gauteng	19 Fredman Drive, Sandown 2196 PO Box 784055, Sandton 2146 Tel: 011 269 3000 | Fax: 011 269 3116 | Email: callcentre@idc.co.za

Regional offices

Eastern Cape	
East London:	2nd Floor Block B, Chesswood Office Park, Winkley Street, Berea, East London PO Box 19048, Tecoma 5214 Tel: 043 721 0733/4 | Fax: 043 721 0735 | Email: eceast@idc.co.za
Gqeberha:	Southern Life Gardens, Block A (Ground) 70 2nd Avenue, Newton Park, Gqeberha PO Box 27848, Greenacres, Gqeberha 6057 Tel: 041 363 1640 | Fax: 041 363 2349 | Email: ecwest@idc.co.za
Free State	
Bloemfontein:	No 10 Barnes Street, 2nd floor, Westdene, Bloemfontein Private Bag X11, Suite 25, B hof 9324 Tel: 051 411 1450 | Fax: 051 447 4895 | Email: fs@idc.co.za
KwaZulu-Natal	
Durban:	Suite 2101, 21st Floor, The Embassy Building, 199 Anton Lembede Street, Durban PO Box 2411, Durban 4000 Tel: 031 337 4455 | Fax: 031 337 4790 | Email: kzn@idc.co.za
Pietermaritzburg:	1st Floor, ABSA Building 15 Chatterton Road, Pietermaritzburg PO Box 2411, Durban 4000 Tel: 033 328 2560 | Fax: 033 342 5341 | Email: kzn@idc.co.za
Limpopo	
Polokwane:	1st Floor, Baobab Office Park, cnr Munnik Avenue and Range Entrance Road, Polokwane Postnet Suite 422, Private Bag X9307, Polokwane 0699 Tel: 015 299 4080/4099 | Fax: 015 295 4521 | Email: lp@idc.co.za
Mpumalanga	
Mbombela:	Maxsa Building, 15 Ferreira Street, Suite 702, 7th Floor, Mbombela PO Box 3724, Mbombela 1200 Tel: 013 752 7724 | Fax: 013 752 8139 | Email: mp@idc.co.za
Northern Cape	
Kimberley:	Sanlam Business Complex, 13 Bishops Avenue, Kimberley 8301 PO Box 808, Kimberley 8300 Tel: 053 807 1050 | Fax: 053 832 7395 | Email: nc@idc.co.za

North West

Rustenburg:	Suite 16, New Heights Office Park, 67 Brink Street, Rustenburg Postnet Suite 290, Private Bag X82245, Rustenburg 0030 Tel: 014 591 9660/1 | Fax: 014 592 4485 | Email: nw@idc.co.za
Brits:	Suite 108, Safari Centre, 28 Van Velden Street, Brits 0250 Tel: 012 252 0008 | Fax: 012 252 4657 | Email: nw@idc.co.za
Mahikeng:	Postnet Suite 89, Private Bag X2230, Mahikeng 2791 Tel: 018 397 9942 | Email: nw@idc.co.za

Western Cape

Cape Town:	Office 2405, Foreshore Place, 2 Riebeeck Street, Cape Town PO Box 6905, Roggebaai 8012 Tel: 021 421 4794 | Fax: 021 419 3570 | Email: wc@idc.co.za

Satellite offices

Satellite offices are not permanently staffed and appointments must be arranged in advance.

Free State

Phuthaditjhaba:	Mapoi Road, Phuthaditjaba 9869 Tel: 051 411 1450
Welkom:	1 Reinet Street, Welkom 9460 Tel: 051 411 1450

Eastern Cape

Mthatha	Ground Floor, ECDC House, 7 Sisson Street, Fort Gale, Mthatha 5201 Tel: 047 504 2200 | Fax: 047 531 1587 | Email: ecwest@idc.co.za

KwaZulu-Natal

Richards Bay:	Suite 17, Partridge Place, cnr Lira and Tasselberry roads, Richards Bay 3900 Tel: 031 337 4455

Limpopo

Thohoyandou:	seda office: Old Mutual Building, Old Group Scheme Offices, Mphephu Road, Thohoyandou 7950 Tel: 015 299 4080
Tzaneen:	1st Floor Prosperitas Building, 27 Peace Street, Tzaneen (seda) 0850 Tel: 015 299 4080

Mpumalanga

eMalahleni:	23 Botha Avenue cnr Rhodes Street, Hi-Tech House, eMalahleni 1035 Tel: 013 752 7724
Secunda:	South Wing, Municipal Building Lurgi Square, Secunda 2302 Tel: 013 752 7724

North West

Klerksdorp:	Office 35, West End Building, 51 Leask Street, Klerksdorp 2571 Tel: 018 462 6586 | Fax: 018 462 5061
Vryburg:	Dr KK District Municipality Economic Agency, 83 Vry Street, Vryburg 8601 Tel: 053 927 0590 | Fax: 053 927 0590

Northern Cape

Upington:	De Drift Plaza, Block 6, Olyvenhoutsdrift Settlement, Louisvale Avenue, Upington 8800 Tel: 054 337 8600 | Fax: 054 334 0835 | Email: nc@idc.co.za

Western Cape

George:	Beacon Place, 125 Meade Street, George 6529 Tel: 021 421 4794

ADMINISTRATION

Directors

Executive
DA Jarvis[1]

Non-executive
Busisiwe Mabuza (Chairperson)
Brian Dames
Bobby Godsell
André Kriel
Dr Sizeka Magwentshu-Rensburg
Nomavuso Mnxasana
Philisiwe Mthethwa
Adv Thandi Orleyn
Susan Mangole (appointed to the Board effective 1 June 2024)

[1] DA Jarvis was appointed Interim CEO effective 1 October 2023.

Auditors

Deloitte (Johannesburg)
Nexia SAB&T (Pretoria)

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Group company secretary

Adv Maseapo Kganedi
Registration number:
1940/014201/06