



**INDUSTRIAL DEVELOPMENT CORPORATION
OF SOUTH AFRICA LTD**

Corporate Plan

2026/27 - 2028/29

April 2026

OFFICIAL SIGN - OFF

FOREWORD BY THE MINISTER

The 2026/27 Corporate Plan marks a pivotal step in the Industrial Development Corporation's (IDC) evolution into a more agile and catalytic development institution. It is a direct response to the Implementation Plan for Growth and Inclusion (GAIN), by translating government policy priorities into clear, implementable industry outcomes. The plan outlines a clear path to deepen industrialisation and build a more competitive, inclusive economy, while navigating a constrained fiscal environment.

The IDC is moving beyond a traditional lending model to position itself as a platform for industrial ecosystem development. Its strategic focus is rightly on future-facing, job-rich value chains, including critical minerals, green industries, and digital infrastructure. Equally important is the Corporation's emphasis on partnerships, leveraging blended finance and co-investment with the private sector to amplify development impact and crowd in capital.

Transformation through industrialisation remains a core priority, with a focus on expanding productive capacity for Black-owned, women-owned, and youth-owned enterprises. Furthermore, the IDC's ambition to become a continental integrator of industrial value chains will enable South African firms to access opportunities under the African Continental Free Trade Area (AfCFTA), thereby supporting our national objective of growing exports and building economic resilience.

As a key institution within the dtic family, the IDC's trajectory is firmly rooted in building a capable and developmental state. This plan reflects a mature understanding that achieving our goals requires institutional strength. The Corporation's commitment to internal transformation, digitalisation, and disciplined financial management is commendable and will ensure it remains a credible and trusted partner in executing our national economic priorities.

As the Executive Authority, I endorse this Plan confident it provides a robust framework for the IDC to make a significant and lasting contribution to our shared prosperity.

Mr Parks Tau, MP
Minister of Trade, Industry and Competition

Signature: 

Date: April 2026

BOARD CHAIRPERSON AND CHIEF EXECUTIVE OFFICER STATEMENT

The following Corporate Plan for the period **2026/27 – 2028/29** was prepared by the Management of the Industrial Development Corporation and approved by the Board for submission to the Shareholder on **27 February 2026**.

South Africa continues to navigate a complex and rapidly evolving industrial landscape. While there have been notable improvements in addressing energy and logistics constraints, these challenges persist and are being actively managed through the government's reform programme. This progress is set against a backdrop of subdued economic growth and intensifying global competition. At the same time, new opportunities are emerging across green industries, the digital economy, regional value chains and Africa's growing consumption and production markets. In this environment, the IDC remains resolute in fulfilling its mandate to drive transformative industrialisation, deepen economic participation and strengthen South Africa's long-term competitiveness.

Guided by the National Development Plan (NDP), the Medium-Term Development Plan (MTDP), and the industrial priorities of government, this **Corporate Plan outlines a strategy** that is **both ambitious and realistic**—one that reflects the IDC's financial constraints, responds to national development needs, and positions the Corporation for a more catalytic and partnership-led future. The IDC's role is evolving from being a traditional direct lender towards becoming a **platform for industrial ecosystem development, mobilising capital, partners and capability to unlock high-impact sectors and rebuild South Africa's industrial base**.

Our strategy for the planning period is anchored in the following strategic focus areas:

1. **Catalytic Industrialisation and Future Sectors**

Concentrating resources on competitive, future-focused and job-rich value chains—including critical minerals and battery manufacturing, green and circular industries, agro-industrial development, digital infrastructure, and the blue economy.

2. **Transformative and Inclusive Industrial Growth**

Expanding broad-based transformation by scaling black participation, black-owned enterprises, women- and youth-owned businesses, and deepening spatial inclusion. Transformation will be achieved through industrialisation—by growing productive, competitive and inclusive enterprises.

3. **A Partnership-Led Operating Model**

Positioning the IDC as a catalytic platform that convenes blended finance, works with intermediaries, co-invests with the private sector and DFIs, and strengthens collaborative industrial development across the state, academia, and global institutions.

4. **Regional Industrial Integration**

Advancing a consolidated Rest of Africa strategy focused on regional value-chain integration, export development, industrial infrastructure, and new sectors such as services and tourism—while leveraging the opportunities created by the African Continental Free Trade Area (AfCFTA).

5. **Financial Sustainability and Portfolio Management**

Ensuring disciplined capital allocation, realistic financial planning, responsible borrowing, and strengthened portfolio management to secure the long-term sustainability of the Corporation

6. **Organisational Excellence and Capability Building**

Investing in the IDC's people, culture and digital transformation to build a high-performance,

future-ready institution. This includes enhancing sector capability, leadership, operational efficiency, communication and staff engagement.

In executing this plan, the IDC is **committed to becoming a more agile, capable and digitally enabled organisation, underpinned by strong governance, operational excellence and a renewed performance culture.** Our focus will be on **improving impact, strengthening decision-making, accelerating turnaround times** and ensuring that the IDC remains a trusted, credible and future-oriented development partner.

The economic environment presents challenges, but also meaningful opportunities for South Africa's industrial renewal. With the support of our Shareholder Representative, the Board, our funders, clients and strategic partners, the IDC will continue to shape new industries, expand inclusive participation and contribute to building a more competitive, sustainable and inclusive economy for current and future generations.



MS MMAKGOSHI LEKHETHE
CHIEF EXECUTIVE OFFICER



MS GLORIA SEROBE
BOARD CHAIRPERSON

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1. EXECUTIVE SUMMARY

The Industrial Development Corporation (IDC) enters the **2025/26-2029/30** planning period operating within a constrained economic environment marked by low domestic growth, industrial decline, infrastructure bottlenecks and intensifying competition for capital. Structural constraints in energy, logistics and water remain the primary barriers to faster and more inclusive growth, requiring a **decisive and coordinated national response**. This Corporate Plan is framed by the **Implementation Plan for Growth and Inclusion (GAIN)**, which calls for a **"big bang" reform agenda** and a **relentless focus on execution**. These external pressures coincide with **balance-sheet limitations**, necessitating a **more disciplined, catalytic and partnership-driven approach** to industrial development. The Plan responds with a **sharpened strategic focus to future-proof the IDC, strengthen financial sustainability**, and position the IDC as a leader in **transformative industrialisation**.

The future IDC will **prioritise new, competitive and job-rich industries**, rather than sustaining **legacy sectors** at the expense of future growth. Capital and capabilities will be increasingly directed toward **future-looking sectors** prioritised in GAIN, including **critical minerals and battery value chains, green and circular industries, tourism and services, the digital and blue economy, agro-industrial expansion, and productivity-enhancing industrial infrastructure**. This shift places **competitiveness, scale, impact and sustainability** at the centre of IDC decision making.

Regarding **critical minerals**, the IDC is executing a **bi-directional value-chain strategy: resource-driven** (mining to precursor materials) and **market-driven** (battery manufacturing to upstream capabilities). Near-term priorities include **developing battery-grade precursor materials, laying the foundation for a 4–6 GWh gigafactory, supporting green steel (Direct Reduced Iron) projects, and deploying a Capital Equipment Plan** to supply mining capital goods across Southern Africa—positioning South Africa and the region as a **competitive hub in the global energy transition**.

To deliver this shift, the IDC will transition from a **single-lender model** to a **catalytic industrial development platform**. The Corporation will **mobilise partners, deploy blended finance, co-invest across value chains and extend reach through intermediaries**. Our **partnership-led model** prioritises five strategic alliance streams: (i) **public sector and SOE co-investments** (energy, freight rail, water), (ii) **multilateral and bilateral DFI collaboration** for blended finance and technical assistance, (iii) **academic and innovation ecosystems** to commercialise R&D, (iv) **channel and intermediary partners** to reach SMEs and rural businesses, and (v) **private sector consortia** for technology transfer and market access. This partnership-centred model reflects the **scale of South Africa's industrial challenge** and positions the IDC as a **primary financing partner for structural reforms in network industries**.

On **financial sustainability**, the IDC is actively developing **new blended finance models** and **leveraging external funding** to crowd in **catalytic capital**. This includes structuring **innovative vehicles** that combine IDC's balance sheet with **concessional and commercial funds**—particularly from **global capital markets, development finance institutions, and pension funds**—to **de-risk priority investments in infrastructure, green transitions, and critical minerals**. The Corporation is also evaluating the **issuance of Class B Shares** to **strengthen its capital structure and alleviate balance sheet pressures**, ensuring that **constrained public resources** are amplified through **strategic co-financing partnerships**.

The IDC will also evolve into a **continental integrator of industrial value chains**, enabling South African and regional firms to participate more effectively in **Africa's growth markets**. Our **Rest of Africa strategy** is built on three core pillars: **maximising local and regional development outcomes, co-investing with strategic equity and DFI partners, and applying sound transaction risk mitigation**. We are prioritising **SADC-linked regional value chains** in agro-processing (oil seeds, cocoa, aquaculture), mining and metals (lithium, copper, cobalt), chemicals (fertilisers, biofuels), automotive and e-mobility components, textiles (sustainable fabrics), tourism and services, and energy/infrastructure (renewables, green hydrogen). A **sectoral execution model** integrates continental activities within our Strategic Business Units, with **proactive country prioritisation** across Zambia, DRC, Angola, Ethiopia, Kenya, Rwanda, and all of South Africa's neighbours. These interventions directly support the GAIN objective to **grow exports beyond 40% of GDP by 2030**, leveraging **AfCFTA-enabled trade** to strengthen **export resilience and diversification**.

At the core of the IDC's future identity is its role as a **centre of excellence in transformative industrialisation**. **Transformation** is defined broadly to include **black industrialists and enterprises, broad-based ownership, women, youth and spatial inclusion**, consistent with the GAIN imperative to **build an inclusive economy**. Transformation will be achieved through **industrialisation** itself—by **expanding productive capacity, building competitive black-owned firms, catalysing new markets** and enabling **inclusive participation in high-growth value chains**.

Transformation is also **internal**. The IDC is building a **high-performance, digitally enabled, future-ready organisation**, strengthening **institutional capability**, investing in **future skills**, and embedding a culture of **accountability, transparency and delivery**. A **capable and responsive IDC** is central to the objective of **building a state that delivers**. **Digitisation** and **operational excellence** will improve **turnaround times, portfolio insight, risk management and client experience**.

The Corporate Plan is underpinned by a **realistic and aligned financial framework**, reflecting **capital constraints, a renewed risk posture** and the need for **careful prioritisation of catalytic investments**. Financial projections, capital allocation and borrowing assumptions have been aligned to **balance sheet realities**, reinforcing **financial discipline and sustainability** in a context of **limited fiscal space and elevated borrowing costs**. The Plan explicitly links **financial sustainability to amplified blended finance execution** and **external fund leveraging**, embedding these as **core enablers** of our developmental mandate. The Plan strengthens **portfolio management**, promotes **responsible borrowing** and rebuilds **institutional resilience to crowd in private capital**.

Over the **three-year horizon**, the IDC commits to **measurable progress** in:

- **Scaling future-growth, job-rich and competitive industries**, including through the **critical minerals value chain and continental integration**;
- **Building regional industrial value chains** across Africa to **expand exports**, leveraging **targeted partnerships** and a **sectoral execution model**;
- **Expanding transformative ownership and participation**, with emphasis on **youth and spatial inclusion**;
- **Deepening strategic partnerships** across public, private, DFI, academic and intermediary channels to **multiply impact**;

- **Increasing the mobilising of blended finance and external funding to amplify IDC’s capital base and reduce balance sheet pressure;**
- **Strengthening organisational capability and agility; and**
- **Enhancing operational efficiency, trust and transparency.**

Through these shifts, the IDC positions itself as a **more catalytic, competitive and inclusive industrial institution**, capable of **shaping markets, enabling new industries** and **building national and continental capability**, while ensuring that industrial development delivers **broad-based, sustainable economic progress**, aligned with the vision of the **Implementation Plan for Growth and Inclusion**.

2. CORPORATE IDENTITY

Purpose To drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region	Values Passion Partnership Professionalism
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CUSTOMER 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**.

The Industrial Development Corporation (IDC) of South Africa Limited was established in 1940 through an Act of Parliament (Industrial Development Corporation Act, No. 22 of 1940) and is fully owned by the South African Government. The IDC's priorities are aligned with the national policy direction as set out in the National Development Plan (NDP), Medium Term Development Plan (MTDP), industry Master Plans, and other relevant policies. The Corporation's mandate includes proactively maximising its development impact through driving an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region. At the same time, the IDC needs to ensure its long-term sustainability through prudent financial and human capital management, whilst safeguarding the natural environment and positioning itself as a forerunner in development finance in South Africa and the continent.

2.1. Group Financial Structure

IDC creates its value by funding entities that play a significant role in a range of productive value chains of the economy, resulting in majority and/or significant shareholding in some of these entities. Figure 1 shows the IDC Group structure in so far as its operational subsidiaries¹ and major associates². Listed in Figure 1 are material subsidiaries and associates in which IDC had an exposure of more than R500 million as of 31 March 2025. (Section 4.8 on page 32 contains an overview of the material subsidiaries.)

Figure 1: IDC Group Structure (*SEFA removed as subsidiary following transfer to Department of Small Business)

IDC GROUP					
Mini Group		Other Subsidiaries			
Investor	IDC Ltd	59%	Foskor		
100%	Findevco (Pty)Ltd	10%	Thelo Rolling Stock (Pty)Ltd		
100%	Impofin(Pty)Ltd	100%	Prilla (Pty)Ltd		
100%	Konoil (Pty)Ltd	100%	Sheraton Textiles (Pty) Ltd		
		Various	Other subsidiaries		

Major Associates							
20%	Kalagadi Manganese(Pty)Ltd	20%	Palabora Mining Company (Pty)Ltd	20%	Karoeshoek Solar 1(Pty)Ltd	23%	Grinding Media SA(Pty)Ltd
32%	Mozal S.A.R.L	29.7%	Hans Merensky (Pty)Ltd	29%	Kaxu Solar One (Pty)Ltd	35%	BAIC Automobile SA (Pty)Ltd
23%	Eyesizwe (Pty)Ltd	26%	Scaw South Africa (Pty)Ltd	42%	Karsten Boerdery Pty Ltd	29%	Hulamin Ltd
20%	York Timber	24%	Stainless Steel (Pty)Ltd	29%	Khi Solar One (Pty)Ltd	85%	Cast Products (Pty)Ltd

¹ Subsidiaries are companies over which IDC exercises control. This would typically mean more than 50% shareholding.

² Associates are companies over which IDC has significant influence. These are typically companies in which IDC holds between 20% and 50% shareholding.

3. IDC MANDATE & ALIGNMENT TO NATIONAL PRIORITIES

3.1. Legislative Mandate

The IDC mandate is to proactively maximise its development impact through effective and sustainable industrial development, not only in South Africa but across the continent. Core to this mandate of supporting industrial development is to create sustainable employment opportunities and contribute to an inclusive economy. Inclusivity efforts include funding Black Industrialists, Black-owned companies, women and youth entrepreneurs, spatial development and growing small and medium businesses. The Corporation achieves this by leveraging on and supporting the implementation of the government's industrial policy.

3.2. Alignment to National Priorities

The Imperative: The National Mandate & Our Proactive Interpretation: The national priorities (NDP, MTDP, 7th Administration) set the destination—"WHAT" South Africa needs: Inclusive Growth, Job Creation, and a Capable State. The IDC provides the proactive, industrial "HOW". We interpret this mandate not as a list of sectors to fund, but as a challenge to solve fundamental market failures and position South Africa competitively in a shifting global economy.

- **National Development Plan (NDP) & Medium-Term Development Plan (MTDP):** Provide the long-term vision, setting out the aspiration for 5,4% growth and reduction in unemployment to 6% by 2030.
- **7th Administration Priorities:** Provide the immediate focus:
 - Inclusive Growth & Job Creation
 - Reduce Poverty & Tackle High Cost of Living
 - Build a Capable, Ethical, Developmental State

The IDC's mandate finds its clearest expression in supporting the government's overarching economic blueprint. The "Implementation Plan for Growth and Inclusion" (GAIN), presented to Cabinet in December 2025, is not just a policy document; it is the national execution roadmap for the 7th Administration. It moves beyond identifying constraints to prescribing a "big bang" approach to reform and a mission-oriented focus on execution. The IDC Corporate Plan for 2026-2029 is therefore designed as a direct and deliberate response to this national call to action.

Our strategic objectives and capital allocation are structured to accelerate the three core pillars of the GAIN plan, translating national policy into tangible industrial outcomes.

IDC Alignment to GAIN Strategy

Pillar of the National Implementation Plan (GAIN)	IDC Strategic Response & Alignment
<p>1. Fix the Fundamentals: Reforms for Growth.</p> <p><i>The Plan calls for accelerating Operation Vulindlela Phase II to address energy, logistics, and water constraints; stabilising the fiscal framework; and enabling private investment.</i></p>	<p>The IDC is positioning itself as the primary financier of the post-reform economy. Our focus on Sustainable Industrial Infrastructure (Enabler 1) is synchronized with the National Plan's timelines:</p> <ul style="list-style-type: none"> • Energy: Our R11.7bn allocation for Infrastructure and Energy over the MTEF directly supports private generation, transmission (ITP Programme), and the restructuring of Eskom. We are ready to fund Independent Power Producers and Transmission projects the moment regulatory approvals are finalised. • Logistics: As the National Plan targets the commencement of Third-Party Operator access to the freight rail network by July 2026, the IDC is actively developing a pipeline of investments in rolling stock, port terminal equipment, and logistics hubs to crowd in private sector participation. • Water: We are aligning our project development with the establishment of the NWRIA and will actively explore opportunities for private sector participation through the Water Partnerships Office, as outlined in the plan's April 2026 targets.
<p>2. Build a State that Delivers: Enabling Environment & Local Government.</p> <p><i>The Plan targets the municipal crisis, aiming to shift to a utility model for water and electricity, and mount an effective response to crime and corruption.</i></p>	<ul style="list-style-type: none"> • Municipal Sustainability & Service Delivery: Recognising the crisis in metros like Johannesburg and eThekweni, the IDC will leverage its balance sheet to support the transition to the utility model for water and electricity services. We will engage with the Presidential Working Group to identify and implement critical bulk infrastructure projects that de-risk investment and support functional metros. • Crime & Corruption: The National Plan identifies organised crime as an existential threat. The IDC's robust Financial Crime Prevention Policy (Annexure I) and enhanced due diligence processes are our first line of defence. We will proactively engage with the Security Cluster and SAPS, as per the plan's focus on extortion and critical infrastructure crime, to protect our clients and assets, particularly in sectors like construction and logistics.
<p>3. Pursue New Areas of Growth: Mission-Oriented Industrial Policy.</p> <p><i>The Plan calls for protecting the industrial base while aggressively pursuing new frontiers: Green Economy, Critical Minerals, Digital Services, and Exports.</i></p>	<p>This is the core of the IDC's mandate and where our alignment is strongest. The IDC's Pathways Approach and Capital Allocation are the financial engines for these national directives.</p> <ul style="list-style-type: none"> • Critical Minerals & Green Economy: The IDC's ambitious Critical Minerals Industrialisation strategy is the direct implementation of the National Plan's call for a Critical Minerals and Metals Strategy. Our focus on battery materials, gigafactory development, and green steel (Direct Reduced Iron) positions South Africa to capture value from the global energy transition. • Protecting & Growing the Industrial Base: Our targeted interventions in the steel, ferrochrome, and automotive sectors directly address the National Plan's immediate priority to "protect the existing industrial base." Our capital allocation of

	<p>R17.4bn for Manufacturing is the primary tool to prevent de-industrialisation and fund the transition to future-facing industries like New Energy Vehicles.</p> <ul style="list-style-type: none"> • Export-Led Growth: The National Plan targets an export share of GDP above 40% by 2030. The IDC is operationalising this through: <ul style="list-style-type: none"> - Rest of Africa Strategy: Aggressively financing regional value chains to capitalise on the AfCFTA. - Trade Finance & Capacity: Our KPI for a R5bn increase in exports and the focus on Global Business Services (GBS) directly supports the plan's trade diversification agenda. • Tourism & Services: With a dedicated allocation of R2bn, the IDC is answering the National Plan's call to establish a National Air Access Programme and invest in eco-tourism and hospitality infrastructure, recognising services as a key labour-absorbing sector.
<p>4. Social Inclusion & Employment.</p> <p><i>The Plan prioritises public employment (Work SA), youth activation (SA Youth), and demand-led skills.</i></p>	<p>Job Creation: The IDC's primary contribution to the national employment target is through its core mandate, with a target of creating and saving 16,000 jobs in 2026/27. Our focus on labour-absorbing sectors like agro-processing and tourism is a direct response to this challenge.</p> <ul style="list-style-type: none"> • Skills for the Future: We will deepen our partnerships with the Department of Higher Education and Training to ensure that our investments in green hydrogen, digital infrastructure, and advanced manufacturing are linked to the National Plan's goal of a demand-led skills system, creating a pipeline of opportunities for TVET graduates. • Inclusive Participation: Our commitment to crowding in R6bn for transformation aligns with the plan's focus on broadening economic participation through Black Industrialists, youth, and women-owned enterprises.

By aligning our corporate strategy directly with the Implementation Plan for Growth and Inclusion, the IDC ensures that every rand we invest is a direct contribution to the national development agenda. We are not merely a funder but a strategic partner in executing the country's most critical economic priorities, turning policy into productive capacity.

4. OPERATING ENVIRONMENT

4.1. Economic Environment

The global economy is experiencing a period of cautious transition, marked by moderate but fragile growth. Global GDP is expected to expand by 3.2% in 2025, slightly dipping to 3.1% in 2026, both figures remain below pre-pandemic averages. Persistent trade tensions, particularly the implementation of US “reciprocal tariffs” and ongoing geopolitical friction, have introduced significant uncertainty, potentially dampening investment and trade flows. The combination of slower global growth and trade tensions, create a risk of lower demand for South Africa’s exports and increased competition from imports in the domestic market.

Commodity markets present a mixed picture: while precious metals like gold and platinum group metals (PGMs) continue to perform strongly in response to heightened global uncertainty, several energy (incl. coal and crude oil) and industrial metal prices face weakness, and minerals linked to the green transition are shoeing steady growth. This divergence creates both opportunities and challenges for resource-dependent economies like South Africa. Challenges include relatively poor performance of companies operating in traditional energy and metal commodities, where the Corporation has high exposure. The opportunities include the steady growth of commodities linked to the green transition on the back of growing global demand.

Global inflation remains stubbornly above central bank targets, an indication that although the peak of global interest rates may have passed, financing conditions will likely stay tight in the near term.

In Sub-Saharan Africa, the economic outlook is more resilient, with growth projected at 4.6% in 2026 and 2027. This positive trajectory is underpinned by private consumption, infrastructure investment, and favourable demographic trends. The push for regional integration, including through the implementation of the African Continental Free Trade Area (AfCFTA), presents a significant opportunity for financing regional value chains and cross-border projects. However, risks such as fiscal constraints, high debt levels in several countries, and climate shocks could undermine investment climates and project viability. In addition, value chain inefficiencies continue to undermine competitiveness of regional value chains. As such, success on the continent will require proactive and targeted interventions to break the status quo.

The South African economy is experiencing a cautious recovery, with growth forecast at just 1.3% in 2025, gradually improving to 1.6% in 2026 and 2.0% by 2028 (Table 1). Fixed investment and exports are forecasted improve, albeit from a low base, while household consumption expenditure is expected to average around 2.5% over the period 2026 – 2030.

Table 2: Projections for key performance indicators of the South African economy

Variable (% change or % of GDP)	2022	2023	2024	2025f	2026f	2027f	2028f	2029f	2030f
Real GDP growth and its components:									
Household consumption expenditure	2.6	0.2	1.0	3.2	2.3	2.3	2.4	2.5	2.8
Government consumption expenditure	0.7	1.9	-0.1	0.1	0.2	0.8	0.7	1.2	0.9
Gross fixed capital formation (GFCF)	5.9	3.0	-3.9	-2.1	1.6	2.2	3.0	3.8	3.5
Exports	7.8	5.1	-2.8	-1.8	2.2	2.9	3.1	3.1	3.0
Imports	15.0	3.9	-6.4	1.7	2.8	3.4	3.7	4.3	3.9
GDP	2.1	0.8	0.5	1.3	1.6	1.9	2.0	2.1	2.3
Consumer price inflation	6.9	5.9	4.4	3.3	3.6	4.1	3.9	3.6	3.3
Current account balance (% of GDP)	-0.3	-1.1	-0.7	-1.3	-1.0	-2.2	-3.3	-3.5	-3.2
GFCF as % of GDP	14.2	14.9	14.5	13.9	14.2	14.0	13.8	14.0	14.3
Repo rate (%) end of period	7.00	8.25	7.75	6.75	6.25	6.25	6.00	5.75	5.75
Rand per USD (average per year)	16.36	18.45	18.33	17.88	16.64	16.87	17.01	17.09	17.20

Source: IDC projections as of January 2026

Key industrial sectors like mining and manufacturing continue to be under pressure. The electricity price increases are placing energy intensive companies under pressure and when combined with insufficient maintenance investment expenditure, places several firms at a competitive disadvantage to international counterparts. This vulnerability is worsened by increased global trade tensions, which are likely to push countries to diversify markets including by targeting South Africa and the region and thus intensifying import competition. The impending “gas cliff”, though delayed to 2030, poses risks to the country’s large gas users – some of the country’s largest industrial producers – and simultaneously presents investment opportunities for additional gas supply and logistics. Gas is an important transition fuel and securing supply is important for the country’s competitive transition.

While reforms in energy and logistics—driven by initiatives like Operation Vulindlela—are beginning to improve the operational environment, investment activity remains subdued. On the positive side, the November 2025 credit rating upgrade by S&P Global Ratings for the first time in nearly 20 years, is a positive signal on the direction of the country. However, downside risks remain hence Moody’s kept the country’s credit rating unchanged in December 2025, citing the country’s low growth potential amongst other concerns. The positive sentiment was further supported by the removal from the Financial Action Task Force (FATF) Greylist.

On the macroeconomic policy front, fiscal consolidation continues to be prioritised, which does not bode well for increased public sector investment and broader public sector expenditure in the economy in the short to medium term. Monetary policy remains restrictive, with real repo rate above the long-term average with a risk of interest rates remaining higher for longer, following the reduction in the inflation target to 3% with a 1% tolerance in either direction. This is particularly concerning for the IDC as businesses may delay investment decisions thereby reducing the demand for finance. In his Medium Budget Policy Statement speech, the Minister of Finance, noted the short term costs of the policy change including lower nominal GDP and revenue growth, and its implications for achieving fiscal targets.

On microeconomic policy front, the delays in the finalisation of the new industrial and overarching economic policies may further entrench uncertainty and thus delay investment decisions. At the beginning of the 7th Administration, the President noted the imperative of policy coordination for achieving sustained economic growth and the overarching economic policy is expected to embed coordination of policy instruments, so delays come at a cost such as the implications of the above macroeconomic policy decisions may undermine the re-industrialisation agenda. While the poor track record of implementation of existing industrial policy initiatives undermines the broader investment ecosystem. For example, a review of 10 masterplans by Trade and Industrial Strategies (TIPS), found that the masterplans largely did not address key determinants of competitiveness and failed to establish platforms for government coordination³.

However, there are some green shoots, the embedding of industrialisation and localisation requirements in the Independent Transmission Projects (ITP) Procurement Programme, presents an opportunity for South Africa businesses in the supply chain including component and material suppliers. On the back of this, there are several investment opportunities to support suppliers in the initial round as well as transmission companies in later rounds.

The industrialisation potential from critical mineral value chains development; the importance of support climate resilience investments in agriculture; the need for competitiveness improvement investments across the economy, but particularly in manufacturing; the opportunities within digitalisation both from the perspective of adoption by productive industries and the infrastructure, technology and services required; the increasing servification of production; and the need to support the transition to ensure long-term competitiveness of South Africa all present investment opportunities and thus demand for IDC funding.

It is important that the investment opportunities, are understood in the context of the dynamics within the individual industries and what it takes to succeed. This means a continuous review of the products that are offered by the Corporation to ensure fitness for purpose. Some of the opportunities identified such as critical minerals and transition investments have long investment to production or competitiveness cycles and require patient capital in the form of equity, appropriate moratoriums, and/or highly concessional funding.

Implications for the IDC's performance and thus planning:

- The low-growth, high-cost environment may suppress the natural pipeline of investment-ready projects, particularly in manufacturing. Aggressive origination and client support for competitiveness will be crucial to meet funding disbursement targets.
- Job creation targets must be set with the understanding that corporate expansion and greenfield projects remain may be limited. Emphasis may need to shift towards job preservation through competitiveness improvements and efficiency-driven growth in the short term.
- SME and Transformation funding across the identified investment opportunities is critical for aligning transformation and growth.
- Development by its nature is a long-term process, which entails trade-offs with some temporal. For example, some investments required for long-term economic development may not be large or jobs intensive (e.g. project development), however are critical for further investments and jobs in the future. Similarly, the investments that are required under the diversification pathway will be smaller ticket sizes with more direct jobs and simultaneously more complex to structure (thus may take more time) as some need to break the status quo.
- The subdued economic environment may heighten the risk of companies underperforming. This directly pressures the impairment ratio and NPL KPI's, necessitating enhanced risk monitoring and proactive portfolio management.
- The expected steady growth of consumption expenditure is supportive of performance of business partners in fast moving consumer goods.
- The relatively poor performance of traditional energy and metals commodities will negatively impact the performance of business partners, which may lead to lower dividend collections.
- The improved sovereign rating by S&P is a tailwind for the IDC's own cost of funding and portfolio risk perception. However, the lower inflation target will likely slowdown interest rate cuts, and in the short term with implications for IDC cost of funding and demand for the Corporations funding.

Strategic Focus Areas:

The prevailing operating environment reinforces the strategic priorities set out in the Corporate Plan, particularly:

- **Industrialising for inclusive job creation:** The weak performance of manufacturing and fixed investment underscores the need for development finance interventions that support labour-absorbing and labour-enabling industrial activity, thereby improving the employment intensity of growth.
- **Preserving and modernising strategic industrial capacity:** Ongoing de-industrialisation risks highlight the importance of stabilising viable industrial firms, upgrading productive capacity and preventing irreversible losses in strategic value chains.
- **Supporting diversification and structural transformation:** Continued reliance on primary commodity exports, in the absence of downstream beneficiation and manufacturing, limits growth and employment potential. IDC interventions remain critical in supporting value-chain deepening, regional industrial integration and the development of new green and technology-enabled industries.

4.2. SWOT Analysis

The most prominent factors in IDC’s internal and external environment can be summarised by the SWOT shown in Table 3. IDC’s strategy considers these different factors.

The Corporation undertakes an assessment of its twelve key strategic risks on an annual basis (See Annexure H).

Table 3: Summary of Strengths, Weaknesses, Opportunities and Threats

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Deep Industrial Value Chain Expertise: Extensive knowledge and networks across mining, manufacturing, and emerging green sectors. • Strong Development Finance Reputation: Proven ability to raise capital domestically and internationally, supported by a resilient balance sheet. • Strategic Project Development Capability: Ability to originate, develop, and de-risk complex industrial projects from scratch. • Powerful Partnerships: Effective at implementing state programmes and building consortiums with public and private entities. • Integrated Research & Policy Insight: In-house capacity for industry master planning and macroeconomic analysis. 	<ul style="list-style-type: none"> • High-Risk, Concentrated Portfolio: Over-exposure to volatile resource sectors and a small number of large, legacy counters, leading to earnings volatility. • Legacy Asset Burden: Protracted turnaround processes for underperforming subsidiaries (e.g., Foskor, steel-related assets) tie up capital and management focus. • Slow & Bureaucratic Processes: Cumbersome approval and disbursement timelines hinder responsiveness to client needs and market opportunities.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Drive Critical Minerals Industrialisation: Leverage South Africa’s endowment in metals like manganese, platinum, and vanadium to move beyond mining. Capture value across strategic growth sectors—including energy storage, electrification, green hydrogen, and defence—through local mineral processing, advanced manufacturing, and technology development. • Strategic Diversification into High-Growth Pathways: Develop high-value chains in the Digital Economy (data centres, towers, connectivity, SaaS), Blue Economy (aquaculture, offshore energy), and the Green Hydrogen ecosystem. • Expand into Tourism & Hospitality Development: Leverage South Africa’s natural and cultural assets to invest in sustainable tourism infrastructure, eco-lodges, and experience-driven hospitality projects. This can stimulate regional economic diversification, create jobs, and enhance foreign exchange earnings while supporting conservation and community-based tourism initiatives. • Catalyse Growth in Global Business Services (GBS): Position South Africa as a competitive hub for high-value services such as IT outsourcing, business process outsourcing (BPO), shared services, and remote work solutions. Invest in digital infrastructure, skills development, and partnerships to attract international corporations seeking resilient, cost-effective, and English-speaking service delivery centres. • Systemic Investment in Economic Enablers: Co-invest with the private sector in logistics (rail/ports), water security, and digital infrastructure to unlock national competitiveness. 	<ul style="list-style-type: none"> • Deteriorating External Trade Environment: Potential non-extension of AGOA and the implementation of EU CBAM tariffs directly threaten key export sectors (automotive, agriculture, steel, aluminium). • Global Economic Volatility: Slower growth in China and Europe, coupled with geopolitical tensions, suppresses commodity demand and prices. • Strategic Deindustrialisation: Without decisive intervention and policy coherence, South Africa risks a cycle of deindustrialisation. This would erode the critical manufacturing capabilities, skilled workforce, and technological base required to build value chains around its mineral endowment, permanently ceding higher-value activities to global competitors. • Sector-Specific Crises: The structural decline of the local steel industry threatens a foundational upstream sector, putting numerous IDC clients and investments at risk. • Sovereign & Fiscal Risks: Continued pressure on public finances constrains government support and raises the cost of capital for all South African entities. • Systemic National Infrastructure Decay: Persistent crises in transport logistics (Transnet), energy transmission grid constraints, and water scarcity directly hamper the viability of IDC clients and new investments.

- **Capitalise on AfCFTA Market Integration:** Position the IDC as a catalyst for South African and regional companies to access AfCFTA's markets, supporting cross-border value chains, regional industrialisation, and export diversification—especially in manufacturing, agro-processing, and green industries.
- **Leverage Geopolitical Shifts:** Capitalise on friend-shoring/near-shoring trends to position South Africa as a reliable, ESG-compliant hub for critical mineral beneficiation and manufacturing for Western and African markets.
- **Unlock Blended Finance:** Use IDC's balance sheet to structure innovative vehicles that attract significant private institutional capital (e.g. pension funds) into infrastructure and green transitions.
- **Drive AI & 4IR Adoption:** Fund the digital transformation of client companies to boost productivity and create new business models.

- **Acute Input Cost Shocks:** The impending natural gas supply cliff threatens fertilizer, chemical, and manufacturing sectors
- **Climate & Social Vulnerability:** Increasing frequency of extreme weather events disrupts operations, while high youth unemployment fuels social unrest, creating an unstable operating environment.

4.3. Pestle Analysis

Table 4: IDC Pestle Analysis

P Political	E Economic	S Social	T Technological	L Legal	E Environmental
<p>Opportunities</p> <ul style="list-style-type: none"> • Policy Coherence: The 7th Administration's emphasis on policy coordination and priorities (e.g., critical minerals, localisation, SEZs) provides a clear mandate for IDC action. • Continental Integration: The African Continental Free Trade Area (AfCFTA) offers a historic opportunity to champion regional value chains and position South African industry within a larger market. • Stable Shareholder Relations: A clear legislative mandate (IDC Act) and ongoing dialogue with the shareholder provide a stable foundation for long-term strategic planning. 	<p>Opportunities</p> <ul style="list-style-type: none"> • Differentiated Commodity Demand: Growing global demand for minerals linked to the green transition (e.g., manganese, platinum, vanadium) presents a clear opportunity for local beneficiation. • Financing the Green Shoots: Policy shifts like localisation requirements in energy procurement (ITP) create bankable projects in manufacturing and component supply. • First-Mover Advantage: The gas cliff and the need for new energy/logistics infrastructure represent significant investment opportunities for projects that can enhance national competitiveness. • Improved Sentiment: The recent S&P credit rating upgrade and removal from the FATF Greylist are positive signals that could attract foreign investment. 	<p>Opportunities</p> <ul style="list-style-type: none"> • Demographic Dividend: Investing in labour-absorbing sectors like agro-processing, tourism, and business services can directly address the national crisis of high youth unemployment. • Spatial Development: Our mandate allows us to proactively drive inclusive economic participation by targeting investments in rural areas, townships, and small towns, addressing spatial inequality. 	<p>Opportunities</p> <ul style="list-style-type: none"> • Digital Economy Growth: Investing in digital infrastructure, fintech, and Global Business Services (GBS) allows us to capture high-growth, export-oriented service sectors. • Industry 4.0 Adoption: Our focus on operational excellence and digitalisation (e.g., Microsoft Dynamics 365) can be mirrored in our client support, helping them adopt new technologies to improve competitiveness. 	<p>Opportunities</p> <ul style="list-style-type: none"> • Strengthened Compliance: Our robust financial crime prevention policy and alignment with PFMA requirements reinforce our reputation as a responsible and well-governed institution, which is critical for international partnerships. 	<p>Opportunities</p> <ul style="list-style-type: none"> • Green Industrialisation: The global and local transition to a low-carbon economy opens new frontiers for IDC investment, including renewable energy, green hydrogen, battery value chains, and circular economy industries. • Climate Resilience: Investing in climate-resilient agriculture and water infrastructure is not only a necessity but a growing area of demand and developmental impact.

<p>Threats</p> <ul style="list-style-type: none"> • Policy Implementation Gaps: A mixed track record of existing industrial policies (e.g., Masterplans, NEV White Paper) creates uncertainty and delays private sector investment. • Geopolitical Friction: Rising global trade protectionism and tensions create an unpredictable environment for our export-dependent clients and can disrupt critical supply chains. • Sovereign & Fiscal Risks: Continued pressure on public finances constrains the government's capacity for co-investment and can influence the cost of capital for all South African entities. 	<p>Threats</p> <ul style="list-style-type: none"> • Fragile & Low Growth: The forecasted GDP growth of 1.3-2% in the near term is insufficient to drive rapid industrialisation or significantly reduce unemployment. This suppresses overall demand for finance. • Persistent Cost Pressures: Double-digit electricity price hikes and high interest rates (due to a tighter inflation target) erode the competitiveness of local industry and delay investment decisions. • Import Competition: Increased global trade tensions may lead foreign producers to target the South African market more aggressively, intensifying competition for our local clients. • Commodity Price Volatility: Mixed performance in traditional commodities (coal, PGMs) creates earnings instability for a significant portion of our portfolio. 	<p>Threats:</p> <ul style="list-style-type: none"> • Social Instability: Stubbornly high unemployment and poverty create a risk of social unrest, which can disrupt client operations, supply chains, and the overall investment climate. • Skills Exodus: The emigration of skilled workers ("brain drain") shrinks the local talent pool, making it harder for us and our clients to find the skills needed for future-focused industries. 	<p>Threats:</p> <ul style="list-style-type: none"> • Cybersecurity Risk: Our increasing reliance on digital systems and those of our clients expose us to sophisticated and persistent cyber threats that could disrupt operations and compromise sensitive data. • Technological Obsolescence: Legacy clients with outdated plant technology (e.g. Prilla, Sheraton) face significant competitive disadvantages, requiring substantial capital for technological upgrades. 	<p>Threats:</p> <ul style="list-style-type: none"> • Regulatory Uncertainty: Delays in finalising overarching industrial and economic policies create an uncertain environment, causing investors to delay commitments. • Compliance Burden: An increasingly complex regulatory landscape (e.g., FICA, AML, ESG reporting requirements) increases operational costs and the risk of inadvertent non-compliance for both the IDC and its clients. 	<p>Threats:</p> <ul style="list-style-type: none"> • Extreme Weather Events: Increased frequency of floods, droughts, and other climate shocks can directly damage client assets, disrupt production, and increase operational costs. • Regulatory & Market Shifts: Mechanisms like the EU's CBAM threaten the export competitiveness of carbon-intensive local industries (steel, aluminium, chemicals), requiring rapid and costly decarbonisation.
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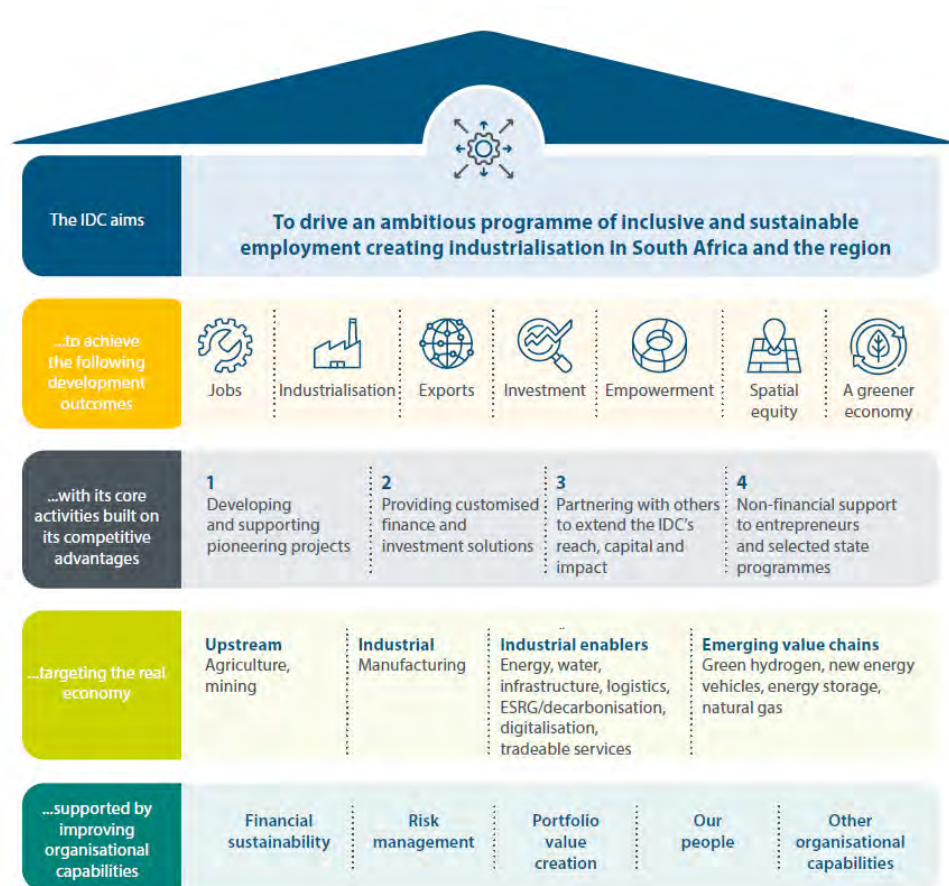
5. STRATEGIC OVERVIEW

While aligned with national priorities, the IDC’s strategy is driven by a proactive analysis of global megatrends and South Africa’s comparative advantages. Our role is to de-risk and catalyse investment in strategic areas where the market alone will not act, ensuring our interventions are both developmental and commercially sustainable.

Under certain conditions the IDC may play a counter-cyclical role to protect the erosion of developmental outcomes arising from adverse market conditions or exogenous shocks, as was the case with the Covid-19 pandemic.

5.1. The IDC Strategy “House”

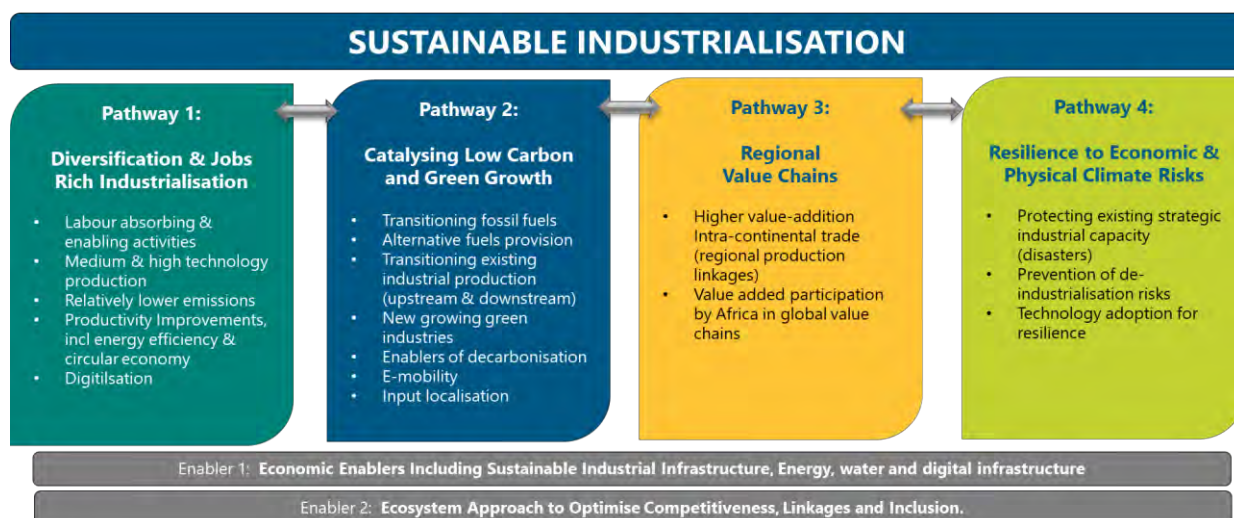
The organisations’ strategy statement, and strategic priorities emphasise the leading role that the Corporation plays in the development of industrial capacity: ‘To drive an ambitious programme of inclusive and sustainable employment - creating industrialisation, in South Africa and the region’.



5.2. From sector-based to value-chain approach

A key strategic priority of the IDC is deepening development effectiveness through quality investments for industrial development. Recognising that the Corporation’s interventions need to be strategic and focused on sustainable and inclusive industrialisation, the IDC has shifted away from sector-based investment approaches, towards value chains that are increasingly integrated with overlaps and interconnectivity. A value chain approach facilitates the coordinated development of backward (into upstream input supply) and forward (into downstream beneficiation) linkages that are crucial for industrial development. This is at the heart of processes of structural change, which are important for driving economic development.

5.3. Pathways approach to focus on industrial development



The IDC’s pathway approach proactively shapes the industrial landscape by concentrating resources on high-growth, future-oriented sectors alongside the modernisation of foundational industries. Our focus includes:

- **Green Industrialisation:** Battery and critical mineral value chains, renewable energy equipment, green hydrogen, and sustainable agriculture.
- **Digital Economy:** Digital infrastructure, fintech, and business process outsourcing.
- **Blue Economy:** Sustainable aquaculture and marine services.
- **Services & Tourism:** Leveraging South Africa’s natural and cultural assets and intra-African travel for sustainable, high-employment growth.
- **Modernised Foundations:** Competitive agriculture, agro-processing, and beneficiation of mining and minerals.

Energy security is treated as a critical cross-cutting enabler within sustainable industrial infrastructure, not as a standalone sector.

While our core strategic mandate remains unchanged, the IDC is rising to the urgent call for accelerated action. We are intensifying our efforts and sharpening our focus to deliver transformative impact over this planning period. This renewed commitment is reflected in a refined set of key focus areas designed to deepen industrial development, significantly scale project development, including advancing catalytic flagship projects, and drive inclusive transformation. The Corporation’s strategic objectives and additional interventions follow below.

6. STRATEGIC OBJECTIVES & OUTCOMES

6.1. Development Effectiveness

6.1.1. Industrialisation & Investment

The Corporation's development impact is **delivered and measured** through the **execution of the four strategic Pathways**. Development Effectiveness is the framework that ensures our investments within these Pathways achieve their intended transformative outcomes: sustainable industrialisation, inclusive job creation, economic resilience, and broad-based empowerment.

To drive South Africa's industrial growth, the IDC is **adopting a focused, proactive strategy that balances the defence of our industrial base with the pursuit of new growth frontiers**. This approach **targets sectors selected for their high-growth potential, significant employment multipliers, and strong export orientation**.

We will concentrate capital and expertise on **high-impact priorities within future-oriented sectors, including sustainable industrial infrastructure, the digital and blue economies, and building value chains for critical minerals—with an immediate focus on battery production**. Concurrently, we are deepening our focus on **agriculture as a foundational, job-rich sector and on services such as tourism**, a major continental opportunity driven by growing intra-African travel.

The strategy is fundamentally guided by a **mandate to promote broad-based economic empowerment**. As the country's largest B-BBEE financier, we will deliver **targeted support for Black Industrialists** with a specific focus on **inclusive wealth creation for black women and youth**, while ensuring our own internal transformation aligns with these goals.

Operationally, we are **enhancing our efficiency by streamlining processes and developing new financial products** to address market gaps. Our proactive business development will focus on **deepening partnerships and attracting strategic Foreign Direct Investment (FDI)**.

Furthermore, we are **exploring the consolidation of IDC and PIC equity holdings into a strategic portfolio**, a forward-looking initiative currently under consideration. This plan would position the **IDC as a long-term, strategic equity investor focused on industrial capacity and other high-impact assets**, ensuring investments are aligned to advance the state's core objectives for transformative growth.

Within a robust governance framework, our responsible investment principles extend to evaluating opportunities in the defence sector, particularly where they support peacekeeping or dual-use technologies with civilian applications, fostering strategic innovation.

Building on this strategic foundation, the IDC will drive execution through focused interventions in the following priority areas:

6.1.1.1. IDC's Critical Minerals Industrialisation

IDC's Vision for Critical Minerals

To position South Africa and the SADC region as a competitive and integrated player in the global critical minerals value chain, thereby driving sustainable industrialisation, economic diversification, and value-added exports.

Core Pillars

The IDC's approach is structured around developing a bi-directional value chain:

- **Resource-Driven** (Upstream to Downstream): Leveraging Africa's mineral resource base to develop mining, refining, and precursor material production.
- **Market-Driven** (Downstream Upstream): Using local and export market demand (e.g., from the automotive and energy storage sectors) to pull through the development of midstream and upstream capabilities, with battery cell manufacturing as culmination of the two pathways.
- **Sustainability-Driven** (2nd life, recycling and reclaiming): Sustainability and traceability is paramount to building out the supply chain; 2nd life applications in energy storage applications and recovery of minerals for active material production.

Opportunities and Interventions under Consideration

- South Africa's relatively strong industrial base and technical expertise provide an opportunity to **process minerals from the region** and be an **alternate source of supply**. South Africa produces battery grade aluminium plate, manganese, nickel and vanadium precursors. There is also well-established midstream and downstream capability in aluminium, copper, steel and chrome that supply sectors like automotives, mining, rail and energy.
- **Mining & Processing:** battery-grade rights for downstream projects; enhancing the Junior Mining Exploration Fund to unlock new reserves. Current and prospective exploration, feasibility and implementation ready projects are being pursued with business partners.
- South Africa can benefit from "**side stream**" linkages through the supply of mining capital equipment and services to the southern African mining and processing sector. This is an area of **significant capability, value-add and job creation potential** with locally established OEM's and technology. A Capital Equipment Plan is being implemented with stakeholders.
- The IDC is **supporting decarbonisation in industries like steel as a driver of market access and export competitiveness**. This includes the **accelerated deployment of renewable energy solutions to lower energy costs particularly in support of energy-intensive sectors**. This includes support for Direct Reduced Iron project development opportunities and green steel production.
- **Strategic Partnerships:** The IDC is **leading a strategic partnership with different partners and countries to establish funding programme that supports the beneficiation of critical and strategic minerals in Southern Africa**. These initiatives align with South Africa's Just Energy Transition Investment Plan (JET-IP) and is designed to position the country as a regional hub for CRM (Critical Minerals) value chain development.
- **Battery Materials & Components: Developing projects that supply into global battery supply chains** with a focus on pre-CAM (precursor cathode active material) materials through equity, technology, and offtake partnerships; **Battery Cell Manufacturing:** Lay the foundation for establishing a viable 4-6 GWh gigafactory. Pursue strategic partners for technology and offtake, while remaining agile to new battery chemistries.
- **Battery Energy Storage (BESS):** Leverage South Africa's dynamic energy market to catalyse local assembly, system integration, and Battery Management System (BMS) development.
- **Automotive Applications:** Support for the automotive production transition towards battery electric vehicles and deeper component localisation; advocate for a review of existing and new policy and incentives to support the automotive and transport decarbonisation transition and a level playing field with international partner countries.

6.1.1.2. Capitalise on Rest of Africa (RoA) opportunities

IDC's Continental Objective: To accelerate industrialisation across Sub-Saharan Africa and deepen regional value chains that strengthen South Africa's integration and competitiveness, in line with AfCFTA.

This would not only involve contributing to an increase in manufacturing activities but also supporting a structural shift away from primary production and commodity-based exports towards higher value-adding industrial production.

Core Pillars

The strategy is built on three core pillars that guide the IDC's transactional approach on the continent:

- **Maximise Local and Regional Development:** Using our Development Scorecard to benefit projects that deliver on key outcomes like African ownership, job creation, value addition, and environmental compliance.
- **Partner with Strategic Equity Funding Partners:** Actively co-investing with credible strategic partners, multilateral development finance institutions (DFIs), and local banks to leverage funding, share risks, and enhance on-the-ground monitoring capabilities.
- **Implement Sound Transaction Risk Mitigation:** Adhering to a revised set of Continental Investment Guidelines to ensure strategic alignment, apply lessons learned from past investments, achieve a balanced portfolio, and avoid undue risk.

Opportunities and Interventions under Consideration

IDC investments must facilitate at least one of the following opportunities, with a strong emphasis on developing SADC-linked regional value chains (involving at least two African countries, one of which should preferably be in SADC). The prioritised value chains are:

- **Agro-processing & Agriculture:** Oil seeds, staple foods, high-value crops, seeds and nuts, cocoa processing, aquaculture, livestock, and forestry.
- **Mining & Metals:** Critical minerals for the green transition (e.g., lithium, copper, cobalt, graphite, nickel).
- **Chemicals:** Fertilizers, biofuels, and pharmaceuticals.
- **Automotive & E- Mobility:** Parts manufacturing and New Energy Vehicles (e-mobility).
- **Textiles & Clothing:** Sustainable fabrics like cotton.
- **Tourism & Services:** Developing regional hospitality, logistics, and business services hubs.
- **Energy & Industrial Infrastructure:** Renewable energy, green hydrogen, and infrastructure linking to South African capital goods exports.

Go-to-Market Interventions

- **Proactive & Programmatic Approach:** Developing a Continental Action Plan for priority value chains to convert identified value chain opportunities into a project pipeline, coordinate business development activities and build/strengthen partnerships with appropriate stakeholders.
- **Sectoral Execution Model:** Integrating continental activities within the sectoral Strategic Business Units (SBUs) to leverage expertise and focus on value chains rather than isolated deals.
- **Country Prioritisation:** includes Priority Countries (e.g., Zambia for minerals, DRC for cobalt, Kenya for textiles) and a more focused list of Proactive Engagement Countries (e.g., Angola, DRC, Zambia, Ethiopia, Kenya, Rwanda, and all of South Africa's neighbours).

6.1.1.3. Agriculture & Agro Processing

South Africa's agriculture and agro-processing sector is vital for economic growth, rural development, and food security, contributing significantly to GDP and employment. It offers industrialisation opportunities through value addition, and global trends—like rising demand for processed foods, bio-based products, and sustainable farming—open doors for export growth and stronger domestic value chains.

However, the sector faces challenges such as climate variability, infrastructure gaps, and global price volatility, requiring targeted solutions. Recent US tariffs have made that market less reliable or more costly, pushing South Africa to seek new export markets and focus on localisation to boost self-reliance.

IDC's Agro Processing Objective

The IDC seeks to **catalyse industrial development** by supporting investments that enhance **competitiveness, sustainability, and transformation** in **agro-processing and agriculture**. Its **strategic objective** is to **promote value addition across agricultural value chains, increase local production capacity, and foster inclusive participation by historically disadvantaged individuals and communities**. This includes **advancing food security, reducing import dependency, and positioning South Africa as a regional hub for agro-industrial products**.

Core Pillars

- **Primary Production:** Supporting sustainable farming practices and improving productivity in key commodities as indicated in the Agriculture and Agro-Processing Master Plan (“AAMP”).
- **Secondary Processing:** Investing in agro-processing facilities that add value to raw materials, including milling, food manufacturing, and bio-based products.
- **Enabling Infrastructure:** Developing and maintaining the critical infrastructure that underpins agricultural efficiency and market access. This includes industrial infrastructure to support agribusiness, collaboration on irrigation schemes to enhance water security, and strategic inland ports to optimise multimodal transport—such as rail for export fruit—reducing logistics costs and improving competitiveness.
- **Integrated Value Chains:** Developing linkages between primary producers and processors to create efficient, competitive, and inclusive supply chains that reduce wastage and improve market access.

Opportunities and Interventions under Consideration

- **High-Impact Value Chains:** Focusing interventions on sectors and activities that offer the greatest economic and social impact.
- **Soft Funding:** Securing concessional or low-interest funding to help businesses manage debt and improve financial performance.
- **Aggregation of Small Businesses:** Bringing together small-scale producers and businesses to increase their market access, bargaining power, and inclusivity.
- **Mechanisation & Infrastructure:** Investing in modern farming equipment and essential infrastructure to boost productivity and operational efficiency.
- **Food Processing Plants:** Supporting the development and expansion of local food processing facilities to reduce reliance on imports.
- **Skills Development:** Promoting training and upskilling initiatives to build a skilled workforce and support sectoral growth.
- **Research Partnerships:** Working with research institutions to foster innovation, adopt new technologies, and enhance agricultural practices.
- **Transformation & Inclusivity:** Directing funding and support toward black-owned enterprises and rural development projects to drive broad-based economic participation.

6.1.2. Small Business Development

IDC's Small Business Objective

Purpose: To increase the IDC's development impact by effectively financing and supporting small businesses (SMMEs) across all regions of South Africa.

This involves **using the regional office network to drive inclusive industrialisation, stimulate local economies**, and address the challenge of providing finance to small and medium businesses. **The focus is not only on main urban centres but also on rural and non-metro areas, enhancing spatial equity.**

Opportunities and Interventions under Consideration

The strategy is centred on rethinking and repositioning the IDC's approach to small and medium (SME) business finance, moving away from a model designed for larger corporations. Key strategic pillars include:

- **Enhancing the Regional Office Model for greater development impact:**
 - Shifting from a hybrid model (50% small business financing, 50% regional support) to a more defined role.
 - Exploring a model where regional offices focus on **proactive regional support**—deal origination, packaging, assisting with due diligence, and stakeholder management—rather than directly writing small-ticket transactions. This will also assist in addressing low financial exposure relative to provincial GDP outside of a few provinces like the Northern Cape and Limpopo.
- **Leveraging Channel Partners for Smaller-Ticket Financing:**
 - The IDC supports SMME financing through aggregators. The Corporation works with partners like SEFA, NEF, sectoral aggregators, and Non-Banking Financial Institutions to fund transactions in the R1 million to R20 million range.
 - This aims to extend the IDC's reach, including into rural areas and townships more efficiently, by leveraging experienced channel partners who can execute swiftly.
 - Developing a new operational and risk framework with aligned resources to segment and process SME transactions more effectively.
- **Process Streamlining and Product Tailoring:**
 - The Corporation is working to **reduce red tape to cut turnaround times**, specifically by streamlining due diligence processes to better match the needs and capacities of SMEs. This initiative is a direct response to the challenges of low conversion rates.
 - Developing more **tailored financial products** and improving sales and service efficiency, aligned to especially to the needs of SMEs.
- **Strategic Partnerships and Ecosystem Development:**
 - Deepening relationships with strategic corporate partners for wider value chain including supplier development (e.g., via the SME-Connect programme).
 - Continuing to host regional roadshows to build a strong deal pipeline for both small business and mainstream SBU funding.

6.1.3. Industrialising for inclusive job creation

IDC's Job Creation Objective

Purpose: To drive an ambitious programme of industrialisation that generates sustainable, quality employment as a core outcome of competitive industrial growth. The IDC recognises job creation as a primary development outcome of its mandate, achieved through investing in labour-intensive and labour-enabling sectors with high multiplier effects.

Job creation is a key development outcome of this objective, aimed at addressing the national crisis of unemployment, which stands at 33.2% (8.4 million people). While preserving critical industrial capacity, the IDC will prioritise job-creating growth over job-saving interventions in structurally distressed firms, focusing its support on viable businesses in strategic sectors where turnaround leads to sustainable employment. As one of the key implementers of the **Social Employment Fund (SEF)**, the IDC is also tasked with creating work opportunities through targeted interventions and partnerships.

Opportunities and Interventions under Consideration

The IDC employs a multi-faceted framework to achieve its job creation goals, focusing on both financial and non-financial interventions:

- **Strategic Sectoral Focus:** Directing capital and efforts towards labour-intensive, labour-absorbing, and labour-enabling sectors. Key focus areas include:
 - Agriculture and Agro-processing (Primary and production and value addition)
 - Manufacturing (with a focus on downstream value addition)
 - Tourism and Hospitality
 - Global Business Services
 - Renewable energy, green industries and associated construction
 - The digital economy and associated services
 - Construction and infrastructure linked to industrialisation
- **Pathways Framework for Industrialisation:** Guiding investments along four strategic pathways:
 1. Diversification & Jobs-Rich Industrialisation
 2. Catalysing Low Carbon and Green Growth
 3. Developing Regional Value Chains
 4. Building Resilience to Economic & Climate Risks.
- **Financial and Non-Financial Support:**
 - Providing funding for greenfield, brownfield, and strategic distressed businesses.
 - Offering non-financial support like industry planning, business development, FDI facilitation, and post-investment value creation.
- **Enhanced Operational Levers:**
 - **Improving Conversion Efficiency:** Streamlining internal processes for faster deal approval.
 - **Product Enhancement:** Developing new financial products like wholesale lending and contract-based funding to address market gaps.
 - **Proactive Business Development:** Mining existing client bases, deepening partnerships with other DFIs, and a targeted approach to Foreign Direct Investment (FDI).

- **Internal Alignment and Capability Building:**

- Fostering an organisational-wide focus on job creation through internal "job champions," idea harvesting, and real-time performance dashboards.
- Building internal capabilities in programme management, product development, and syndication.

6.1.4. Advancing Transformation and Inclusive Economic Participation

IDC's Transformation Objective

Purpose: To leverage industrial development as the primary vehicle for broad-based economic empowerment, in line with the IDC Act and national priorities. Our goal is to use our position as the country's largest B-BBEE financier to build a dynamic, inclusive, and equitable industrial economy.

Strategy Implementation Approaches

The IDC employs a multi-pronged strategy guided by a clear framework with externally and internally focused initiatives:

- **Ownership & Entrepreneurship:** Targeted support for Black Industrialists, Black-owned companies (>50% ownership), and broad-based ownership schemes (including worker and community trusts).
- **Inclusive Participation:** Dedicated focus on women and youth entrepreneurs as business owners and leaders.
- **Spatial Development:** Deliberate investment targeting in rural areas, townships, and special economic zones (SEZs) to address geographic economic disparities.
- **Supplier Development:** Fostering inclusive value chains by building the capacity of qualifying enterprises to become competitive suppliers.

This framework ensures transformation is integral to, and amplified by, our core mandate of transformative industrialisation.

Opportunities and Interventions under Consideration

- Leveraging the Sustainable **Pathways Framework** to target non-transformed sectors.
- Using blended finance and funds.
- Strengthening monitoring and non-financial support for business partners.
- Mining the existing transformed client base for expansion opportunities and deepening relationships with other DFIs and industry leaders.

6.2. Ensuring Financial Sustainability & Portfolio Management

6.2.1. IDC's Financial Sustainability Objective

Purpose: To develop a new approach for managing volatility and concentration risk through a revised diversification strategy, ensuring the financial sustainability of the IDC.

Strategy Implementation Approaches

▪ **Pricing Model Refinement:**

- Adjust pricing models to ensure that the IDC's facilities are appropriately priced based on the risk involved and the development impact of transactions.

▪ **Impairment Management:**

- Implement initiatives in high-risk portfolio companies to turn around and sustain improved performance, effectively managing impairments.

▪ **Sustainable Finance Framework:**

- Utilise the recently approved Sustainable Finance Framework to explore capital-raising opportunities through the issuance of transition bonds, green bonds, sustainability bonds, and other alternative assets.
- Explore alternative financing sources (i.e. Global Capital Markets).

▪ **Develop new Blended finance models**

- Leverage authorised equity capital to strengthen the Balance sheet. The Corporation is evaluating the issuance of Class B Shares as a measure to strengthen its capital structure and alleviate balance sheet pressures.
- The Corporation is developing a refreshed diversification strategy to rebalance capital into investments that deliver stable, long term returns.

▪ **Leveraging External Funding:**

- Seek opportunities to manage external funding on behalf of the government or other investors.
- Explore financing models to include Balance sheet financing as opposed to Project financing – Capitalisation of the balance sheet.
- Link these external funds with the IDC's own capital to leverage more funding and enhance financial sustainability.

6.2.2. IDC's Portfolio Management & Reporting Objective

Purpose: To maximise the long-term value of the IDC's portfolio by implementing effective portfolio management strategies that support sustainable value creation, reduce risk, and promote growth across our investments.

Strategy Implementation Approaches

- **Sustainable Implementation of Initiatives:**
 - Continue executing the portfolio management and monitoring strategy until all current initiatives are fully and sustainably implemented.

- **Targeted Approach for Distressed Assets:**
 - Focus on resolving all distressed assets to decrease non-performing loans (NPLs) and impairments.
 - Prioritise efforts on the top 10 "legacy and stubborn" business partners to achieve significant improvements.

- **Dual Approach for Subsidiaries:**
 - Operational Turnaround: Implement operational turnaround strategies, including balance sheet restructuring, to enhance the performance of subsidiaries.
 - Strategic Partnerships: Search for strategic equity partners or strategic operators to support and strengthen the subsidiaries' operations and financial stability.

6.3. People and Culture

6.3.1. Enhancing Culture for a High-Performance Organisation

Purpose: To build an engaged, skilled, and agile organisational culture that directly enables the execution of the IDC's strategic objectives, driving high performance and valuable contribution to our business.

Strategy Implementation Approaches

- **Strategy-Aligned Organisational Design:** Optimising structures and processes to effectively deliver on the pathways approach, value-chain investing, and partnership model. This involves aligning design principles to best practice, reviewing policies and processes to embed desired culture and behaviours, and breaking down silos to create a unified, efficient Corporation. Adoption and embedding a Business Partner model for all enabling functions such as Human Capital, Financial Management, Procurement, Legal Services, Information Technology, Risk, Technical Services etc.
- **Strategic Workforce Planning:** Building internal capabilities in project development, blended finance, ESG, and sector-specific expertise required for future-facing industries. This ensures resourcing plans are aligned with long-term capacitation needs and optimises talent acquisition to enable the business.
- **Leadership and Succession:** Developing leaders who can drive culture transformation, manage partnerships, and inspire innovation. This includes implementing continuous leadership programs to ensure a smooth transition, equipping leaders for a diverse workforce, and building a robust succession pipeline to meet future skills demands.
- **Culture Renewal & High-Performance Enablement:** Driving a purposeful culture renewal journey focused on improving trust, empowering leaders within a clear accountability matrix, and championing respectful communication. This is coupled with enhancing performance management systems to align individual and team outcomes with corporate objectives, instilling a client-centric and entrepreneurial mindset, and ensuring all practices support legislative compliance and good governance.
- **Employee Value Proposition (EVP) & Engagement:** Refining the EVP to attract and retain critical talent. This involves sustaining recognition and wellbeing initiatives, optimising flexible work arrangements to boost performance and work-life balance, and creating a safe, smart work environment that enhances the stakeholder experience.
- **Human Capital Technology:** Implementing fit for purpose Human Capital Technology that is integrated to other functional areas such as Finance, Operations, Records Management, Procurement, etc. This will enable for better people analytics and business efficiency and effectiveness.

This integrated approach ensures our people and culture functions are not standalone initiatives but are the essential engine for executing the IDC's core strategy.

6.4. Driving Operational Excellence & Digitalisation

Purpose: To build a client-centric, efficient, and resilient organisation through digital transformation and enhanced management capabilities, significantly improving turnaround times and strategic decision-making.

Central to this is the implementation of Microsoft Dynamics 365. Beyond technology, we are strengthening core management disciplines—including portfolio monitoring, data analytics, and process governance—to ensure operational decisions are agile and informed. A secure-by-design approach integrates cybersecurity from the outset, protecting data and building client trust.

This comprehensive focus on systems, people, and processes will enable the IDC to streamline workflows, improve accountability, and adapt swiftly to market demands, ultimately reducing barriers for clients and enhancing our development impact.

6.5. Strategic Partnerships

Purpose: To shift from a single-lender model to a partnership-led approach that de-risks investments, scales impact and attracts catalytic capital into priority sectors.

Implementation Approach:

The IDC will proactively build and deepen strategic alliances across five key partnership streams:

1. **Public Sector & SOE Partnerships:** Co-investing with and supporting state-owned enterprises to deliver on national infrastructure and industrial policy.
2. **Development Finance Institution (DFI) Collaboration:** Partnering with multilateral and bilateral DFIs (e.g., World Bank, AfDB) for blended finance, technical assistance, and shared risk.
3. **Academic & Innovation Ecosystems:** Linking with universities and research councils to commercialise innovation and build sector-specific skills pipelines.
4. **Channel & Intermediary Partners:** Working through specialised non-banking intermediaries, sector associations, and aggregators to reach SMEs, rural businesses, and target groups effectively.
5. **Private Sector Strategic Alliances:** Forming consortia with domestic and international firms for technology transfer, market access, and project development.

6.6. Reputation Management and Strategic Communication

Purpose: To actively steward the IDC's brand, build trust with stakeholders, and communicate our impact, thereby strengthening our license to operate and attracting strategic partners.

Key Focus Areas:

1. **Proactive Reputation Building:** Showcasing IDC's role as a catalyst for future industrialisation and transformative development.
2. **Stakeholder Engagement:** Systematic relationship-building with government, industry, communities, and the media.
3. **Strategic Narrative:** Developing clear, consistent messaging on IDC's strategy, successes, and challenges.
4. **Partnership Amplification:** Jointly communicating the impact of collaborative projects to demonstrate the multiplier effect of partnerships.

7. KEY ONGOING STRATEGIC INITIATIVES

The IDC is actively advancing several strategic initiatives aimed at elevating operational excellence, driving digital transformation, expanding market reach, strengthening its financial services, and optimising its tax position. These initiatives collectively position the Corporation to respond more effectively to client needs, unlock new opportunities for growth, and maximise its developmental impact. By embracing innovative technologies, refining internal processes, and pursuing strategic partnerships and funding avenues, the IDC is reinforcing its commitment to accountability, efficiency, and sustainable economic development both within South Africa and across the African continent.

7.1. Market Coverage

The IDC is enhancing its market coverage capabilities to broaden its presence both nationally and across Africa. Through the advancement of its business development strategies and the expansion of its local and international networks, the Corporation is optimally positioned to identify high-potential sectors and regions for investment. This focused methodology enables the IDC to effectively address diverse market requirements and tailor its strategies to various environments, thereby fostering sustainable growth and industrial development throughout its areas of operation.

7.2. Strengthening IDC's Financial Services offering

In pursuit of operational excellence and enhanced market presence, the IDC is undertaking a comprehensive transformation of its financial services offering. Central to this strategy is the strengthening of funds management, the expansion of global partnerships, and the advancement of structured finance solutions. By driving product innovation and integrating rigorous risk management practices, supported by the establishment of a cross-functional New Products Committee, the Corporation aims to deliver tailored financial instruments that align with evolving market demands and strategic priorities. These initiatives are designed to position the IDC as a dynamic, client-focused institution, capable of supporting transformative projects across priority sectors while maintaining robust governance and accountability.

7.3. Tax Exemption Status

The IDC is seeking tax exemption to unlock additional resources that can be channelled into developmental projects and industrial growth, thereby amplifying its impact on the economy. By securing tax-exempt status, the Corporation will be better positioned to access foreign grant funding, which is currently limited due to prevailing tax regulations. This exemption will also enhance the IDC's ability to support the government's economic recovery initiatives and localisation strategy, ensuring that more capital is directed towards projects that drive sustainable growth, job creation, and the advancement of local industries.

8. KEY EMERGING RISKS TO IMPLEMENTATION OF THE STRATEGY

Table 5: Key Risks

Risk	Description	Potential impact	Mitigation
Deindustrialisation Risks	Decline in manufacturing and industrial sectors, leading to job losses and economic downturn.	Economic instability, social unrest, loss of industrial capabilities.	Diversify economy by investing in innovation and new industries, implementing reskilling programs, offer incentives for industrial retention and growth in key sectors.
Social and Environmentally Induced Risks	Stagnant growth, high unemployment and other socio-economic issues raise the threat of social unrest that may have material impact on the IDC, its BPs and employees. Extreme weather conditions have caused devastation and placed notable pressure on infrastructure quality and costs.	Downward trend in business confidence could result in business partners delaying implementation of projects resulting in lower demand for funding for expansions of industrial capacity.	General focus on deal development, proactive assistance for clients to develop credible Value Creation Plans to ensure resilience and improve development impact. Contributing to the implementation of policies and programmes aimed at addressing unemployment and poverty.
Electricity Availability & Increasing Energy Prices	While South Africa has experienced some improvement in electricity supply and reduced load shedding in 2025, the risk of insufficient and unreliable electricity supply persists due to aging infrastructure, maintenance challenges, and ongoing demand pressures. Rising energy costs remain a concern, driven by market volatility, geopolitical factors, and the need for infrastructure investment.	Power outages, though less frequent, can still disrupt critical systems and processes, potentially leading to secondary risks such as social unrest, increased criminality, and business interruptions. Higher operational costs, reduced profitability, and inflationary pressures may continue to affect businesses, especially those reliant on stable energy supply. Prolonged uncertainty in energy availability could deter investment and impact the operations of corporations and their business partners.	Continue to provide industries with alternative power solutions, such as solar, wind, and battery storage, to reduce reliance on the national grid. Strengthen localisation strategies and leverage renewable energy funding to invest in related infrastructure, increasing sector resilience and multiplier effects. Implement energy efficiency measures, secure long-term energy contracts, and diversify energy sources to mitigate cost and supply risks. Conduct regular energy market analyses to anticipate changes and adapt strategies, accordingly, ensuring operational continuity and cost management.
Increased Protectionism	Rising global trade barriers and geopolitical tensions affecting export markets and access to critical imports.	Reduced market access for South African exports resulting in export revenue loss. Higher costs for imported goods are crucial for local manufacturing and industrial processes.	Strengthen and diversify trade agreements, focusing on regional partnerships within Africa to secure alternative markets and deepen intra-Africa trade (AfCFTA) and support local manufacturing of critical inputs.

Risk	Description	Potential impact	Mitigation
		Disruption in global supply chains, impacting the availability of raw materials and components for South African industries. Potential retaliatory measures from trading partners, leading to decreased trade and economic growth, and strained diplomatic relations.	Invest in domestic production capabilities and local value chains to reduce dependency on imports. Engage in diplomatic efforts to promote free trade and negotiate favourable trade terms with key international partners. Leverage the IDC's role in supporting strategic sectors to enhance competitiveness and resilience against protectionist measures. Develop and implement policies that encourage innovation and efficiency in local industries to mitigate the impact of increased protectionism.
Re-greylisting by Financial Action Task Force.	Although South Africa was removed from the FATF greylist in 2025, there remains a risk of re-greylisting if ongoing compliance with anti-money laundering (AML) and counter-terrorism financing (CTF) standards is not maintained.	Confidence in the SA financial system could be weakened, with potential negative impact on accessing external funding to the IDC, its BPs and the South African economy in general	Strong government and financial sector focus in remedying identified gaps with specific timelines. IDC to oversee stakeholder engagement, both internally and externally, and manage risk response strategies to mitigate threats.
Supply chain disruptions	Supply chain disruptions—driven by geopolitical tensions, adverse weather, and volatile fuel prices—continue to pose risks to economic recovery. While recent reports indicate that port disruptions have eased, other factors such as global logistics bottlenecks, input shortages, and third-party service interruptions remain potential threats.	IDC clients who are disproportionately dependent on imports are likely to pay higher prices and face supply constraints which in turn affect profitability and threaten performance. This may result in an increase in the IDC's distressed portfolio. Interruption of service by 3 rd parties to IDC services.	Continuous portfolio management to identify and assist clients who are facing difficulties. Review of BCM capabilities for critical service providers to the IDC. Reduction of third-party concentration risks, and retention of critical skills internally.
ESG (Lack of Decarbonisation)	Insufficient efforts to reduce carbon emissions and transition to sustainable practices.	Reputational damage, regulatory penalties, loss of investor confidence, environmental degradation.	Set clear decarbonisation targets, greater investment in renewable energy, improve energy efficiency, enhance transparency in ESG reporting, engage with stakeholders on sustainability initiatives
IDC's Own Carbon Emissions and Reporting	Inaccurate or inadequate tracking and reporting of IDC's carbon emissions.	Regulatory non-compliance, reputational risk, ineffective emissions management.	Implementation of robust carbon accounting systems, ensure accurate and transparent reporting, set emission reduction targets, invest in carbon offset projects, conduct regular audits

Risk	Description	Potential impact	Mitigation
Concentration of listed portfolio	Portfolio concentration in resource-based sectors and single counters resulting in volatility and income concentration.	Breaching prudent debt/equity levels and loan covenants.	Implementation of multiple strategy for the listed equity portfolio. Strategies to improve the value in the unlisted portfolio to have a more diversified overall portfolio with less reliance on the performance of listed shares. Portfolio Diversification strategy is essential to reduce concentration and volatility risk to the IDC.
Inefficient and insufficient collections	Reduced collections would impact on the capacity of the IDC to meet its development mandate and place strain on its balance sheet.	Economy challenges increasing levels of non-performing loans and impairments. Reduction in cash inflows and liquidity.	Improving the quality of deals entering the book through comprehensive pre-investment screening. Continued implementation of proactive monitoring strategies, including the application of early warning triggers to apply corrective action, and enhancing collections processes.
Deteriorating Impairment levels	Higher impairment levels than expected.	Negative impact on financial sustainability and impact on cost of borrowings.	Execute targeted turnaround interventions for distressed clients and accelerate the resolution of legacy NPLs.
Skills Shortage	Exodus of skills as skilled workers and top talent leave the country. Growing number of young South Africans also emigrating.	Shrinking SA talent pool to fill both critical and junior roles. Negative economic impact.	To thrive in a competitive global market, we must focus on investing in education to equip our staff, while improving non-pay incentives like flexible work and autonomy. This must be supported by strong HR practices that actively develop a youth cohort and ensure robust succession planning for long-term resilience.

9. SUBSIDIARIES

IDC obtains a controlling stake in companies from time to time, mainly resulting from:

- a) Project development activities where it takes a controlling stake in a company to establish the project.
- b) Restructurings of funding facilities where debt is converted into equity, resulting in a controlling stake for IDC.

IDC never intends to hold a controlling stake in these companies for an extended period; however, IDC must also consider the value that can be realised from these investments before exiting.

Over the past years, many of these companies have faced financial difficulties. These stem from various factors, including an inability to compete, outdated equipment and challenging economic conditions. IDC has been working closely with the board and management of these businesses to develop and implement strategies to turn the companies around and retain the industrial capacity and associated jobs. Where relevant, these strategies, most of which form part of the IDC's "clean and fix" activities, are summarised in the sections below. The subsidiaries listed below are companies over which IDC exercises control and has an exposure of R500 million or more. It does not include subsidiaries forming part of the mini-group, i.e., Findevco (Pty) Ltd., Impofin (Pty) Ltd., or Konoil (Pty) Ltd., which form an integral part of IDC's funding operation.

9.1. Foskor (Pty) Ltd

Foskor is a leading South African producer of phosphates and fertiliser for the agricultural sector. Foskor remains a strategic asset for the IDC and the Republic of South Africa. As a national strategic asset given its contribution to the sustainability of the food supply chain and food security, the continuing success of Foskor is paramount to SA and Sub-Saharan Africa. The IDC has invested in Foskor since 1951. Over the years, the IDC has implemented various interventions and provided financial support to help the business achieve operational and financial sustainability.

A turnaround plan approved in 2020 has yielded positive results, leading to improved performance for the company. However, Foskor is still burdened by legacy debt, which significantly impacts its balance sheet. Additionally, the company has initiated a capital expenditure (Capex) project aimed at enhancing plant performance. This project is currently underway, and to support this initiative, the IDC approved a restructuring of its long-term debt whereby R2bn was converted into interest free loan and balance restructured into snr loan and this was done to strengthen the company balance sheet and free up cash flow to fund the capital expenditure (Capex) project. The IDC also restructured the B-BBEE scheme to reconstitute the current scheme.

The company continues to execute its turnaround plan to meet its set targets. Performance since the start of the turnaround plan remains satisfactory, although significant challenges are being experienced in the current Financial Year (FY2026). The company closed FY25 with an EBITDA of approximately R834 million, which was lower than R1 035 million EBITDA achieved in FY24, reflecting the challenging operating environment during the period. FY25 was negatively impacted by the commencement of the capex project, drop in commodity prices, transport challenges and other factors that influenced overall performance.

During the current Financial Year, the financial performance is lagging significantly against budget. Year-to-date performance (November 2025), revenue is at R6 billion, falling short of the budgeted of R7.4 billion. EBITDA currently stands at R87 million, significantly below the budgeted R1,1 billion. The Acid plant underperformed because of reduced production volumes, planned maintenance activities lasting longer

than anticipated, and several unplanned breakdowns. Lower production volumes at the mining division, very high sulphur prices (input costs) and the strong Rand/USD exchange rate also contributed to this underperformance. Initiatives have been identified to address some of the challenges which is expected to prevent further performance deterioration, but recent executive capacity challenges and the severe floods experienced in Phalaborwa is likely to have a negative impact on recovery efforts.

9.2. Prilla (Pty) Ltd

Prilla is a cotton spinning mill established in 1975 and located in Pietermaritzburg. The company produces 100% cotton yarn, representing a critical link in the cotton value chain thereby supporting numerous downstream value-adding operations. Prilla supplies yarns to three main sectors with knitting representing the largest portion of sales volume at 42%, towelling and weaving at 29% each. The company currently employs 282 people and is the only independent, non-vertical cotton yarn manufacturer in the country. The other local mills are all integrated textile mills that sell surplus capacity into the local market when available.

Since 2018, Prilla has been experiencing a decline in volumes with corresponding decline in gross profit and reporting losses due to low demand for its product as imports from the East entered the local market at lower landed prices (total cost of the product including shipping, insurance and duties is lower than the locally produced yarn) which has placed sustained pressure on margins and volumes. While funding was provided for scaling up to support technology upgrades or capacity improvements, which the business needed to realise break-even levels, however market conditions have affected Prilla's performance to the extent that further funding of ca R215 million is required.

In December 2023, IDC approved funding of R252 million for Prilla, covering the turnaround strategy and expansion plan. The funding was allocated as follows: R82 million for capital expenditure; R100 million for working capital; and R70 million to cover losses. The funds were aimed at acquiring new machinery and implementing interventions to improve efficiency resulting in increased capacity to 10,800 tons pa and reduction in maintenance costs. The implementation of the turnaround plan was completed in October 2024.

As of 31st December 2025, an improvement in contribution margins has already been observed at 36.42%, up from 14%, with an EBITDA of -8% month on month for the last quarter of 2025 and a year-to-date EBITDA of -2%. The primary reason for the negative EBITDA was market conditions, specifically low demand for local products due to high imports of low-priced alternatives and customers operating at 60% capacity (2–3 days a week). This led to reduction in revenue with sales volume for quarter 4 down to 1,483 tonnes, a 33% decline from 2,213 tonnes in the previous quarter, against a budget of 2,433 tonnes.

9.3. Sheraton Textiles (Pty) Ltd

Sheraton Textiles is a 100% IDC-owned designer and manufacturer of household linen and accessories based in Diep River. In January 2022, IDC invested capital to modernise the facility and support initiatives to improve safety, efficiency, and employee experience.

Despite initial operational improvements, post-COVID trading conditions and retail market headwinds have resulted in persistent losses. The 2025 audited financials show a net loss of R51 million (deterioration from R16 million in 2024), with turnover down ~14% a decline to R142 million (from R165 million in 2024) amid a depressed retail market; poor margins and elevated working capital remaining a challenge due to global logistics delays.

IDC approved further funding of R21.4 million, which has helped the company stay afloat and drive operational efficiency. However, the turnaround has not achieved its intended results. In July 2025, the Board placed certain executives on special leave and appointed a Chief Restructuring Officer (CRO) to close the leadership gap and accelerate delivery. IDC remains a committed shareholder and requires the introduction of a strategic equity partner to scale the business and provide growth capital, in parallel with the operational turnaround.

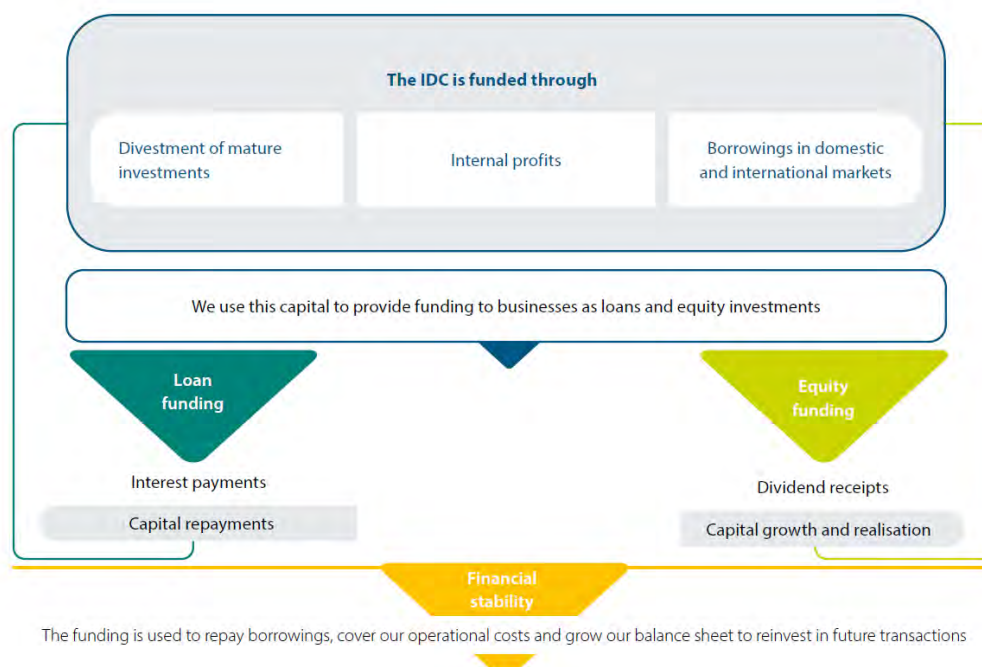
10. FINANCIAL PLAN

10.1. Funding Model

The IDC finances the bulk of its activities through borrowings on the domestic and international markets, divesting from mature equity investments, and profits generated from its lending and investment activities. The funds are used to provide loans and invest in businesses that support the country's development objectives. Interest and capital payments from loans provided, and dividends and capital realisations from equity investments are used to cover our costs and grow our balance sheet which in turn leverages our capacity to fund future development activities. As part of its forward-looking strategy, the Corporation is developing a refreshed diversification strategy to rebalance capital into investments that deliver stable, long-term returns. Additionally, the Corporation is evaluating the issuance of Class B Shares as a measure to strengthen its capital structure and alleviate balance sheet pressures.

On the strength of the IDC's enhanced Programme Management capability, it has been made preferred partner in the management of grant funds and other targeted interventions in partnership with government and other international grant funders. The IDC is also increasingly sourcing funds from other local and international partners, including government, to co-invest with IDC in projects that target specific industrial and development outcomes. The Corporation will also prioritise sourcing of funds targeted towards sustainability objectives in line with its green growth strategy. The IDC is actively implementing new investment vehicles to attract large-scale private capital, particularly from pension funds, into critical infrastructure and green projects. This approach will expand funding opportunities, drive sustainable growth, and reinforce the IDC's commitment to impactful investment solutions.

Figure 2: IDC's funding model



10.2. Capital Allocation

In alignment with government priorities and the IDC's strategic focus on job creation, industrial development, and the revitalisation of manufacturing sector, the Corporation has allocated capital to key labour-intensive and growth-driving sectors.

Based on the base case scenario in the corporate financial plan, the capital allocations are structured to align with the affordability constraints of IDC's balance sheet. Disbursements have been moderated to R51.1 billion (R91.2 billion over five years) reflecting pressures on collections, elevated impairments, and limited internal cash generation. The allocations per sector for 2027–2029 are calibrated within this cautious disbursement framework, ensuring that commitments remain sustainable while supporting developmental priorities without overextending funding capacity. The following investment commitments reflect the IDC's strengthened focus on priority areas:

- Agro-processing and Agriculture: R4.5 bn over three years (2027-2029).
- Tourism and Services: R2.0 bn over three years (2027-2029).
- Infrastructure and Energy: R11.7 bn over three years (2027-2029).
- Manufacturing (including Automotive & Transport, Chemicals & Medical Products, Machinery & Equipment, and Textiles & Wood Products): R17.4 bn over three years (2027-2029).
- Mining and Metals: R5.8 bn over three years (2027-2029).

These allocations underscore the IDC's continued emphasis on sectors that support employment, localisation, industrial diversification, and sustainable economic growth. The Corporation remains committed to partnering with government and the private sector to drive development in these critical areas.

Table 5: Capital Allocation

SBU	5-year sector outlook	Exposure at cost Sep 2025 (R'm)	Exposure at cost Sep 2025 (%)	Historical value of funds approved (2021- Dec 2025) (R'm)	Capital allocation					
					2025/26 (Current Year)	2026/27	2027/28	2028/29	Total	% of total (3 years)
Agro-processing and Agriculture		7 461	8%	7 884	2 048	1 204	1 669	1 676	4 549	10%
Tourism and Services		7 884	8%	3 106	1 049	463	735	81	2 016	5%
Automotive and Transport Equipment		6 153	6%	6 713	1 536	713	1 149	1 199	3 061	7%
Chemicals, Medical Products & Industrial Minerals		13 232	14%	10 066	1 840	814	1 269	1 272	3 355	8%
Machinery, Equipment & Electronics		4 542	5%	6 835	1 443	4 977	2 172	2 197	9 346	22%
Textiles & Wood Products		4 536	5%	4 652	1 153	400	627	630	1 657	4%
Energy		11 845	12%	9 647	3 221	1 582	2 489	2 502	6 573	15%
Infrastructure		2 736	3%	7 025	2 397	1 180	1 962	2 079	5 221	12%
Mining & Metals		35 472	37%	18 834	3 469	1 403	2 222	2 260	5 885	14%
Project Development		1 792	2%	1 445	663	402	636	645	1 683	4%
Total		97 031	100%	76 667	18 820	13 137	14 930	15 279	43 346	100%

• The allocations have been aligned to the base case of R16,3 million (Financial plan for FY27), which includes the provision set aside for confidential transactions. NBIs and TPMFs have been reallocated across the SBUs to improve alignment with the revised strategic and financial outlook. Small Business allocations have also been distributed across SBUs

10.3. Financial Projections

The proposed Base Case financial plan presents a disciplined and achievable roadmap to restore IDC's financial sustainability over the next three years, built on conservative macroeconomic assumptions and cash-flow realism. It assumes R51.5 billion in disbursements from FY2027 to FY2029, funded primarily through internally generated cash, with limited reliance on borrowing. A key strategic shift is the targeted increase in cash interest collections to approximately 75%, improving earnings quality and liquidity stability. The plan has been rigorously stress-tested, revealing that adverse conditions could materially reduce collections and force difficult trade-offs. Importantly, the plan is underpinned by a comprehensive cost optimisation framework, including a dedicated project office to oversee implementation, track delivery of savings and provide quarterly reporting to the Board, ensuring close monitoring and accountability. This embeds permanent structural savings of approximately R1.6 billion over a five year period through digitisation and disciplined expense management. While credible and sustainable, successful execution depends on rigorous portfolio management and adherence to the plan's core financial assumptions.

Table 6: Mini Group Financial Statements

Mini Group	Estimate		Forecast		
R million	2025/26	2026/27	2027/28	2028/29	TOTAL 3 years
Cash flows					
On-balance sheet advances (R'm)	18 880	16 271	17 420	17 819	51 510
External funds raised (R'm)	6 945	5 016	3 025	6 654	14 695
- of which foreign borrowings	216	516	525	499	1 540
Proceeds from sale of shares	438	481	-	-	481
Balance sheet	2025/26	2026/27	2027/28	2028/29	end-2027/28
Financing at market values (R'm)	125 217	132 195	137 784	144 813	144 813
Borrowings (R'm)	28 733	28 625	26 724	28 788	28 788
Debt/equity (%)	28,6%	27,8%	24,1%	24,8%	24,8%
Impairments as % of portfolio at cost	31,4%	29,7%	27,9%	26,1%	26,1%
Total Assets	132 070	138 420	144 282	151 199	151 199
Income statement	2025/26	2026/27	2027/28	2028/29	TOTAL 3 years
Dividend income	3 490	2 479	2 590	3 019	8 088
Interest and fee income	8 326	8 524	8 683	9 249	26 456
Borrowing costs	(3 150)	(2 639)	(2 679)	(2 604)	(7 922)
Impairments and bad debt write-offs	(1 746)	(393)	(296)	53	(44)
Profit Before Tax	3 879	4 826	5 843	6 772	17 441
Net operating income before capital realisations	3 048	4 343	5 160	5 897	15 400

10.3.1. Financial Risks

Risk Category	Risk Description	Key Triggers / Drivers	Potential Impact	Key Mitigations Required	Board Monitoring Metrics
Liquidity & Cash-Flow Risk	Insufficient cash collections to meet operating, disbursement, and debt-service obligations.	Lower-than-assumed collections; delayed recoveries; higher debt servicing costs.	Liquidity strain; increased borrowing; reduced developmental capacity.	Cash-flow-based planning; liquidity buffers; active cash management	Collections-to-debt-service ratio; monthly cash headroom
Funding Sustainability Risk	Reliance on borrowings to fund operations and disbursements	Structural gap between collections and disbursements; limited alternative funding.	Long-term financial unsustainability; increased leverage and funding costs	Explicit funding sustainability ratios; phased disbursement alignment to cash inflows; funding diversification.	Debt service coverage ratio; debt maturity profile; cost of funding trend
Credit & Portfolio Quality Risk	Elevated non-performing loans (NPLs) and impairments above Board risk appetite.	Legacy assets; Stress sectors; underperforming strategic investments.	Capital erosion; reduced income; reputational and governance risk.	NPL and impairments reduction plan; segmentation of legacy vs new book; enhanced credit oversight.	NPL ratio vs 25% target; impairment ratio vs 27% target
Impairments & Earnings Volatility Risk	Future impairments on new or strategic investments	Over-optimistic investment assumptions; adverse economic conditions	Earnings volatility; liquidity strain	Enhanced upfront stress testing; post-investment monitoring; impairment sensitivity disclosure.	Impairment sensitivity ranges; investment stress-test outcomes.
Recoveries Risk	Low recoveries on post write-offs and on non-performing loans	Limited recoveries capacity; lengthy legal processes; security book vs entire book	Prolonged cash-flow weakness; write-offs with minimal cash recovery	Formal recoveries strategy; alternative recovery models; performance targets and reporting	Recovery rate (%); cash recoveries vs write-offs.
Cost Structure Risk	Operating costs not aligned to revenue and sustainability outlook.	Fixed cost base; limited efficiency gains; slow digitisation.	Margin compression; reduced funding flexibility	Quantified cost-optimisation programme; efficiency and digitisation initiatives.	Cost-to-income ratio; absolute cost reduction; efficiency savings realised.
Tax & Regulatory Risk	Reduced tax deductibility on bad debts impacting cash-flow.	Changes in SARS treatment of impairments/write-offs.	Cash leakage; higher effective tax rate.	Explicit tax impact modelling; enhanced documentation; proactive engagement strategy	Effective tax rate; cash tax paid vs forecast.
Stress-Testing & Assumptions Risk	Inadequate stress testing underestimates downside risk.	Narrow scenario design; insufficient severity of stress cases.	Board receives incomplete risk picture; delayed corrective action.	Severe downside and reverse stress testing.	Stress-test outcomes; liquidity break-points; financial matrices headroom.
Strategic Alignment Risk	Misalignment between strategy, portfolio actions, and financial sustainability	Developmental objectives not matched to funding capacity.	Strategic execution risk; credibility with stakeholders.	Explicit strategy-to-financial linkage; sustainability metrics embedded in planning	Strategy KPIs vs financial capacity indicators

10.4. Risk Appetite

The IDC's Risk Appetite defines the aggregate level and type of risks the Corporation is willing to accept in pursuit of its strategic objectives. As a development finance institution, IDC maintains a balanced approach supporting industrial development while safeguarding financial sustainability. A higher-risk appetite consumes more of the Corporation's risk capacity, increasing exposure, while a lower risk appetite preserves capital adequacy and resilience. The IDC risk appetite level is aligned with its mandate to promote sustainable industrial capacity and through-the-cycle job preservation. The Corporation continues to effectively implement and monitor interventions to manage the approved Top Twelve Strategic Risks and other Operational Risks. These identified risks remain relevant and appropriate to the Corporation and adequately capture current and emerging challenges, both international and local.

The approved Risk Capital, Limits & Thresholds and Risk Appetite Metrics remain appropriate and support IDC's strategic shift toward a medium to low-risk portfolio.

Table 9: IDC Core Risk Appetite Metrics

Metric	Definition	Measurement Methodology	Threshold/ Limit
Average portfolio probability of default	The probability that a borrower/group of borrowers will default	Measured as an average probability of default based on the IDC internal risk grading model	<21%
Average probability of default on new book	The probability that a borrower/group of borrowers will default	Measured as an average probability of default based on the IDC internal risk grading model	<20%
Impairment Ratio	Level of cumulative impairments over the total portfolio at cost	Measured as a ratio of total balance sheet impairments over the total portfolio at cost (total impairments = cumulative expected credit losses (ECL's) on SPPI facilities plus negative fair value adjustments on non-SPPI facilities)	ECL ratio <25% Total impairment ratio < 27%
Non-performing loans Ratio	Amortising loans that are non-performing, where capital arrears more than 90 days exceed 0.5% of its total capital exposure, including undrawn.	Capital outstanding on loans that are more than 90 days in arrears, expressed as a percentage of the total loan book at cost. NPL value (amortising loans) expressed as a percentage of capital exposure at cost for amortising loan contracts	<15%
IFRS Non-Performing Loans Ratio	All stage 3 non-performing assets. Loans classified as non-performing or credit-impaired (Stage 3 loans), such as those in default, subject to significant credit deterioration, or where payments are over 90 days past due. are measured against the total loan portfolio	All stage 3 Solely Payment of Principal and Interest (SPPI) assets as a percentage of the gross SPPI book at cost	<25%
Credit Loss Ratio	Level of actual credit losses incurred during the year as a percentage of the total portfolio	Measured as the ratio of the annual impairment charge per the income statement over the portfolio at cost	<5%
Write-off Ratio	Level of debt and equity written off during a financial year in relation to the capital base	Measured as a ratio of total write-offs post recoveries and expressed as a percentage of the IDC's capital	<2% of capital base
Debt to Equity Ratio	It measures the extent of the IDC's interest-bearing debt relative to its equity.	Ratio of total interest-bearing liabilities to the total equity.	60%
Single Name and Group Counterparty loss limit.	The maximum loss that IDC will be willing to accept on a single obligor and group counterparty.	The limit is set based on its impact on the tolerance level of the IDC from a time to recovery perspective, as well as the impact	Single obligor: R1.5bn Group counterparty: R3.0bn

Metric	Definition	Measurement Methodology	Threshold/ Limit
		on the leverage ratio and potential loss of capital base.	
Industry concentration limits	Industry concentration refers to concentrations in areas of the economy in which businesses share similar products or services that are highly correlated.	The acceptable risk levels consider the probability of default as well as the loss given default of the portfolio.	Total loss methodology. R21.7bn Loss Limit based on a Target Loss Ratio of 33% and a Target Weighted Average weighted Total Book PD of 21%
Africa Portfolio limit	Africa Portfolio Limits represent the share of IDC capital allocated for investment opportunities on the continent.	The Africa portfolio limit is set at 30% of IDC shareholder funds. This is further distributed to SADC and RoA portfolios, using a 60:40 split in favour of SADC.	APL: USD1.59 billion SADC: USD957 million ROA: USD638 million
Liquidity Coverage Ratio (LCR)	Short term liquidity risk metric	Measure the IDC's ability to meet liquidity requirements over the next 3 (severe/acute short-term shock) and 12 months (moderate protracted liquidity stress)	≥100%
Net Interest Income at Risk (NII)	NII-at-Risk is a short-term earnings approach	Measures the impact of interest rate shocks on forecasted 12-month NII.	<10%
Net Open Foreign Currency Position (NOFP)	NOFP refers to a methodology of measuring the foreign exchange rate risk	Positions are based on the aggregate of all long and short currency specific positions (both spot and forward transactions) and aim to prevent potential losses resulting from transaction related exchange rate risk.	<USD 25 million
Fraud and Ethical Conduct	The indicator reflects IDC's commitment to maintaining the highest integrity and ethical conduct levels and has no appetite for fraudulent and unethical business activities. Potential conflicts of interest must be avoided and/or managed through appropriate disclosure.	Number of confirmed of fraud / unethical cases.	0
Regulatory Compliance Risk	The risk appetite statement for compliance risk reflects a need for a robust approach that ensures strict adherence to regulatory requirements. The Corporation does not have appetite for non-compliance with key/critical regulatory requirements.	Number of material key/critical regulatory breaches	0
Business Continuity (Operational Resilience)	The risk appetite for Business Continuity Management is to ensure that effective BCM plans are in place for all critical IDC functions and that all vendors supporting critical functions have a robust BCM capability to ensure business continuity.	Recovery Time from a critical disruptive event.	24 Hours
Operational risk losses	The risk of loss resulting from inadequate or failed internal processes or systems, human error, or from the occurrence of external events.	Rand value of operational risk incidents	Aggregate Operational Risk annual: Max loss R20 million
Environmental, Social, Governance	The IDC will encourage and support businesses to adopt policies that improve Environmental, Social, Resilience and Governance (ESRG) risk factors in alignment with national and global commitments made by the South African government.		

11. PERFORMANCE INDICATORS

The following Key Performance Indicators (KPIs) have been established for the 2026/27 Corporate Plan following a comprehensive review and stakeholder consultation. This refined set of thirteen primary KPIs sharpens strategic focus, aligns with our mandate, and balances developmental impact with financial sustainability.

Table 10: Key performance indicators

	Performance Indicator	2026/27 Target	2027/28 Target	2028/29 Target
1	Total funds invested in the economy (R'm)	38 453	39 053	40 153
2	Increase in exports generated through IDC's funding activities (R'm)`	5 000	5 250	5 513
3	Value of funds crowded in for SMEs (R'm)	1 909	2 220	2 864
4	Value of funds crowded in for transformation	6 023	6 333	6 650
5	Number of Jobs expected to be created and saved	16 000	16 800	17 640
6	Number of Work opportunities created from SEF and other funders	45 673	47 957	51 793
7	Value of funds crowded in for spatial and rural development (R'm)	9 533	10 010	10 510
8	Reduction in impairments	29.7%	27.9%	26.1%
9	Reduction achieved in NPLs	28.4%	26.7%	25.0%
10	Achieve critical milestones in the turnaround plans for Cast Products SA, Foskor, BAIC, AMSA and Kalagadi Manganese	70%	70%	70%
11	Appreciation in carrying value of unlisted investments	Real GDP Growth + 3.5 percentage points	Real GDP Growth + 3.5 percentage points	Real GDP Growth + 5.5 percentage points
12	Turnaround time for complex transactions	180 days	180 days	180 days
13	Turnaround time for non-complex transactions	60 days	60 days	60 days

12. SUPPORTING MATERIAL

12.1. ANNEXURE A - FINANCIAL STATEMENTS FORECASTS – IDC GROUP

Balance Sheet Forecasts

	2025	2026	2027	2028	2029	2030
ASSETS						
Ordinary shares	22 132	25 695	28 535	31 204	35 889	39 604
Preference shares	6 938	8 040	8 401	8 436	9 012	9 563
Non-earning loans	-	-	-	-	-	-
Shares	29 070	33 734	36 936	39 641	44 902	49 167
Loans and Advances	67 478	70 221	70 732	75 000	77 805	78 830
Local	61 664	63 178	61 920	63 786	64 323	63 798
Foreign	5 814	7 043	8 812	11 214	13 482	15 032
Provision for d/debts & impairments	(20 291)	(19 749)	(18 689)	(17 856)	(18 470)	(17 986)
Financing at book value	76 257	84 206	88 979	96 785	104 237	110 012
Fair value adjustment	50 760	49 788	50 493	49 716	49 093	50 339
FINANCING - EXTERNAL	19 479	20 628	21 645	22 034	21 845	22 616
Other assets	16 038	19 100	19 369	19 794	20 043	20 930
Money market investments	3 442	1 528	2 276	2 240	1 802	1 686
TOTAL ASSETS	146 496	154 623	161 117	168 535	175 175	182 968
BORROWINGS	28 733	28 625	26 724	28 788	30 465	31 690
Bank loans	6 347	6 526	6 756	5 559	6 759	6 626
Medium Term Notes	10 116	10 697	11 647	16 032	17 625	17 019
Unemployment Insurance Fund	3 000	3 000	1 000	1 000	-	-
PIC Green Bond	5 000	5 000	4 666	4 332	3 998	3 664
Third party funds & funds held in trust	541	541	541	541	541	541
Foreign currency - based	3 729	2 861	2 114	1 324	1 542	3 840
Deferred tax	466	3 772	3 915	3 725	3 890	4 363
Other liabilities	4 031	4 705	4 809	4 772	4 503	3 917
EXTERNAL FUNDING	33 230	37 102	35 447	37 285	38 858	39 970
Share capital	1 393	1 393	1 393	1 393	1 393	1 393
Reserves	111 873	116 128	124 277	129 857	134 923	141 604
SHAREHOLDER'S FUNDS	113 266	117 521	125 670	131 250	136 316	142 998
TOTAL FUNDS	146 496	154 623	161 117	168 535	175 175	182 968

Income Statement Forecasts

	2025	2026	2027	2028	2029	2030
Financing income	20 937	23 170	23 757	25 417	27 210	29 207
Dividend income	3 490	2 479	2 590	3 019	3 394	3 830
Interest income	5 988	6 835	6 735	7 168	7 658	8 280
Other income	11 459	13 857	14 432	15 230	16 158	17 097
Money market investment income	834	399	378	444	359	423
Total Income	21 771	23 570	24 135	25 861	27 568	29 630
Borrowing costs	(3 150)	(2 639)	(2 679)	(2 604)	(2 796)	(3 967)
Net interest, dividends & fees	18 621	20 931	21 456	23 257	24 773	25 662
Administration costs	(13 982)	(15 868)	(15 622)	(15 928)	(16 677)	(17 678)
Operating expenses	(13 523)	(15 540)	(15 449)	(15 769)	(16 531)	(17 545)
Social and special enterprise cost	(460)	(328)	(173)	(159)	(146)	(133)
Project costs - general	(86)	(90)	(64)	(67)	(71)	(74)
Impairments and write offs	(1 746)	(393)	296	53	(948)	35
NET OPERATING INCOME BEFORE TAX	2 807	4 580	6 066	7 314	7 076	7 945
Taxation on operating income	(286)	(565)	(735)	(921)	(945)	(968)
NET OPERATING INCOME AFTER TAX	2 521	4 015	5 331	6 393	6 131	6 977

Forecasted Funds Flow Statement

	2026	2027	2028	2029	2030	2031
<i>Total Financing Advances</i>	18 105	15 437	17 535	18 172	20 482	19 257
Advances: Equity	2 207	5 858	3 484	3 564	5 735	3 081
Advances: Loans	15 898	9 579	14 051	14 608	14 747	16 176
<i>Borrowings repaid</i>	6 572	4 182	4 427	4 101	4 173	1 854
<i>Dividend paid</i>	-	0	55	55	-	62
<i>Tax paid</i>	899	1 096	1 213	1 331	1 521	1 634
OUTFLOW	25 576	20 715	23 229	23 660	26 176	22 807
<i>Internal funds generated</i>	17 156	14 203	14 938	15 411	16 605	16 472
<i>Repayments received</i>	12 082	10 249	14 891	11 997	13 665	13 383
<i>Net income before tax</i>	5 074	3 954	3 299	3 595	2 827	2 710
<i>External funds raised</i>	6 141	4 117	3 025	6 654	5 847	3 074
<i>Proceeds from sale of shares</i>	438	481	-	-	-	-
INFLOW	23 735	18 801	21 663	23 044	25 063	21 252
NET (OUTFLOW)/INFLOW	(1 170)	(1 914)	(798)	141	(288)	225

12.2. ANNEXURE B – BORROWING PROGRAMME

The Borrowing Programme will be reviewed and revised as loan disbursements, collections, and required liquidity change. The implementation of the borrowing strategy will further be influenced by the IDC’s liquidity policy requirements, development strategy, market conditions, liquidity cost management, and investor demand.

Debt Funding Sources	2026		2027	FY2028	FY2029 - FY2031
	Actual	Forecast	Budget		
Domestic borrowings	4 999	6 699	4 095	3 000	9 000
Debt Capital Markets	4 249	5949	2 600	1 500	4 500
DFIs/Multilateral agencies/Institutional Investor	-	-	1 495	1 500	4 500
Loans	750	750	-	-	-
Foreign borrowings	1 216	216	3 905	1 250	9 700
Debt Capital Markets	-	-	3 905	-	2 851
DFI's/Multilateral agencies	216	216	-	750	6 281
Loans	-	-	-	500	568
Total borrowings	5 215	6 915	8 000	4 250	18 700

1. The approved borrowing mandate of up to ZAR 8.0 billion which could be funded through:

- The short, medium-to-date-term facilities or foreign currency equivalent from funding and market sources on such terms and conditions as approved by EXCO from time to time is in line with the Board approved Delegation Matrix.
- Issuance of public or private placements bonds (including sustainability bonds, commercial papers, bond switch/refinancing, offshore public bonds (Eurobonds, Panda Bonds, Samurai Bonds).
 - Refinance the PIC Green Bond of R5 billion and any other debt should the need arise.
 - Under the existing ZAR 50 billion registered domestic medium-term note (DMTN) programme.
 - The establishment of a global medium-term note (GMTN) programme or standalone offering documentation.
 - The registration of the programme or standalone offering documentation with relevant authorities.
- Granting EXCO the flexibility to reallocate the funding sources as and when required, given the market conditions.

2. Furthermore, Board approves:

- The increase of the domestic medium-term note (DMTN) programme to ZAR70 billion.
- That the two authorised signatories (General Counsel and Chief Financial Officer) be duly authorised to sign bond issuances under the DMTN programme, GMTN programme or standalone offering documentation, as well as the legal agreements concluded for debt raising.
- The IDC’s duly authorised signatories (as per the Authorised Signatories List) be allowed to sign documents in execution of drawdowns for the approved borrowings.

12.3. ANNEXURE C – IDC BOARD OF DIRECTORS

Name	G Serobe (Chairperson)	M Lekhethe: Chief Executive Officer/	A Dlodlo	T Makube (Dr)	R Barnard	T Cohen
Gender	Female	Female	Female	Male	Male	Female
Race	African	African	African	African	White	White
Qualifications	Bachelor of Commerce (BCom) from University of Transkei, Master of Business Administration (MBA) and Honorary Doctorates.	BCom (Economics), University of Durban Westville, BCom Hons (Economics) (Wits), MSc (International Economics), University of London, SOAS, UK Senior Executive Development Programme, Wits Business School	Master of Business Administration (MBA), Postgraduate Diploma in Business Management, Higher Certificate in Shipping and Transport Management and additional postgraduate training in Management Development and Executive Development Programmes	PhD in Energy Studies, Postgraduate qualifications in Law, Economic Policy, and Energy Economics, Admitted Advocate of the High Court	B. Com in Finance – Stellenbosch University and Executive MBA	BA, LLM (Master of Laws) and LLM (Laws) form University of the Witwatersrand and Admitted Attorney
Appointment Date	September 2025	February 2025	September 2025	September 2025	September 2025	September 2025

Name	K Motibedi (Dr)	BA Mabuza	BA Dames	T Ramano	A Kriel	T Orleyn (Adv)
Gender	Female	Female	Male	Female	Male	Female
Race	African	African	Coloured	African	Coloured	African
Qualifications	BSc; BSc (Hons); MSc (Medical Bioscience) UWC, PhD (PhD (Human Physiology – Cancer Research) UP	BA (Mathematics and Computer Science) (Hunter College, City University of NY), MBA (Finance and Information Systems) (Leonard Stern School of Business, NYU)	BSc (Hons) (University of Western Cape); MBA (Samford University); Graduate Diploma in Utility Management (Samford University	B.Com (Accounting) PGD in Accounting and Finance, Chartered Accountant (CA (SA)), Executive Leadership Development Programme, Advanced Leadership Initiative (ALI), Harvard University	BSocSci (UCT)	B-Proc (UNISA), B Juris (University of Fort Hare) LLB (UNISA) LLM (Wits) Certificate in Energy Law, Executive Management Programme (Kellogg Business School)
Appointment Date	September 2025	October 2025	October 2025	October 2025	October 2025	October 2025

12.4. ANNEXURE D – BOARD COMMITTEES

BOARD OF DIRECTORS

The Corporation has a unitary Board structure, currently comprising 11 non-executive directors. This enables the Board to obtain the desired level of objectivity and independence in Board deliberations and decision-making. The Board is assisted by board committees, duly established in accordance with guidelines provided in King V Report on Corporate Governance, the Companies Act and the Public Finance Management Act.

The size of the Board is determined in terms of Section 6 (2) of the Industrial Development Corporation Act, No. 22 of 1940 ('IDC Act'), as amended, which permits a minimum of 5 and a maximum of 15 directors to be appointed by the Executive Authority. In line with the recommendations of King V, the positions of Chairman and Chief Executive Officer are separately held to ensure a clear division of duties.

The Directors have diverse backgrounds and expertise to ensure a balance of skills, or wide range and appropriate mix of skills, facilitating independent judgement and effective deliberations in the decision-making process whilst pursuing the Corporation's strategic objectives.

The Board has a charter which is regularly reviewed. The Board Charter sets out the Board's responsibilities which include the adoption of strategic plans, developing a clear definition of materiality, monitoring of operational performance and management, determination of policy processes to ensure the integrity of the Corporation's risk management and internal controls, communication policy, and director selection, orientation, and evaluation. The Board Charter is supported by the IDC Act and Regulations.

The Board has established six sub-committees, being the Investment Committee, Human Capital Committee, Audit Committee, Risk and Sustainability Committee, Social and Ethics Committee, and Directors Affairs Committee all of which are ultimately accountable to the Board.

Board Investment Committee (BIC)

The purpose of the Board Investment Committee (BIC) is to act on behalf of the Board by considering transactions mandated to it by the Board. The BIC considers transactions where IDC transaction exposure is above R300 million and more, but less than R1.5 billion and the group counterparty limit is R500 million and more but less than R 5 billion. The BIC also considers transactions where the sector, transaction and/or regional limit, or the counterparty limit is breached, and it makes recommendations to the Board.

Board Human Capital Committee (BHCC)

The main purpose of the Board Human Capital Committee is to assist and guide the Board in the strategic development and oversight of human capital policies, plans and the implementation thereof including matters pertaining to talent attraction, retention, development and succession, remuneration, performance goals, culture and employee relations and in relation to the Corporate plan.

Board Audit Committee (BAC)

The Board Audit Committee (BAC) is constituted as a standing Committee of the Board, in accordance with the provisions of the PFMA, King V Report and all relevant prescripts. The main purpose of the BAC is to assist the Board in discharging its duties relating to combined assurance, and to oversee the

finance function with the assistance of the office of the CFO, internal and external audit, compliance and risk management in so far as it relates to financial matters and integrated reporting.

Board Risk and Sustainability Committee (BR&SC)

The purpose of the Board Risk and Sustainability Committee is to assist the Board in carrying out its risk and compliance responsibilities. The Committee also ensures that the Corporation has implemented an effective policy and plan for risk management that will enhance the Corporation's ability to achieve its strategic objectives and that the disclosure regarding risk is comprehensive, timely and relevant.

Board Social and Ethics Committee (BSEC)

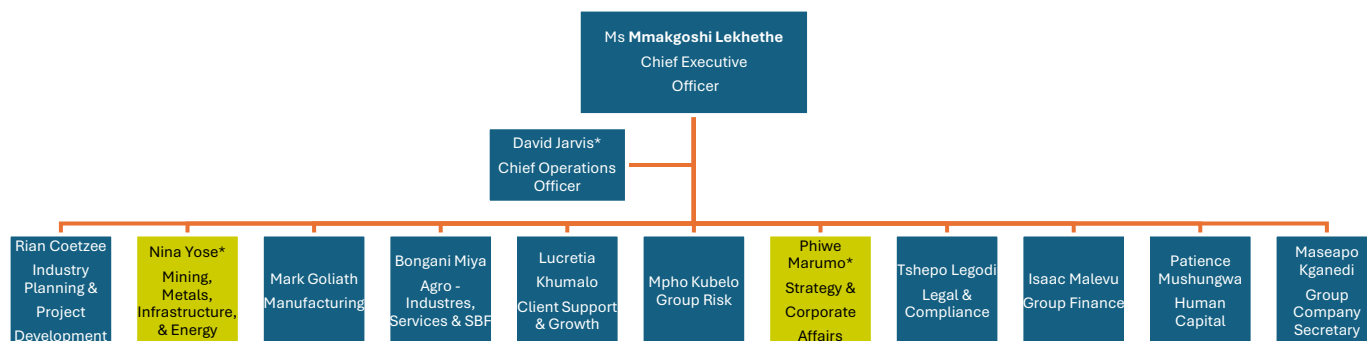
In terms of the Companies Act, Regulations 43(1) (c), it is provided that "a Social and Ethics committees must be established for every state-owned company". The main purpose of the Committee is to help the Board fulfil its oversight role on social and ethical matters relating to the Corporation, including any matter in which an IDC director has an interest. Overall, the Committee provides oversight, guidance, and assurance to help the Board protect the Corporation's reputation and uphold high standards of ethical conduct.

Directors Affairs Committee (DAC)

The main purpose of the Directors' Affairs Committee is to support the Board in fulfilling its responsibilities relating to corporate governance, board effectiveness, and director-related matters. Its primary purpose is to ensure that the Board is composed, structured, and functioning in a manner that enables effective oversight and strategic leadership of the Corporation. In addition, the Committee oversees the processes for the evaluation and appointment of the Chief Executive Officer.

12.5. ANNEXURE E – EXECUTIVE MANAGEMENT

Figure 8: Executive Structure



**Acting*

M Lekhethe: Chief Executive Officer

BCom (Economics), University of Durban Westville, BCom Hons (Economics), (Wits)
MSc (International Economics), University of London, SOAS, UK
Senior Executive Development Programme, Wits Business School
Joined the IDC and was appointed to Executive Management in 2025.
(Gender: Female; Race: African)

DA Jarvis: Divisional Executive – Chief Operations Officer (Acting)

BSoc Sci (Hons) (UKZN), Masters in Industrial Organisational and Labour Studies (UKZN)
Joined the IDC in 2013 and was appointed to Executive Management in 2015.
(Gender: Male; Race: White)

R Coetzee – Industry Planning and Project Development

MCom Economics (North-West University)
BCom (Hons) Economics (University of Stellenbosch)
BCom Maths (University of Stellenbosch)
Global Executive Development Programme (Gordon Institute of Business Science)
Joined the IDC 1995 and was appointed to Executive Management in 2025.
(Gender: Male; Race: White)

N Yose - Mining, Metals, Infrastructure and Energy (Acting)

CA (SA)
MBA (GIBS Business School)
BCom
(Gender: Female; Race: African)

M Goliath: Divisional Executive: Manufacturing

MBA (Wits Business School)
BCom (Hons) Financial Management (University of Western Cape)
National Diploma Chemical Engineering (Cape Technikon)
Joined the IDC in 2008 and was appointed to Executive Management in 2026.
(Gender: Male; Race: Coloured)

B Miya: Divisional Executive – Agro-industries, Services, and Small Business Finance

BSc. Mathematics and Econometrics, Wits University, 2004,
Private Equity Executive Course, Harvard Business School, 2018.

Joined the IDC and was appointed to Executive Management in 2022.
(Gender: Male; Race: African)

TL Khumalo: Divisional Executive – Client Support and Growth

BSc Electrical Engineering (Wits), MBA (UCT)
International Leadership Development Programme (Advanced Management Programme) (Harvard Business School)

Joined the IDC and was appointed to Executive Management in 2018.
(Gender: Female; Race: African)

M Kubelo: Chief Risk Officer

Advanced Management Program, Sloane School of Management, Massachusetts Institute of Technology, 2022
Master of Science in Risk Management, Stern Business School, New York University, 2019
Master of Business Administration, University of the Witwatersrand Business School, 2013
Chartered Financial Analyst (CFA) Charter, CFA Institute (United States of America), 2009
B.Sc. Engineering (Electrical), University of the Witwatersrand, 1999

Joined the IDC and was appointed to Executive Management in 2026.
(Gender: Male; Race: African)

P Marumo: Divisional Executive – Strategy and Corporate Affairs (Acting)

MBL (Unisa)
BA (Hon) Social Science (Wits)
BA Social Science (Wits)
Management Advanced Programme (Wits University)
General Management Programme (Gordon Institute of Business Science)
(Gender: Female; Race: African)

T Legodi: General Counsel and Divisional Executive – Legal and Compliance

BA Law LLB (University of Natal), LLM (Tax) (University of Johannesburg), Programme for Management Excellence (GIBS), Mining and Minerals Technology & Business Overview Programme (University of Johannesburg)

Joined IDC in 2017 and appointed to Executive Management in 2021.
(Gender: Female; Race: African)

I Malevu: Chief Financial Officer

BCom (Wits), Accounting (Hons) University of Natal, CA (SA)
GIBS leadership program
Senior Executive Development Program (London Business School)
Joined the IDC and was appointed to Executive Management in 2020.
(Gender: Male; Race: African)

TP Mushungwa: Divisional Executive – Human Capital

BAdmin (UDW), BAdmin Hons (UNISA), Programme in Business Leadership (UNISA School of Business Leadership)

Joined the IDC and was appointed to Executive Management in 2019.
(Gender: Female; Race: African)

M Kganedi: 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 in 2022.
(Gender: Female; Race: African)

12.6. ANNEXURE F – DIVIDEND POLICY

The dividend policy was approved by the Board on 29 July 2024 on the following basis:

The amount of dividend to be declared per annum, is at the discretion of the Board, after considering the following factors:

- the important role which the IDC plays as a driver of industrial development in the economy;
- the strategic objectives outlined in the annual Corporate Plan; and
- the financial sustainability of organisation.

The following are the key principles to apply in the determination of the dividend to be declared:

- Dividend targets and actual payments are set by consultation between the shareholder and the board.
- IDC 's support for key industrial development initiatives that influence its profits (e.g., industry targeted incentivised rate schemes and job creation initiatives) may be considered in determining the dividend amount.
- The consideration of dividend to be declared requires a balance between the funding needs of the IDC to secure long-term value creation, social delivery.
- Where there are significant variations to revenues and/or capital expenditure requirements, lower dividends may be required, but with strict constraint of ensuring the maintenance of the Board approved capital structure range.
- Dividends targets will be negotiated in revenues and/or capital expenditure requirements, lower dividends may be required, but with strict constraints to ensure the maintenance of the Board-approved Dividend targets will be negotiated in relation to revenue and/or capital expenditure requirements; lower dividends may be required, but with strict constraints to ensure the maintenance of the Board-approved dividend in line with the financial plan of the IDC.
- Dividend declaration should only be considered after the approval of the audited annual financial statements.
- Appropriate measures must be applied to ensure compliance with the legal and regulatory framework of the IDC.
- The amount of dividend to be declared per annum is at the discretion of the Board, after considering factors indicated above.

12.7. ANNEXURE G – MATERIALITY & SIGNIFICANCE FRAMEWORK

MATERIALITY LEVELS FOR REPORTING IN TERMS OF SECTION 55(2)(B)(I) OF THE PFMA

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements should include particulars of any material losses through criminal conduct and irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year. The term material has not been defined in the Act. The IDC adopted a definition in terms of the monetary impact for the purposes of this section as R40 million.

The IDC will monitor and take appropriate action for all losses through criminal conduct and irregular and fruitless and wasteful expenditure that occurred during the year.

The IDC will, however, only report any losses through criminal conduct and irregular expenditure and fruitless and wasteful expenditure in excess of R40 million in its annual report and financial statements. The R40 million is below the IDC's Group audit materiality as determined by the external auditors.

SIGNIFICANCE LEVELS RELATED TO SECTIONS 51(1)(G) AND 54(2) OF THE PFMA

Sections 51(1)(g) and 54(2) of the PFMA read in conjunction with the related practice note requires the use of a significance framework. Based on the guidelines in the practice note and after evaluating the total assets, total revenue, and profit after tax for the IDC Group, a significance level of R500 million has been adopted.

12.8. ANNEXURE H – STRATEGIC RISKS & GOVERNANCE

RISK MANAGEMENT FRAMEWORK

The Enterprise Risk Management Framework (ERMF) provides clear direction on managing risks that may prevent IDC from meeting its goals. The ERMF is aligned to the principles of good corporate governance and based upon internally and externally verified best practice. The IDC recognises the need to proactively maximise its mandate of development impact through effective and sustainable industrial development in South Africa and across the continent. The Corporation further recognises that it engages in operations that may carry significant risks but also that all deals are considered strictly on their economic merits. It therefore has a robust Enterprise Risk Management process for identifying, assessing, and appropriately mitigating any risks that may affect its ability to achieve its strategic objectives.

Risk Assessment Process

The components of the IDC’s risk assessment process are illustrated and explained below.

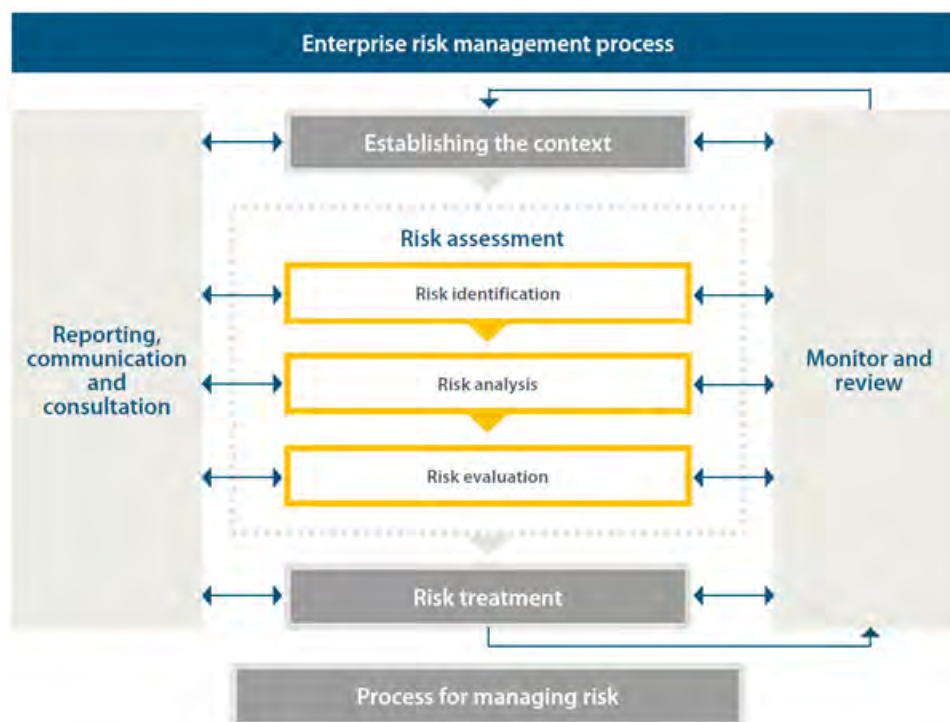


Figure 9: Schematic of the Risk Assessment Process (Source: ISO 31000 standards)

Establishing the Risk Assessment Context

This aspect provides perspective and assists with understanding the nature of the impact of the risk on the business, including the critical strategic, financial, governance, operational and IT governance risks we face.

Risk Assessment

The risk assessment process enables management to gain an understanding not only of the probability that a risk may materialise but also its impact on the Corporation. The risk assessment methodology provides

management with a portfolio view of risks (i.e., a risk profile). The risk assessment process is broken down into the following phases:

- Risk identification – the process of considering the causes and sources of the risk, and its positive and negative consequences.
- Risk analysis – the process of considering the risk’s potential positive and/or negative consequences, and the probability of those consequences occurring.
- Risk evaluation – the process which compares the risks against risk evaluation criteria, resulting in a map of risk priorities.

Risk treatment

The objective of risk treatment is to determine how the IDC should respond to events and associated risks. The IDC’s risk response strategies can broadly be categorised as follows:

- Terminate: eliminate, redesign, avoid or substitute the threat
- Transfer: where possible and advantageous move the threat to another party
- Treat (further): mitigate or control the threat by implementing additional measures to reduce the likelihood and/or consequence before the threat materialises
- Tolerate: retain the threat after careful consideration of its consequences for a predefined duration

Risk reporting and escalation

It is important to keep the Board, executive management, the Board Risk and Sustainability Committee and the Board Audit Committee abreast of key risks and the actions resulting from risk management activities. This component of the framework outlines the process for reporting risk management information to these governance entities on a consistent and timely basis. The IDC Board is the ultimate custodian and steward of the IDC risk appetite and approves the appropriate parameters for risk management.

Monitor and review

Monitoring refers to the consistent application of the ERM Framework across the Corporation, the effectiveness of the ERM policies and procedures, as well as the identification of weaknesses demanding corrective action.

Communication and consultation

Effective communication and consultation increase the awareness of the Risk Management Programmes. Workshops are held with relevant stakeholders and risk owners to assess and discuss the strategic risks

Strategic Risks

The table below indicates the IDC's 12 key strategic risks that have been identified and assessed by management. These risks are aligned to the IDC's strategic objectives to ensure that they are governed in a way that supports the Corporation in setting and achieving its strategic objectives and are assured through annual control testing, and quarterly Key Risk and Control Indicator Monitoring.

Risk name and description	Risk mitigation
<p>1. Macro-economic conditions and developments Adverse macro-economic conditions (domestically and/or globally) and/or sovereign credit downgrades affecting the IDC's business and its ability to achieve strategic targets</p>	<ul style="list-style-type: none"> • Continuous monitoring of economic developments globally and domestically • Monitoring of sectorial developments through output indicators. (Manufacturing, Mining, Agriculture, Services) - Sector Trends reports, summary performances per SBU. • Monitoring client quarterly performance indicators (IMC). • Annual scenario analysis and impact on IDC contingency plans. • Research and analysis of economic, political, industrial and other pertinent development.
<p>2. Developmental impact risk Risk of not delivering the Corporation's intended developmental outcomes such as failure to create jobs, investing in rural areas, and supporting black industrialists resulting in the IDC not meeting its strategic objectives and having the desired developmental impact.</p>	<ul style="list-style-type: none"> • There are clear developmental KPIs, which cascade from the corporate plan to the divisions and Individuals which include: Total investment facilitated and committed, Funding facilitated and committed for transformation, Jobs created or saved through IDC funds and preferential pricing. These KPIs are closely monitored at both divisional and corporate levels involving tracking turnaround times, identifying and addressing bottlenecks, and effectively managing the pipeline. • To ensure that there is adequate Financial Resources to Support Strategy Implementation of the developmental mandate, the annual borrowing programme and Funding Gap Analysis of the IDC is compiled for the succeeding financial year which considers anticipated receipts and expected financial requirements of the Corporation including planned disbursements, operational costs.
<p>3. Concentration risk Concentration in the IDC's portfolio, affecting diversification, dividend income and strength of the balance sheet</p>	<ul style="list-style-type: none"> • Diversification strategies to mitigate the risk of equity concentration. • Component Value at Risk Methodology used to aid the calculation (identification) of concentration risk. • Industry/Sector Limit monitoring: • A new limits methodology framework will form part of the review of the Risk Appetite Framework in FY27, which will focus on a more dynamic limits allocation approach and seek to implement a comprehensive risk mitigation plan that balances strategic development goals with prudent risk management.
<p>4. Significant risk of investments Financial viability of significant investments and their ability to deliver effectively on their required strategy</p>	<ul style="list-style-type: none"> • There is a post investment process by CSG to monitor the performance of investments. Some of the activities include: <ul style="list-style-type: none"> ➢ Implementing value creation plans to assist underlying investee companies in the execution of their strategies. ➢ Providing business support intervention to Business Partners to address specific deficiencies and vulnerabilities. ➢ The turnaround of clients in financial distress. • IDC Representatives are nominated to sit on the boards of some of IDC investee companies.
<p>5. Credit and investment portfolio risk Non-payment by the IDC's business partners and non-recoverability of investments</p>	<ul style="list-style-type: none"> • Credit Risk Management Department's dedicated Origination team provides upfront credit risk input and review of deals during origination stage.

Risk name and description	Risk mitigation
	<ul style="list-style-type: none"> • Well-defined Credit and Investment Policy in place to manage investment decision making. • Independent Credit Risk Evaluation and Review of transactions performed by a dedicated Credit Risk Evaluation team to ensure material credit related issues are addressed. A final review for approval is done by the relevant credit committee in line with the delegation matrix. • Value Creation Planning strategy assists in underlying investee companies in the execution of their strategies, including implementation and monitoring interventions. • CS&G division provides ongoing risk monitoring on investment portfolio to reduce arrears and nonperforming loans levels, provides business support intervention to Business Partners to address specific deficiencies and vulnerabilities and assist with the turnaround of client in financial distress. • Monthly monitoring of the top 20 Non-Performing Loans and top 20 Impairment contributors. • Watchlist framework is in place as an early warning trigger tool to identify early signs of potential distressed clients. The Watchlist clients are monitored quarterly at the Investment Monitoring Committee, including the progress on the identified interventions. • Risk Governance and Portfolio Management provides periodic monitoring and assurance of the investment portfolio.
<p>6. Liquidity and funding risk The risk where the IDC is unable to maintain or generate sufficient cash resources (funding liquidity risk) at a sustainable cost (market liquidity risk) to meet its financial obligations when they become due.</p>	<ul style="list-style-type: none"> • Robust policies, models, methodologies and governance structures. • Funding plan rigorously managed across different areas. • Strong and enhanced relationship with funders/sources of capital. • Liquidity cash preservation processes and weekly meetings. • Co-funding arrangements with other financial institutions. • Prioritisation and close monitoring of disbursements and collections. • Liquidity and funding risk monitoring and oversight by the ALM and Market Risk department. The ALM team monitors liquidity risk profile of the IDC through the Liquidity Coverage Ratio (LCR)-Short-term methodology and the Structural Liquidity Mismatch (SLM)-Long-term methodology. • Alco and BRSC oversight: Over the outcomes of liquidity and funding monitoring activities. All risks are monitored monthly and reported to the ALCO quarterly
<p>7. People risk/organisational culture risk Failure to recruit, develop and retain suitable talent and create a conducive working environment that enables high performance and client-service culture balancing diversity in demographics and age mix.</p>	<ul style="list-style-type: none"> • People Risk is managed through implementation of Talent Acquisition Policy which outlines the guidelines and procedures for attracting and recruiting talent consistently and fairly, Employee Value Proposition that details the benefits for employees of the IDC, Performance Management Policy is in place to govern performance reviews, Leadership pipeline programme.; comprehensive wellness program that drive employee wellness support.
<p>8. 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</p>	<ul style="list-style-type: none"> • Governance structures are in place including: the comprehensive delegation matrix which delegates powers and authorise performance of duties by the staff, committees or other structures of the Corporation, Board Charter, delinquent panel committee responsible for adjudicating/ considering and decide on applications for listing of Affected Persons on the Delinquent Register as recommended by Internal Audit and conflict of interest policies.

Risk name and description	Risk mitigation
<p>9. Reputational risk Potential or actual damage to the IDC's image through factors (negative media reports) that may impair the profitability and sustainability of the business</p>	<ul style="list-style-type: none"> • IDC's social media Policy is in place to guide IDC conduct & response to stories on social media platforms. There is ongoing engagement of key stakeholders to provide periodic update on IDC key strategic initiatives. IDC has partnered with a media monitoring company, that tracks and provides, month and quarterly media reports. • Customer Experience unit manages complaints and conducts Customer satisfaction surveys to assess IDC's client service levels, client experience and how our clients perceive the IDC. • Ongoing engagement of key stakeholders to provide periodic update on IDC key strategic initiatives.
<p>10. Legal and regulatory compliance IDC and business partners not meeting their legal/contractual and regulatory requirements</p>	<ul style="list-style-type: none"> • Compliance department (CRAD) monitors the regulatory acts as per the approved compliance annual programme through conducting compliance reviews to determine the adequacy and effectiveness of controls in place to mitigate against compliance risks. Updates on legislation changes are received from SABINET/World check to ensure IDC remains up to date. • CRAD and the L&D department implement a training program for the whole IDC, making sure that all high-risk Acts that affect the IDC are addressed. (e.g. PFMA, AML, PEP, FIC, RMCP, PRECCA,). New employees are also required to do the same training online. • All legal agreements are drafted by the Legal services department to ensure they are legally sound and aligned with the IDC interest. • To minimise the impact of internal resource capacity to manage legal matters, Legal Services and RBI leverage on external pool of Legal Advisors/panel of attorneys when required.
<p>11. Business Resilience and technology risk continuity (including cyber security) Failure resulting from potential threats and vulnerabilities that can disrupt business operations, compromise data security, and impede the integration and effectiveness of digital technologies).</p>	<ul style="list-style-type: none"> • Business continuity planning • Crisis management frameworks • Preventative and detective mitigation strategies to manage cyber risk • Regular testing of IT systems • Annual disaster recovery test
<p>12. ESG and Sustainability impact Mis-alignment and compliance with international (best practice) and national ESG frameworks including the integrated implementation across the IDC.</p>	<ul style="list-style-type: none"> • The Responsible Investment Policy provides the Exclusion and Restricted Lists of activities that stipulates what sectors are to be excluded/funded and restricted activities considered on a case-by-case basis to ensure funds are not used for restricted activities. Additionally, there is an approved Environmental, Social Resilience and Governance Risk (ESRG) Policy in place which seeks to show IDCs commitments into integrating and managing ESG risks and consider opportunities. • There is robust environmental and social risk assessment conducted by ESH at pre-investment and DD stages on transactions (e.g. Check if the client has the valid licence to operate).

12.9. ANNEXURE I – FINANCIAL CRIME PREVENTION POLICY & PLAN

POLICY ON FINANCIAL CRIME AND ASSOCIATED IRREGULAR CONDUCT

The Financial Crime Prevention Policy sets out the Corporation's stance on financial crime, associated irregular conduct and the reporting thereof. Hereinafter, all references to the concept financial crime should be read to include the acts of theft, corruption, fraud and associated irregular conduct. The policy was established to facilitate the development of controls that will aid in the detection, prevention, investigation, and the reporting of fraud against the Corporation. It is therefore the intent of the Corporation to promote consistent organisational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

1 POLICY STATEMENT

Financial crime represents a significant risk to the IDC, its business operations, and all other relevant stakeholders. The IDC will not tolerate fraudulent or corrupt activities, whether internal or external. It will pursue, prosecute, and take appropriate action against any parties, which engage in such practices or attempt to do so.

The objectives of this policy are to:

1. Engender and promote an attitude of honesty and integrity in the IDC.
2. Encourage and enable all IDC stakeholders to report any improper or suspicious conduct.
3. Reassure all IDC stakeholders that they are protected from any reprisals or victimization because of a bona fide and protected disclosure.
4. Ensure that every genuine disclosure of improper conduct is investigated, and appropriate is taken where necessary.
5. Facilitate the establishment of a culture of disclosure to prevent financial crime or improper conduct from occurring and
6. Provide a platform for anonymous reporting of any improper conduct and/or financial crime.

2 BACKGROUND

The IDC subscribes to the principles of good corporate governance, which requires the conducting of business honestly and transparently. Accordingly, the IDC had adopted the policy, to strengthen a culture of honesty, reliability, transparency, and care amongst all stakeholders (internal and external).

The provisions of Section 51(1)(b)(ii) of the Public Finance Management Act 1 of 1999 (PFMA) stipulates that the Accounting Authority must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity.

Treasury Regulations sections 3.2.1 read with section 27.2.1 the accounting authority must facilitate a risk assessment to determine the material risks to which the institution may be exposed and to evaluate the strategy for managing these risks. Such a strategy must include a financial crime risk management policy. The strategy must be communicated to all employees and stakeholders to ensure that financial crime risk management is incorporated into the IDC's language and culture.

The policy sets out the IDC stance against financial crimes and the reporting thereof. As such, the prescripts of the policy have been integrated into and synchronised with the overall business strategies of the IDC

Strategic Business Units as well as the supporting departments. In that way, the policy will facilitate the effective management of financial crime risk activities and ensure that all financial crime incidences are attended to in a coherent and integrated manner, whilst promoting ethical conduct.

The protection of whistle-blowers in terms of the Protected Disclosure Act 26 of 2000 (PDA) is a key enabler of any financial crime risk management strategy. PDA makes provision for employees and all stakeholders to report unlawful, irregular conduct or any improper conduct or suspected financial crime activities by employees and all stakeholders while providing for the protection against the occupational detriment of anyone who blows the whistle on such activities.

3 SCOPE OF THE POLICY

This policy applies to any actual or suspected irregularity involving IDC assets by employees, suppliers, contractors, business partners, and /or any other parties with a business relationship with the Corporation

Zero Tolerance to financial crime as referred above under the purpose serves as the basis of the IDC financial crime policy. Reported financial crime activities will be investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules, and processes of the IDC.

In addition, Internal Audit Department (IAD) will conduct awareness of this policy amongst IDC employees, contractors, business partners.

4 THE RESPONSE PLAN TO FINANCIAL CRIME RISK MANAGEMENT

The IDC has adopted the policy to create and promote a culture of honesty and integrity. The aim is to encourage and enable employees and stakeholders to report any improper conduct and to reassure employees and stakeholders that they are protected from any reprisals or victimisation because of a *bona fide* and protected disclosure. Moreover, these mechanisms will facilitate the establishment of a culture of disclosure and provide a platform for anonymous reporting of any improper conduct, the investigation and taking of appropriate action where necessary.

4.1 PREVENTION PROGRAMMES

The most effective ways to deal with the problem of financial crime is to adopt methods that will decrease motive, restrict opportunity, and limit the ability of potential offenders to rationalise their actions. The aim of preventative controls is to reduce opportunity and eradicate temptation from potential offenders. Prevention techniques include the introduction and implementation of policies, procedures and controls, and activities such as training and financial crime awareness. The details of the role players and the activities that they perform to prevent financial crimes at the IDC are listed in the table below:

No	Department	Role
5.1.1		<ul style="list-style-type: none"> i. Investment appraisal processes/ due diligence ii. Cross-verification of information received from applicants iii. Technical due diligence iv. Marketing due diligence and v. Financial due diligence vi. Applications of funds review vii. Legal due diligence

No	Department	Role
5.1.2	Compliance and Regulatory Affairs	<p>Compliance with anti-money laundering and financial crime prevention legislative regimes that are pertinent to the IDCs financing activities, they conduct:</p> <ul style="list-style-type: none"> i. Customer Due Diligence by performing AML and Sanctions background screening. ii. FICA verification i.e., collecting "Know Your Client" documentation. iii. Reviews of the IDCs financial crime prevention and detection control environment including adherence to the requirements of the Public Finance Management Act No.1 of 1991 and related Treasury Regulations and Notices.
5.1.3	Financial Management	<p>Accounting and operational policies that are designed to prevent commercial crimes including.</p> <ul style="list-style-type: none"> i. strict verification of banking details before disbursements, ii. segregation of duties in vendor creation, iii. invoice verification, iv. the detection of duplicate payments, v. the reconciliations of Electronic Funds Transfer (EFT), petty cash payments and all bank accounts, vi. the prevention, detection and reporting of unauthorised, irregular, and fruitless and wasteful expenditure etc.
5.1.4	IT Department	<ul style="list-style-type: none"> i. Prevent cybersecurity threats and or financial crime that may result in financial loss. ii. Develop and implement of a cybersecurity policy iii. Protection of critical information infrastructure, situational analysis and iv. Conduct awareness campaign concerning the cybercrime threats.
5.1.5	Procurement Department	<p>All employees must adhere to the procurement policies during the procurement process by:</p> <ul style="list-style-type: none"> i. complying with the prescripts of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004. ii. setting ethical standards for all IDC employees who are involved in the procurement of goods and services. iii. fair dealing and integrity in the conducting of its procurement activities. iv. engaging with suppliers in a manner that encourages good supplier relations. v. promoting competition and in compliance with the law.
5.1.6	Human Capital	<ul style="list-style-type: none"> i. The appointment of any employee is preceded by relevant background check6.1.10 Employment Practices. ii. To protect the IDC and its client's information employees are prohibited from divulging or communicating to any persons/s or organisation or make use of any information which they may acquire in relation to the corporation's property, trade, business or general affairs or any trade secret of the working of any process or invention carried on or used in the corporation's business. iii. Managing and implementing disciplinary code and procedure where applicable.

No	Department	Role
5.1.7	Corporate Secretariat	Maintains policies that are aimed at enhancing efforts in the fight against financial crime: i.e. <ul style="list-style-type: none"> i. Code of Business Ethics and Conduct. ii. Corporate Governance Framework for Subsidiaries and Investee Companies. iii. Board of Directors Conflict of Interest Policy. iv. Corporate Governance Framework for Financing Subsidiaries; and v. Delinquent Register.
5.1.8	Facilities Management	Physical Security: <ul style="list-style-type: none"> • at the IDC Head Office and Regions, • Mothballed factories and other IDC assets

4.2 DETECTION PROGRAMMES

The primary responsibility for detecting financial crime lies with management through the implementation, documentation, and operation of effective systems of internal control.

No	Department	Role
5.2.1	Client Support and Growth	After disbursement of the approved loan the IDC conducts post investment activities aimed at detecting financial crimes through: <ul style="list-style-type: none"> i. business partner (client) review, ii. monitoring of undertakings, iii. reviewing of annual financial statements, management accounts, iv. conducting application of funds review.
5.2.2	Internal Audit (IAD)	IAD conducts risks assessment process in performing an audit, as per the Institute of Internal Auditors (IIA) standards i.e. <ul style="list-style-type: none"> • exercise due professional care by considering amongst others the probability of significant errors, financial crime, or noncompliance with laws and regulations and • assesses the potential for the occurrence of financial crime in all audited areas.
5.2.3	Financial Crime Risk Awareness and Training	Training and awareness related to financial crimes is provided to all employees and business partners on an annual basis.

4.3 INVESTIGATION PROCEDURES

The financial crime response plan is a formal means of setting down the arrangements which are in place for dealing with detected or suspected criminal cases. It is intended to provide procedures that allow for

evidence gathering and collation in a manner that will facilitate informed decision-making while ensuring that evidence gathered will be admissible in the event of any, disciplinary hearing, civil or criminal action including internal blacklisting.

No	Department	Role
5.3.1	Investigation of incidents reported	Once a financial crime report has been received by IAD, it will be evaluated and depending on the merits the matter will be rejected or investigated accordingly. In some instances, an investigation or part thereof may be outsourced.
5.3.2	Investigation procedure	Include but not limited to the collection of direct, physical, and circumstantial evidence and analysis of documentary, video, audio, photographic, electronic information, or any other related material, conducting interviews and any other investigative techniques as necessary to conduct the investigation.
5.3.3	Failure to report	<ul style="list-style-type: none"> • Employees will be subjected to the disciplinary procedures • Other stakeholders may be listed in the IDC Delinquent register, or possible legal action will be instituted.

4.4 REPORTING AND ESCALATION OF REPORTED INCIDENTS

If a whistle-blower or any stakeholder who had reported an incident using any of the channels listed below does not get acknowledgement within a period of 21 day of receiving the complaint, they may escalate the incident to the next level as detailed below. If there is an investigation the whistle-blower will be provided with an update within a period of two (02) months until the investigation is finalised

Internal reporting and escalation process

Internal Reporting Process	Reporting Channel	Turnaround time
Employees and all other stakeholders are expected to report their suspicion as soon as they became aware of any financial crime being committed.	The reporting channels are: <ul style="list-style-type: none"> • Tip Off's Anonymous" IDC@TIP-OFFS.COM or call 0800 30 33 36 or SMS 39640. • forensic@idc.co.za; • Head of Internal Audit, 	Acknowledgement within 21 Days of reporting
Internal Escalation process		
	<ul style="list-style-type: none"> • General Counsel (GC), 	If there is no acknowledgement within 21 days of reporting employees may escalate the incident to the General Council who will try to intervene within 14 days.

	<ul style="list-style-type: none"> Chief Executive Officer (CEO), 	If there is no intervention from the General Council, the employee may escalate to the CEO and thereafter to the Board Audit Committee and Board Chairperson.
External reporting and escalation process		
	<ul style="list-style-type: none"> Chairperson of the Board Audit Committee, Chairperson of the Board. Minister of Trade, Industry and Competition <p>www.dtic.gov.za or by telephone 012 394 3747.</p>	The external reporting and escalation process is a continuation of the internal escalation process, however, if there is no response from both the Chairperson of the Board Audit Committee and Chairperson of the Board. The incident may be escalated to the Minister of Trade, Industry & Competition.

4.5 POST INVESTIGATION PROCEDURES

The findings and recommendations of the investigation will be discussed with the relevant Divisional Executives, CEO, and General Counsel for their management comments and then submitted to EXCO and BAC. If there are significant disagreements relating to the IAD's findings, the affected party (except for IR and Criminal issues) may be requested to submit a report to EXCO through the respective Divisional Executive for deliberations and the Chairperson of the BAC for resolution.

Any financial crime committed by an employee, or any other person will be pursued through investigation and to the full extent of the law, including (where appropriate) disciplinary action, instituting civil action to recover the loss, criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency, any other appropriate legal remedy available and regulatory bodies.

In instances where investigation had proven that financial crimes had been committed against the IDC; the perpetrators are listed in an internal delinquent register to prohibit them from entering a further business relationship with the IDC.

5 PROTECTED DISCLOSURE

The IDC has recognised that the disclosure of information is the greatest enabler of financial crime risk management. All parties who intend to make a disclosure or those who had already disclosed information in good faith are protected against any occupation detriment in terms of the PDA.

All stakeholder who suspects or report suspected dishonest activity or such activity that he/she witnessed should be afforded the opportunity to remain anonymous should this be he/her wish. To this end, the IDC has availed the "Tip Offs Anonymous" hotline to all stakeholders wishing to make an anonymous report.

6 ROLE PLAYERS

It is the responsibility of everyone in the organisation, service providers and business partners to participate in the detection, prevention, investigation, and resolution of financial crimes.

No	Department	Role
7.1	Board of Directors and BAC	<ul style="list-style-type: none"> i. Financial crime risk management oversight: ii. approve the financial crime risk management policy and amendment. iii. monitor and implement the financial crime risk management policies. iv. ensure that adequate and effective systems of internal controls are in place to detect and prevent financial crime. v. ensure that the company has appropriate arrangements in place for the balanced and independent investigation of whistleblowing reports and for taking any action necessary because of such reports.
7.2	Executive Authority	<ul style="list-style-type: none"> • takes an interest in financial crime risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the IDC against significant financial crime risks. • ensure the development of the policy and supervise the effective implementation of the financial crime risk management policy and procedures.
7.3	The Risk Management Department	Provide an independent risk assessment and assist in determining risk capacity, risk appetite allocation policies and structures in managing the risk, its effectiveness, the key financial crime risks, and the responses to address those risks.
7.4	Internal Audit	Provide an independent, objective assurance on the effectiveness of the IDC's system to prevent (financial crime training and awareness) and detect financial crime risk.
7.5	External auditor	Provides an independent opinion on the effectiveness of financial crime risk management. They identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to financial crime or error, design and perform audit procedures responsive to the said risks.

7 CONFIDENTIALITY

All confidential information provided or received shall be used solely for the detection, prevention, investigating, and response to the allegations of financial crimes and shall not be disclosed to any unauthorised third party. The foregoing shall not apply to any information that is publicly available when

provided or thereafter becomes publicly or that is required to be disclosed to any Regulatory Authority, any auditor of the parties hereto, or by judicial or administrative process or otherwise by any applicable law.

The IAD is bound by the Code of Ethics which requires an Internal Auditor to amongst others uphold the principle of confidentiality. Thus, on an annual basis, each member of the IAD is required to sign a declaration to the effect that they shall be prudent in the use and protection of information acquired in the course of their duties and shall not use the information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the IDC.

8 NON-ADHERENCE TO POLICY

Disciplinary, civil, criminal action and/or any other applicable action will be instituted or taken against those who fail to comply with this Policy.

9 COMMUNICATION OF THE POLICY

IAD is responsible for ensuring that the policy is approved by the BAC, informing all relevant stakeholders of the approved policy and the publication of the policy on the IDC intranet.

10 MAINTAINING OF THE POLICY

The policy shall be effective from the date it is approved by the BAC and it will be reviewed every three (3) years or as and when necessary.

11 ALIGNMENT OF POLICIES TO OTHER POLICY/IES OR PROCEDURE/S

This policy, to an extent, is aligned and can be read together with the conditions on employment and other applicable policies of which some of them are listed below, frameworks and/ or procedures as published in the IDC's intranet.

No	Department	Policy
12.1	Corporate Secretariat	<ul style="list-style-type: none"> i. Board of Directors Conflict of Interest Policy. ii. Code of Business Ethics and Conduct. iii. Confidentiality Agreement Policy. iv. Conflict of interest policy v. Corporate Governance Framework for Financing Subsidiaries vi. Corporate Governance Framework for Subsidiaries and Investee Companies. vii. Policy on Delinquent Register for Existing and Potential Clients.
12.2	Compliance & Regulatory Affairs	<ul style="list-style-type: none"> • Anti-Money Laundering, Counter-Terrorism Financing & Sanctions Policy.
12.3	Risk Management	<ul style="list-style-type: none"> • Enterprise Risk Management Framework and Policy.
12.4	Human Capital	<ul style="list-style-type: none"> • Industrial Relations Policy and Work rules. • Recruitment Policy.
12.5	Procurement	<ul style="list-style-type: none"> • Procurement Policy
12.6	CRM	<ul style="list-style-type: none"> • Client Complaints Management

12.10. ANNEXURE J – SUPPORTING INDICATORS

The IDC's supporting indicators are designed to be tracked at the divisional level to evaluate performance against strategic objectives. These metrics remain subject to any additional measures as identified by the Shareholder and Board, ensuring alignment with evolving organisational priorities.

Strategic Priority Area	Supporting Measures For Operational Focus
Approvals (R'm)	Net Approvals
Investments in the Economy (R'm)	On Balance sheet disbursements
	Off- Balance sheet disbursements
	Funds crowded in
Funds crowded in for Transformation (R'm)	Black Industrialists (IDC funding committed) (R'm)
	Women-entrepreneurs (IDC Funding) (R'm)
	Youth-entrepreneurs (IDC Funding) (R'm)
	Black owned businesses (IDC funding committed) (R'm)
	Small-scale farmers - Aggregator Model (in conjunction with Industrial Processors & FMCG companies) (number supported)
Policy priorities: Master Plans and IDC Industry Priorities	Support for Industrial Policy Implementation Plan including Master Plans, through required investment and ecosystem development.
	Number of projects (in NEV's, critical minerals, green hydrogen value chains) being funded either through project development or transactional funding
	Progress against Green Economy implementation milestones
Policy priorities: Spatial equity	Businesses in SEZs (including economic infrastructure projects that enable SEZs (e.g. energy supply, logistics, water) (R'm) (Facilitated and Committed)
	Number of SMEs (number supported)
Employment Creation	Township economy jobs (number)
	Internships (number of interns)
High-impact projects and high-value services	High-impact projects (number of projects graduated)
Environmental sustainability	Progress milestones in the implementation of Sustainability Action Plan
Continental Coverage	Operationalisation of the Continental Coverage Unit
Operational Efficiency and Client Focus	Customer Satisfaction Survey
	Approval and implementation of the IDC Digital Transformation Strategy

12.11. ANNEXURE K – TECHNICAL INDICATOR DESCRIPTIONS

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
Development Effectiveness	Productive Economy Investment	Total funds invested in the economy (R'm)	Total value of funding disbursed from IDCs own balance sheet (on-balance sheet), managed development funds (off-balance sheet) This includes grants and project investment facilities and excludes IDC issued guarantees. The KPI also includes total value of funding committed by other financiers (including syndicated transactions and guarantees.	Measures IDCs total direct and indirect impact on investment in the productive economy through its funding activities.	SAP reports: ZDRAWS (for on- and off-balance sheet) and Power BI	Sum of on and off-balance sheet funding disbursed plus total value of funds committed from other financiers.	None identified at the start of the financial year.	Cumulative over a year. Quarterly and annual reporting.	Operations Reporting (COO Office), Financial Management, Partnership Programmes
Development Effectiveness	Trade Promotion	Increase in exports generated through IDC's funding activities (R'm)`	Value of new annual exports expected to be generated from projects where funding has been committed in the financial year. Funding commitment occurs after transaction approval, legal agreement conclusion, and financial close.	Measures IDCs contribution to supporting the African Continental Free Trade Agreement and other trade initiatives by boosting export capacity.	SAP report ZPAPPR and Power BI.	Sum of total exports expected from transactions where CPs have been cleared in the current financial year.	None	Cumulative over a year. Quarterly and annual reporting.	Operations Reporting (COO Office)

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
Development Effectiveness	SME Development	Value of funds crowded in for SMEs (R'm)	Included is all funding for SMEs as defined by the Department of Small Business Development. Including On- and off-balance sheet funding. Funds facilitated is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) Funding is committed when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility have been met.	Measures IDCs contribution to the development and growth of SMEs in South Africa.	SAP reports ZPAPPR and Power BI	Sum of IDC funding committed and facilitated in the current financial year to entities meeting relevant criteria.	None	Cumulative over a year. Quarterly and annual reporting.	Operations Reporting (COO Office)
Development Effectiveness	Transformation	Value of funds crowded in for transformation (R'm)	This indicator measures the value of funds committed and facilitated for priority groups of	Measures IDCs contribution to empowerment and transformation in	SAP report ZPAPPR and Power BI.	Sum of IDC funding committed and facilitated in the current financial year to entities meeting relevant ownership criteria.	None	Cumulative over a year. Quarterly and annual reporting.	Operations Reporting (COO Office)

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
			<p>entrepreneurs for all on- and off-balance sheet funding.</p> <p>Priority groups are:</p> <ul style="list-style-type: none"> -Black Industrialists -Black-owned companies (>50% shareholding) -Broad-based ownership (>20% shareholding by workers trusts, trade union owned entities or community trusts) -Women-entrepreneurs (>25% ownership by women and operational involvement in the business) -Youth-entrepreneurs (>25% ownership by youth and operational involvement in the business). <p>Funds facilitated is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged</p>	the South African economy through targeted committed and facilitated funding.					

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
			from other funders (excluding syndication arrangements) Funding is committed when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility have been met.						
Development Effectiveness	Job Creation & Preservation	Jobs created and saved	Total number of expected full-time equivalent jobs expected to be created and saved from transactions funded by IDCs on- and off-balance sheet resources, including grant-funded work opportunities.	Measures IDCs direct impact on expected employment creation and retention in South Africa, including through social employment initiatives.	SAP reports (ZPAPPR), Operations SBU inputs for grant-funded jobs and Power BI.	Total number of expected new jobs created + Total number of expected jobs saved + expected Work opportunities created from SEF and other funders + grant-funded jobs. Sum of jobs from transactions where CPs cleared in the current financial year.	Some data for grant-funded jobs may not be captured in SAP.	Cumulative over a year. Quarterly and annual reporting.	Operations Reporting (COO Office), Operations, SBUs and Partnership Programmes.
		Work opportunities created from SEF and other funders (number)	The jobs counted in this category are those expected to be created/saved through grant-related financing. Historically, the majority of the jobs in this category are created /saved under the Social Employment Fund	Measures the IDC's direct impact on job creation and retention in South Africa.	Operations SBUs inputs	Sum of the total number of jobs based on work opportunities for transactions where funds have been disbursed to the end beneficiary in the current financial year	The necessity of collecting some data not captured on SAP	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO, Operations SBUs.

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
			(SEF) financing and from other funders.						
Development Effectiveness	Spatial & Rural Development	Value of funds crowded in for spatial and rural development (R'm)	Total value (R'm) of funding facilitated (which is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) and Funding is committed when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility have been met for projects outside South Africa's six metros (Cape Town, Ekurhuleni, eThekweni, Johannesburg, Nelson Mandela Bay, Tshwane), plus projects in Special	Quantifies IDC's contribution to spatial equity by financing projects outside the six metros and SEZ-related enablement. Supports the National Spatial Development Framework and tracks capital flows into rural and under-served economic nodes.	SAP (ZPAPPR) transaction data with location attributes (municipality/meters), SEZ flags from Operations SBU portfolio systems and master-data registers; periodic GIS/geocoding verification using project addresses to confirm non-metro classification and SEZ/SEZ-enabling status and Power BI.	Sum of committed and facilitated funds (R'm) for transactions where: (i) the project location is in South Africa and not within Cape Town, Ekurhuleni, eThekweni, Johannesburg, Nelson Mandela Bay, or Tshwane, plus (ii) transactions classified as SEZ or SEZ-enabling infrastructure. Avoid double counting across facility lines; calculate at transaction level once CPs are cleared; report cumulative values in R'm	Possible location misclassification (boundary changes; multi-site projects), inconsistent SEZ-enablement tagging, proration may be required for multi-region deals to prevent over- or under-attribution.	Cumulative; quarterly and annual reporting.	Operations Reporting (COO Office) & Operations SBU

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
			Economic Zones (SEZs) or SEZ-enabling industrial development and promote regional economic growth.						
Financial Sustainability	Portfolio Quality	Reduction in impairments	Measures the total impairment ratio for the mini group. Reflects the quality of IDCs investment portfolio.	Indicates the success of IDCs efforts in maintaining portfolio quality including the effectiveness of client turnaround initiatives.	SAP Impairment module and IDC Data warehouse.	Measured as a ratio of Total Impairments over Total Indebtedness. <i>Definitions:</i> Total impairments = cumulative expected credit losses (ECL's) on SPPI facilities plus negative fair value adjustments on non-SPPI facilities Total Indebtedness = Capital exposure at cost (excl guarantees) plus interest, sundry and other arrears minus suspended interest allocation.	None.	Quarterly and Annual reporting.	Client Support and Growth Financial Management Risk
Financial Sustainability	Portfolio Performance	Reduction achieved in NPLs	Measures the ratio of SPPI contracts classified as IFRS 9 'Stage 3' loans.	Measures effectiveness of IDC's risk reduction efforts and management of client repayment behaviour.	SAP SPPI module as per IFRS 9 Stage 3 and IDC Data warehouse	NPL Ratio = NPL IFRS 9 Exposure/NPL denominator (SPPI Capital exposure at cost excl. guarantees, plus billed interest, sundries, other arrears and interest accrued but not billed.)	None	Quarterly and Annual reporting.	Client Support and Growth, Financial Management Risk
		Achieve critical milestones in the turnaround plans for Cast Products SA, Foskor, BAIC, AMSA and Kalagadi Manganese	Measures specific outcomes and milestones in the turnaround plans of key investments.	Measures the extent to which IDC is successfully implementing turnaround plans	Manual gathering of information from relevant units in CSG division	Assessment of whether milestones have been achieved based on actual reports of achievements	None	Annual Reporting	Client Support and Growth
Financial Sustainability	Investment Growth	Appreciation in Carrying Value of	Annual growth in the Carrying Value of unlisted	Measures IDCs success in managing and	SAP Portfolio Report and IDC Data warehouse	Percentage (%) = Increase/decrease in Current Year (CY) Carrying Value	Valuations for unlisted investments are	Annual reporting.	Client Support and Growth,

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
		unlisted investments	investments within IDCs portfolio reflecting value creation. The targets are linked to increases in the Consumer Price Index (CPI) since the start of the financial year.	growing the value of its unlisted investments.		minus Prior Year (PY) divided by PY Carrying Value of unlisted investments.	periodic and can lag operational performance; limited external price discovery; methodology variance across holdings; FX movements, impairments and corporate actions may mask underlying value creation. Reliance on management accounts and uneven valuation frequency introduces comparability risk.		Financial Management Department Risk
Internal Processes	Internal Processes	Turnaround time for complex transactions	Measured by the number of days taken to turnaround a complex application from receipt of application to legal agreements having been signed. It should take 180 business days for complex transactions (excluding projects and days between ECIC approval and BIC/Board submissions)	Measure the IDC's efficiency in dealing with applications for finance	SAP report ZPAPPR	Number of applications concluded within the targeted number of days.	None	Non-cumulative. Quarterly and annual reporting	Operations Reporting (COO Office)

Perspective	Performance Area	Performance Indicator (KPI ID)	Short Definition	Purpose / Importance	Source / Collection of Data	Method of Calculation	Data Limitations	Calculation Type / Reporting Cycle	Indicator Responsibility
Internal Processes	Internal Processes	Turnaround time non-complex	Measured by the number of days taken to turnaround a non-complex application from receipt of application to legal agreements having been signed within the standard service time of 60 business days.	Measure the IDC's efficiency in dealing with applications for finance	SAP report ZPAPPR	Number of applications concluded within the targeted number of days.	None	Non-cumulative. Quarterly and annual reporting	Operations Reporting (COO Office)