IDC

Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa

INTEGRATED **REPORT** 2025

PERFORMANCE OVERVIEW

2025 HIGLIGHTS

22.5%

IDC funding approved
R13.4 billion
(2023/24: R17.3 billion)

19.3%

Total funding facilitated for transformation
R26.6 billion
(2023/24: R22.3 billion)

2.5%

IDC funding disbursed
R16.3 billion
(2023/24: R15.9 billion)

74.5%

Net profit (Company)

R1.8 billion
(2023/24: R7.0 billion)

7.7%

Total assets (Company)

R144.3 billion
(2023/24: R156.3 billion)

11.7%

Jobs to be created and saved through committed funds
15 732
(2023/24: 17 826)

CONTENTS

Legend and navigation

Capitals

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Natural Capital
- Social Capital

Icons denoting assurance

LA Denotes limited assurance

RA Denotes reasonable assurance

Additional information online

- Group structure
- Board directorships
- Carbon footprint
- Social investment
- Human capital
- Procurement
- Special funding schemes
- Memberships
- King IV checklist

Denotes information available in this document.

Denotes information available online.

INTRODUCTION

Introduction

About this report

Creating shared value is a fundamental objective of the Industrial Development Corporation (IDC or the Corporation). Being a development finance institution (DFI), we prioritise creating broad societal value. Our integrated annual report provides stakeholders with an impartial view of our value creation, preservation and erosion, and our strategy implementation capacity.

Our business model

Our business model explains how we apply the six capitals in our business processes to deliver value, while making tradeoffs where needed. We are committed to sustainable development through a strategy centred on the twin pillars of financial and developmental returns. We align our developmental efforts with the United Nations' Sustainable Development Goals (SDGs) and national imperatives, as shown in the matrix on page 30.

Reporting approach

The report is based on integrated thinking that shows how we create and preserve value for stakeholders, and avoid its erosion. Information is included on our governance, material matters, risks and opportunities, strategy and performance, and on our impact and outlook.

Our strategy

The development of our strategy covers short, medium and long term. The timelines referred to are as follows:

- **Short term:** Financial years 2025 and 2026 (about 18 months). We implement initiatives to support our strategies
- **Medium term:** Financial years 2026 to 2028 (18 to 36 months) Achieving our goals within three years
- **Long term:** Beyond financial year 2028 (more than three years) Focus is on long-term goals and strategies

Reporting boundary and scope

The report covers the financial year 1 April 2024 to 31 March 2025 and includes material information up to the Board's approval on 29 July 2025. There were no significant changes to the scope and boundary from the previous financial year and no restatements were made, unless otherwise specified in the report.

Our **integrated reporting boundary** encompasses the risks, opportunities and outcomes arising from:

- Our operating context (page 26)
- Our business model and the affordability and availability of capitals (page 14)
- Our strategy (page 29).

Our **six capitals** are discussed on pages 46 to 50 and our integrated stakeholder engagement is covered on page 39.

Our **financial reporting boundary** aligns with our financial statements reporting boundary, defined by control and joint control, and covers:

- subsidiaries (companies in which the IDC owns more than 50%)
- associates (companies over which the IDC has significant influence, typically holding between 20% and 50%).

The reporting boundary includes:

- the Industrial Development Corporation of South Africa Limited
- the IDC group, comprising the IDC and all its subsidiaries
- the IDC mini-group comprising the IDC and its subsidiaries Findevco, Konoil and Impofin.

The group structure is **available online**.

Performance information covers the 2024/25 financial year (FY), with any notable or material events after this date and up to the date of approval of this report included.

Reporting structure

Our integrated report is aligned to the Integrated Reporting Framework, demonstrating the organisation's commitment to complying with legislation and global frameworks, and its monitoring of and adherence to corporate reporting developments. We recognise the growing emphasis on environmental and social issues from both financial and impact materiality perspectives.

We support the efforts of the International Sustainability Standards Board (ISSB) and welcome the publication of International Financial Reporting Standards (IFRS) S1 and S2, which provide general requirements for disclosure of sustainability-related financial information and climate disclosures respectively. We are looking into incorporating these new standards into our disclosure practices in the future, including adding environmental and social impact disclosures to our reporting.

Reporting compliance

Our financial reporting complies with:

- International Financial Reporting Standards
- Public Finance Management Act 1 of 1999, as amended (PFMA).

Introduction *continued*

Our integrated reporting is guided by:

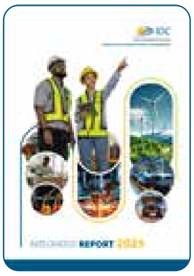
- the Industrial Development Corporation Act 22 of 1940, as amended (IDC Act)
- internally developed policies
- the King Report on Corporate Governance for South Africa (King IV)
- greenhouse gas (GHG) Protocol and IDC internal top-down methodology based on the Partnership for Carbon Accounting Financials (PCAF) methodology (for CO_2 equivalent annual emissions calculation).

Awards and recognition

Our 2024 integrated report won the state-owned enterprise (SOE) category at the Chartered Governance Institute of Southern Africa (CGISA) annual awards.

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

Our integrated report



Our integrated report provides stakeholders with a comprehensive overview of our strategy, performance and the value created, preserved or eroded during the reporting period. Material information has been incorporated to contextualise the IDC's operating environment and the application of the six capitals.

Reporting frameworks

Our reporting is guided by:

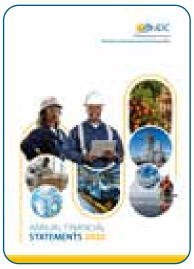
- the Integrated Reporting Framework
- King IV.

Assurance and oversight

Our reporting process involves:

- management and governance oversight
- Board oversight and approval
- external audit opinion provided by joint external auditors BDO SA and Deloitte.

Our annual financial statements



Our group annual financial statements present a comprehensive overview of our audited financial performance, prepared in accordance with IFRS.

Reporting frameworks

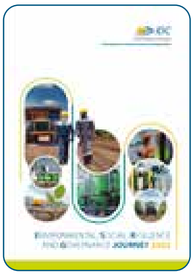
Our reporting is based on:

- King IV
- IFRS.

Assurance and oversight

Internal controls, management and governance oversight are assured by internal audit, while an unmodified external audit opinion is provided by BDO SA and Deloitte.

Our environmental, social, resilience and governance journey



Our ESRG journey provides a comprehensive overview of IDC's ESRG programme and its related performance, as guided by various frameworks.

Reporting frameworks

Our reporting is guided by:

- Integrated Reporting Framework
- King IV
- Greenhouse Gas (GHG) Protocol
- Partnership for Carbon Accounting Financials (PCAF)
- Task Force on Climate Related Financial Disclosures (TCFD)/IFRS2

Assurance and oversight

Our reporting process involves:

- Board oversight and approval
- external limited assurance provided on the annual GHG report by joint external auditors BDO SA and Deloitte. For FY 2024/25:
  - Scope 1 emissions: 209 (tCO_2eq)
  - Scope 2 emissions: 3 720 (tCO_2eq)
  - Scope 3 emissions: 16 070 Kt CO_2eq can be attributed to 88 business partners (BPs) which account for 53% of the IDC's overall exposure. These BPs are inclusive of listed entities and subsidiaries.

Materiality

Our Board and executive team share an understanding of the material matters presented in this report, linking them to our ability to create value over the short-, medium- and long term. We apply double materiality, considering both financial and impact materiality to identify matters that are important to providers of capital and that influence our ability to create or preserve value, and those that affect the environment, communities, society and the economy.

Our timeframes are:

- short term (18 months)
- medium term (1.5 to 3 years)
- long term (3+ years).

We acknowledge our dynamic operating context and its potential impact on our material matters. As such, we review materiality annually, ensuring our reporting reflects the evolution of matters that affect value creation.

Our reporting extends beyond internal operations to incorporate our influence on society, the environment and the climate agenda. We acknowledge the financial and impact risks and opportunities of our material matters on the IDC and its major subsidiaries.

In FY 2024/25, we identified eight material matters relevant to our stakeholders' information and decision-making needs. For more information on the process, refer to page 45.

The eight material issues on which this report is based are:

- **Sustainable industrial development**
- **Financial sustainability**
- **Human capital**
- **Socioeconomic development**
- **Environment**
- **Client expectations**
- **Governance, risk and compliance**
- **Partners.**

Process disclosure and assurance

The Corporate Affairs Department, led by the Divisional Executive: Strategy and Corporate Affairs is responsible for producing the integrated report. The Integrated Report Working Committee, comprising individuals from various functions, ensures that content is comprehensive and accurate.

Assurance and verification

Financial information and certain non-financial performance indicators have been assured through our combined assurance model. BDO SA and Deloitte, our joint external auditors, supported by the IDC internal audit team, issued an unqualified audit opinion on the group audited financial statements. Selected performance information underwent limited assurance in line with the International Standards for Insurance Engagements (ISAE3000).

Governance and oversight

The IDC combined assurance model promotes shared accountability between internal departments and external auditors. As a state-owned enterprise (SOE), we are subject to the Public Audit Act 24 of 2004, which requires external assurance of our financial statements and performance against predetermined objectives. Our risk, audit and compliance functions are aligned for reporting integrity. The IDC Board, supported by the Board Audit Committee, oversees internal control, identifying, evaluating and managing risks to provide reasonable assurance against material misstatement and loss. The Board has executed their responsibility in line with the IDC's performance evaluation policy.

Outlook and forward-looking statements

Our expectations on opportunities and achieving our targets are balanced with historical performance and prevailing realities. The Board presented its views on the outlook for the IDC and its predicted performance based on forecasts of local and global economic conditions. Forward-looking statements are subject to risk and uncertainty and may differ from actual performance.

Board approval

The IDC Board takes responsibility for the integrity and completeness of this integrated report. We confirm that the report's content is accurate, reliable, balanced and comprehensive, and we approved it on 29 July 2025. The Board verifies that the report presents all material issues and is prepared in accordance with the Integrated Reporting Framework.

On behalf of the Board:

BA Mabuza
Board Chairperson

15 August 2025

M Lekhethe
Chief Executive Officer

15 August 2025

Minister's foreword

The fiscal year under review was affected by a challenging and dynamic macroeconomic environment, both globally and domestically.

South Africa's peaceful 2024 elections and the establishment of a Government of National Unity (GNU) have given us a renewed mandate and a clear opportunity to rebuild confidence and drive economic recovery. The promise of this moment – increased policy certainty and coordinated implementation – is essential for unlocking inclusive growth and long-term sustainability. However, we cannot ignore the fierce headwinds from the international arena. Our domestic agenda is simultaneously challenged by a world in flux: increased geopolitical tensions and ongoing conflicts across parts of the world continue to bring uncertainty and risks to the global environment, while rising trade tensions and the imposition of new tariffs threaten to further fragment the global economy.

It is within this context of domestic promise and global uncertainty that the IDC's performance must be assessed. The marginal economic growth of 0.4% and the concerning 3.9% decline in fixed investment are not merely statistics; they are a stark reflection of the challenging environment in which the Corporation operates. They underscore the continued caution among businesses and highlight the critical, and often counter-cyclical role the IDC must play. In such times, its mandate becomes not just important, but indispensable for preserving industrial capacity, stimulating investment where the market hesitates, and laying the groundwork for future recovery.

This foreword, therefore, frames the IDC's activities not against abstract targets, but against its strategic imperative to act as a stabiliser and a catalyst in the face of significant headwinds.

Driving industrial growth in a shifting global trade landscape

our goal is to create a dynamic, industrial, and globally competitive South Africa that is transformed, inclusive, and equitable. Our strategic approach is anchored by four key pillars: industrialisation, transformation, job creation, and building a capable and developmental state.

The IDC is a key instrument in advancing this agenda. It is tasked with promoting green and inclusive industrialisation by increasing funding in low-carbon sectors while actively fostering economic inclusion through targeted support for black industrialists, black-owned businesses, women, youth entrepreneurs, and worker ownership models. Its performance is a key indicator of our progress in building a more resilient and equitable economy.

The Corporation's strategic shift towards more labour-intensive and trade-exposed sectors—such as agro-processing, automotive, downstream chemicals, and tourism—is a direct response to our urgent need in South Africa for job creation. Furthermore, its catalytic investments in critical minerals, new energy vehicles, energy storage, and green manufacturing are essential for securing South Africa's position in the fast-evolving global economy. The emphasis on localisation and beneficiation is grounded on the fundamental principle to maximise domestic value addition and ensure long-term sustainability.

Despite the adverse economic conditions that suppressed private investment, the IDC delivered notable and strategic achievements across its core pillars in 2024/25:

Key strategic achievements

- **Unlocking New Industrial Pathways:** The support for critical mineral value chains (copper, manganese, rare earth elements) including the establishment of a R400 million Junior Mining Exploration Fund are strategic investments that lay the groundwork for future battery and green technology industries, diversifying our economic base.
- **Advancing the Just Transition and Sustainability:** The approval of R1.8 billion for energy projects, adding 219 MW to the grid, and the launch of a flagship green ammonia project demonstrate leadership in building a sustainable energy future and positioning South Africa at the forefront of the green hydrogen economy.
- **Supporting South Africa's economic resilience:** The IDC continues to play a pivotal role in strengthening South Africa's economic resilience. This is exemplified by its strategic interventions in the steel sector and related industries, which have helped preserve industrial capacity, protect jobs, and promote long-term competitiveness. Notably, IDC supported key sectors such as automotive manufacturing by ensuring a secure supply of specialised steel, thereby safeguarding production continuity and enhancing the industry's global competitiveness.
- **Driving Infrastructure Development:** Strategic partnerships with Transnet and a commitment of R2.7 billion to vital water infrastructure projects are essential interventions to address the binding constraints that have held back our economic growth for years. The Corporation also invested in digital infrastructure through a subsea fibre optic cable and supported logistics improvements. For example, Project Ukuvuselela, a collaboration between the IDC and Transnet, is focused on developing a sustainable end-to-end rail solution to shift vehicle transportation from road to rail, enhancing efficiency and reducing environmental impact. It includes upgrading the rail network connecting Tshwane to the Port of Port Elizabeth and has attracted a R2 billion grant from the Budget Facility for Infrastructure.
- **Promoting Inclusive Industrialisation:** The increase in transformation funding to R26.6 billion (up from R22.3 billion in 2023/24), with support for Black industrialists more than doubling to R23.4 billion (up from R10 billion in 2023/24), represents profound progress. The significant rise in funding for youth-owned businesses to R1.7 billion (up from R456 million) is also commendable, though the decline in support for women-empowered businesses to R5.6 billion (down from R11.4 billion) signals an area requiring urgent and focused attention.
- **Supporting Regional and Continental Growth:** Maintaining an R11 billion investment footprint across several African countries aligns with our strategic intent to deepen regional economic development and to strengthen regional value chains, positioning South Africa as a pivotal player in Africa's industrial renaissance.
- **Enhancing Operational Efficiency:** An improved client satisfaction index (from 7.7 to 8.3) and the stabilisation of the leadership team with the appointment of a new CEO are crucial foundational improvements for enhancing the Corporation's impact.

However, a fundamental challenge remains. The creation and preservation of 15 732, while valuable, fell short of our ambitious targets. I have therefore engaged the Board and management to elevate job-rich industrialisation to an overriding priority for the 2025/26 financial year. Every investment, every partnership, and every strategic decision must be scrutinised through the lens of its potential to create sustainable employment.

Strategic alignment and future outlook

Looking ahead, the IDC's role has never been more critical. South Africa's globally integrated economy is acutely vulnerable to shifts in international trade policy and geopolitical instability. To navigate these challenges, we must aggressively diversify our trade partnerships, strengthen regional integration within Africa, and invest unwaveringly in domestic production and resilient local value chains.

The IDC's value chain-based investment approach must amplify its impact across high-potential industries such as critical minerals, new energy vehicles, green hydrogen, and agro-processing. It must also find innovative ways to retain and grow industrial capacity in key sectors buffeted by global economic headwinds.

In alignment with national development priorities, the IDC must continue to champion economic inclusion for black industrialists, women, youth, and rural enterprises. It will continue to play a pivotal role in regional development within South Africa, targeting underdeveloped areas to reduce disparities and unlock economic potential. Through support for development and deepening of regional value chains, leveraging opportunities created by the AfCFTA, the Corporation can make a meaningful contribution to Africa's industrialisation.

Strengthening partnerships, maintaining financial sustainability, and providing thought leadership in industrial policy will be essential to achieving these goals and ensuring the IDC remains a cornerstone of South Africa's developmental agenda.

Governance

In line with its commitment to strong governance, the IDC underwent leadership changes during the year. Ms. Mmakgoshi Lekhethe was appointed as Chief Executive Officer in December 2024 and took office in February 2025.

Acknowledgements

I would like to express my sincere appreciation to Ms. Busisiwe Mabuza for her exceptional leadership as Chairperson of the IDC Board. Her guidance, along with the dedicated service of all Board members, has been instrumental in advancing the IDC's mission. The Board's unwavering commitment to sound governance and strategic oversight has significantly enhanced the Corporation's reputation and impact.

I also wish to acknowledge the contributions of the management team, including Mr. David Jarvis, who served as interim CEO until 31 January 2025, and the executive management team for their steadfast leadership during a period of transition. My gratitude extends to the entire IDC staff for their continued dedication and support, which remain vital to the Corporation's success.

Parks Tau
Minister of Trade, Industry and Competition

Chairperson's statement

This year marks 85 years of the IDC's contribution to South Africa's industrial development. Despite a challenging economic and geopolitical landscape, the Corporation remained focused on its strategic mandate – supporting inclusive and sustainable industrialisation while continuing to deliver developmental impact across key sectors of the economy.

Economic environment

The 2024/25 financial year was shaped by significant developments. South Africa's second government of national unity emerged from the local national elections, marking a broadly welcomed political shift. Later, the U.S. elections introduced further uncertainty, particularly due to the potential imposition of new or increased tariffs affecting local industries, and the possible suspension of American funding for humanitarian initiatives that supported employment. By the financial year-end, the US announced its withdrawal of over US$1 billion in support from South Africa's Just Energy Transition Partnership.

Domestically, economic conditions remained subdued. Real GDP growth slowed to 0.4% (2023/24: 0.5%), with continued underperformance across most sectors, including those in which the IDC operates. Weak domestic demand and long-standing structural challenges have kept the economy on a low-growth path for over a decade, reflected in the persistently high rate of unemployment, which stood at 32.9% at the end of March 2025.

It was more important than ever for the IDC to remain focused amid these challenges and the competing priorities faced by government including our Shareholder Representative, the Ministry of Trade, Industry and Competition. Navigating this difficult environment required a steadfast commitment to our dual mandate: delivering financially sustainable returns while driving inclusive, job-rich industrial development.

Advancing sustainable industrial growth

In a year of global disruption and heightened uncertainty, our business partners needed greater support, particularly access to working capital, to weather trade-related challenges. The IDC responded by deepening its engagement through both financial and non-financial support, helping to strengthen the resilience of growing businesses and supporting those most at risk in mitigating new threats. A key outcome was a reduction in job losses across the sectors funded by the IDC, an achievement of which we are proud.

The Corporation endeavoured to play a pivotal role in preserving industrial capacity, notably through strategic interventions in ArcelorMittal and continued support for Tongaat Hulett.

Supporting environmentally responsible industry

The IDC remains committed to sustainability, recognising the need to reduce its carbon footprint and supporting South Africa's transition to a greater share of cleaner and renewable sources of energy through a pragmatic and balanced approach. The Corporation continues to invest in initiatives such as green hydrogen, contributing to a cleaner, more sustainable future.

Our updated environmental, social, resilience and governance (ESRG) policy outlines clear principles and controls for managing environmental risks, opportunities, and impacts. This policy will guide the deployment of proceeds from the IDC's inaugural R2.1 billion sustainability bond which was pleasingly oversubscribed. The funds will support projects aligned with our Sustainable Finance Framework, underpinned by ESRG criteria.

Financial sustainability

The IDC's financial performance in FY 2024/25 was affected by a combination of domestic and global pressures, including geopolitical tensions, port congestion and transport inefficiencies. These challenges affected our business partners and weighed on the performance of our listed equity portfolio, a traditional source of income, resulting in a decline in group profit to R329 million, down from R7.5 billion the previous year.

Group revenue also declined to R21.7 billion (2023/24: R23.4 billion), partly due to the transfer of the Corporation's subsidiary, the Small Enterprise Finance Agency (sefa), to the newly formed Small Enterprise Development and Finance Agency (Sedfa).

Despite efforts to improve the quality of our loan book, difficult operating conditions have led to increased defaults. Impairments rose to R21.3 billion (2023/24: R19.5 billion), with the impairment ratio closing at 30.6% (2023/24: 36.3%). While the IDC's developmental mandate requires a degree of risk tolerance, attracting high-quality clients remains a strategic priority.

On a positive note, on-balance sheet funding increased, with disbursements rising slightly to R16.3 billion (2023/24: R15.9 billion). This enabled the IDC to deliver meaningful development impact, particularly in supporting black industrialists, women, and youth.

Governance

The Board is satisfied that the Corporation's strategic direction remains aligned with the IDC's mandate, as ratified by its Executive Authority. In FY 2024/25, the Board discharged its responsibilities with diligence, impartiality, and independence. The Board and its committees reviewed and approved performance reports, monitored instances of non-compliant expenditure, and oversaw the development or revision of key policies and frameworks – including those related to procurement, debt funding, responsible investment, risk appetite, and conflict of interest.

R16.3 billion ↑

Rise in disbursements

(2023/24: R15.9 billion)

Concerns over senior staff turnover prompted the Board to vigorously support the culture transformation interventions driven by management as well as review remuneration and related policies to ensure the IDC remains an attractive destination for top talent. Notwithstanding the departure of senior staff, the depth of expertise within the organisation ensured continuity and preservation of institutional knowledge.

Board members are confident that they fulfilled their duties to the best of their ability and in the best interests of the Corporation.

Appreciation

I extend my heartfelt appreciation to my fellow Board members for their unwavering commitment and thoughtful counsel throughout the year. Their collective insight and strategic leadership were instrumental in ensuring stability and continuity as the IDC transitioned into the seventh national government administration.

We commend the executive team for their dedication, especially David Jarvis, who served as interim CEO from October 2023 to January 2025 and now acts as Chief Operating Officer. His energy, enthusiasm, and passion for the IDC's mission have been invaluable.

On 1 February 2025, David handed over to Mmakgoshi Lekhethe, marking a historic milestone as the IDC's first female CEO. Her extensive experience at the African Development Bank (AfDB) and managing the relationship between South Africa and the World Bank, International Monetary Fund (IMF), BRICS and the G20, positions the Corporation well for future partnerships and continental influence. She was warmly welcomed by the Board, staff, and stakeholders.

Throughout the year, we maintained a constructive working relationship with **the dtic**, whose teams were instrumental in shaping our corporate plan and other strategic documents. We worked closely with Minister Parks Tau to ensure our priorities remained aligned with national imperatives. We extend our appreciation to Minister Tau and his Ministry as well as the Parliamentary Portfolio Committee on Trade, Industry and Competition for the support demonstrated to date.

Thank you, South Africa, for the privilege of serving as non-executive director of the IDC.

BA Mabuza
Board Chairperson


IDC
Industrial Development Corporation

WHO WE ARE

Company overview

Since its inception with the promulgation of the IDC Act, the IDC has been a proud South African corporate citizen. It is wholly owned by the South African government and its priorities and activities are aligned with and guided by targets of the National Development Plan (NDP), Medium Term Development Plan (MTDP) and industry masterplans.

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

Our purpose

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

Client value proposition

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

Our values

Daily activities and business conduct are guided by:

- Passion
- Partnership
- Professionalism.

Our activities and priorities

We fulfil all the roles of a DFI:

- developing and supporting pioneering projects
- providing customised finance and investment solutions
- partnering with others to extend our reach, capital and impact
- providing non-financial support to entrepreneurs and selected state programmes.

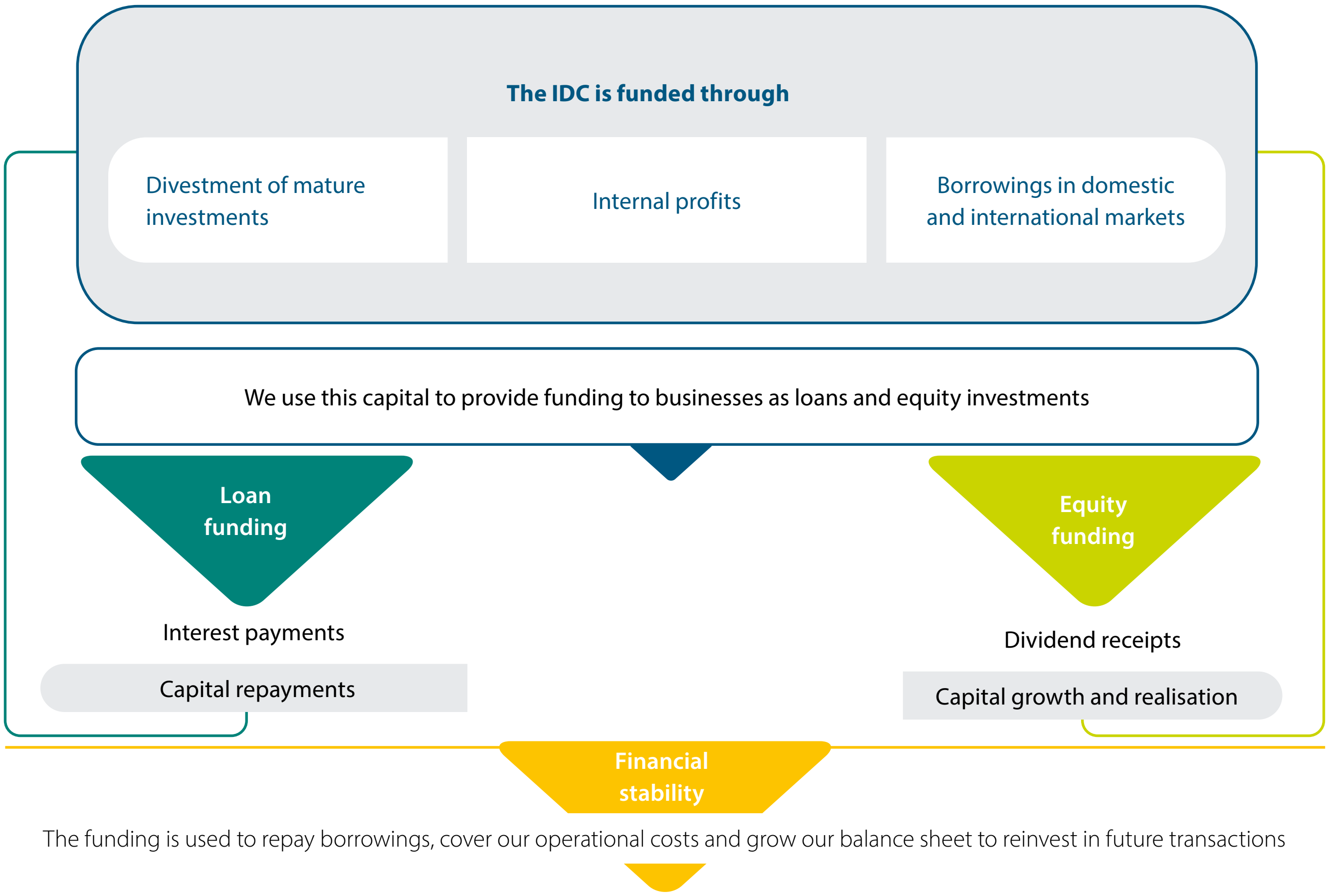
The Corporation prioritises labour-intensive industrialisation through funding of companies or unlocking downstream activities. Through the businesses we support, we drive key development outcomes that promote equitable economic growth, while creating and sustaining jobs. Our commitment to providing relevant services has created an enabling environment for our partners.

We provide business support, capacity building and new capabilities such as lead arranging for greater leveraging of our balance sheet.

Our funding model

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

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



Our business model

INPUTS

FINANCIAL CAPITAL
Our strong asset base allows us to access funding. These funding sources support clients, whose businesses help us to achieve our development outcomes.

- Equity: R90.1 billion (2023/24: R99.9 billion*)
- Borrowings: R31.0 billion (2023/24: R28.5 billion)
- R134.5 billion in assets (2023/24: R156.3 billion*)

** Restated*

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

- 856 permanent employees (2023/24: 866)
- R118 million spent on training and development (2023/24: R22 million)

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

- Renewable energy portfolio
- Investment in energy-efficiency technologies

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

- Presence in all nine provinces
- Information technology infrastructure

INTELLECTUAL CAPITAL
Our brand, reputation, research, knowledge and experience.

- More than 84 years of industrial finance and project development experience, of which over 30 years has been in a democratic South Africa driving inclusive participation in the economy

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

- 38 strategic implementing partners for the Social Employment Fund
- 38 initiatives were approved, reaching 23 000 beneficiaries

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

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

LENDING, INVESTMENT AND FUND MANAGEMENT
- R13.4 billion funding approved (2023/24: R17.3 billion)
- R16.3 billion of IDC funds disbursed (2023/24: R15.9 billion)

TOP RISKS
- Development impact risk
- Macroeconomic conditions and developments
- Credit and investment portfolio risk
- Concentration risk
- Liquidity and funding risk
- Significant investments risk
- People and organisational culture risk
- Governance, ethical conduct and behaviour
- Legal and regulatory compliance risk
- Business resilience and technology risk (including cybersecurity)
- Sustainability and responsible investment risk
- Reputational risk

See page 38 for more information

MATERIAL MATTERS
- Sustainable industrial development
- Financial sustainability
- Human capital
- Socioeconomic development
- Environment
- Client expectations
- Governance, risk and compliance
- Partners

See page 45 for more information

PARTNERSHIP PROGRAMMES
- Managing funds and building partnerships to achieve development outcomes

Business activities

PROJECT PREPARATION
- Co-development of projects through feasibility stages

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

OUTPUTS

PRODUCTS AND PARTNERSHIPS
- SME-Connect
- Social Employment Fund
- Township Economy Energy Resilience Fund
- Junior Mining Exploration Fund

GOVERNANCE

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

See pages 89 to 91 for more information

OUTCOMES

HUMAN CAPITAL
- 8.6% staff turnover (2023/24: 6.6%)
- 1 127 employees trained (2023/24: 680)
- Provided 84 new employment opportunities through learnerships and internships (2023/24: 61)

FINANCIAL CAPITAL
- Assets (Company): R144.3 billion (2023/24: R156.3 billion)
- Net profit (Company): R1.8 billion (2023/24: R7 billion)
- Net profit (Group): R329 million (2023/24: R7.5 billion)
- Impairments (total portfolio at cost): 30.6% (2023/24: 36.3%)

NATURAL CAPITAL
- Total Scope 1 (tCO_2eq): 209 (2023/24: 414) and Scope 2 emissions (tCO_2eq): 3 720 (2023/24: 3 392; Scope 3 emissions ($KtCO_2eq$): 16 070 for 88 BPs
- Continuous application of the Responsible Investment Policy
- ESRG Risk Policy approved

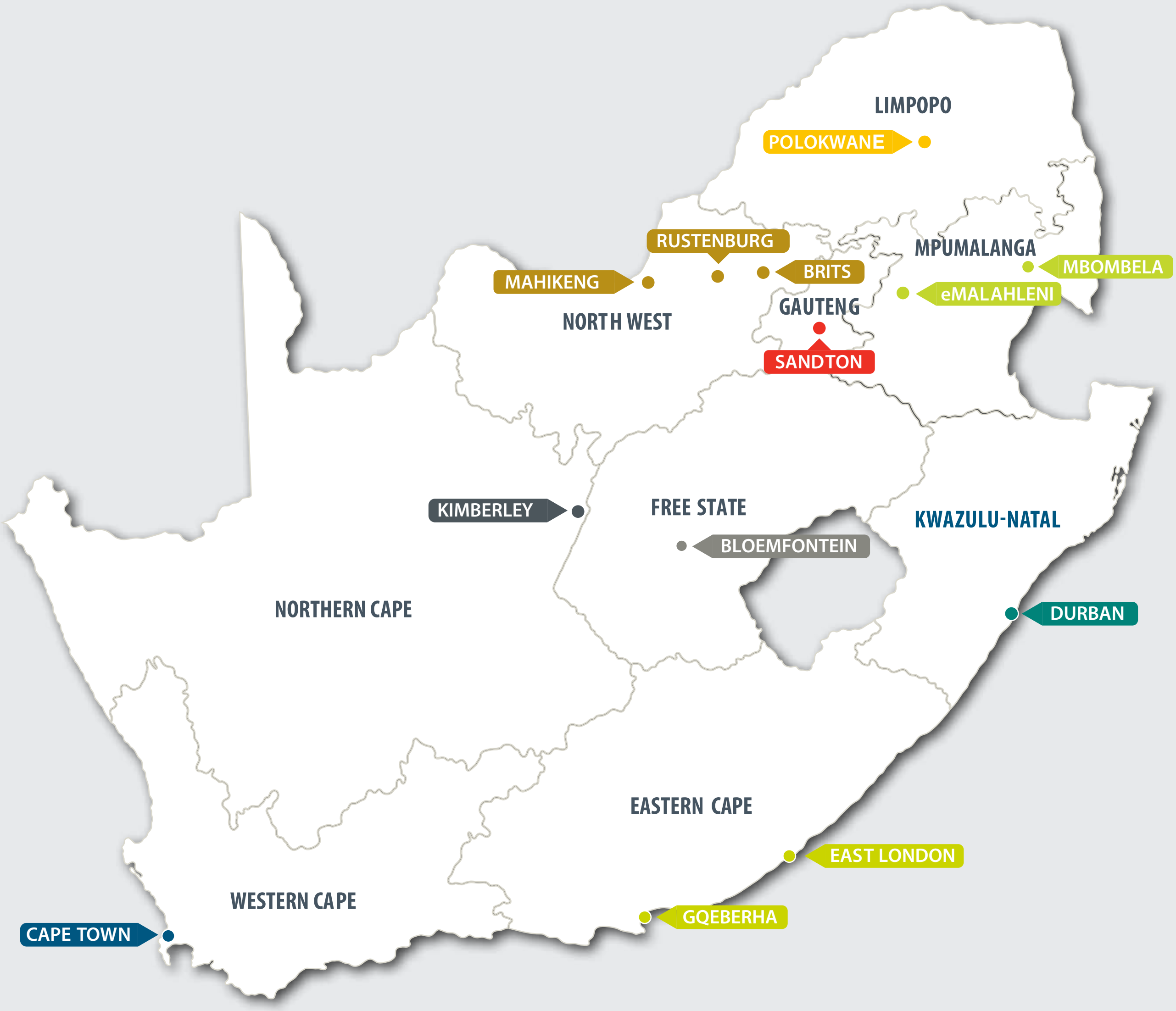
MANUFACTURED CAPITAL
- IDC funding on the continent supports industrialisation and deepening regional value chains
- Ongoing improvement of processes to ensure greater agility

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

SOCIAL CAPITAL
- 15 732* jobs are expected to be created and saved from committed transactions (2023/24: 17 826)
- R26.6 billion investment facilitated for priority groups of entrepreneurs (2023/24: R22.3 billion)
- Black-empowered and black-owned R23.8 billion (2023/24: R13.0 billion)
  - Black industrialists: R23.4 billion (2023/24: R10 billion)
  - Women entrepreneurs: R5.6 billion (2023/24: R11.4 billion)
  - Youth entrepreneurs: R1.7 billion (2023/24: R456 million)
- Client satisfaction index: 8.3 (2023/24: 7.7)
- R40.6 million corporate social investment (CSI) contributions (2023/24: R38.4 million)
- Level 4 broad-based black economic empowerment (B-BBEE) contributor (2022/23: level 5)

* *IDC counts these jobs based on the commitment made by the client, which is expected to materialise in the form of jobs created and/or saved once legal agreements are signed and all condition precedents have been fulfilled.*

Our regional footprint



Gauteng
Head office:
- Sandton

Eastern Cape
Regional offices:
- East London
- Gqeberha

Free State
Regional office:
- Bloemfontein

KwaZulu-Natal
Regional office:
- Durban

Limpopo
Regional office:
- Polokwane

North West
Regional offices:
- Mahikeng
- Rustenburg
- Brits

Mpumalanga
Regional offices:
- Mbombela
- eMalahleni

Northern Cape
Regional office:
- Kimberley

Western Cape
Regional office:
- Cape Town

Regional office locations correct at time of publishing.

Organisational structure

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

Board of directors

Busi Mabuza
Chairperson of the Board

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

Brian Dames

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

André Kriel

- BSoc Sci (University of Cape Town)

Mmakgoshi Lekhethe
Chief Executive Officer

- MSc International Economics (University of London, SOAS)
- BCom (Hons) Economics (Wits University)
- BCom Economics (University of Durban-Westville)

Bobby Godsell

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

Dr Sizeka Magwentshu-Rensburg

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

Susan Mangole

- MBA (Henley Business School)
- Postgraduate Diploma in Management (Henley Business School)
- Programme in Public Finance Management (Harvard University Kennedy School)
- National Diploma in Office Administration (Tshwane University of Technology)

Philisiwe Mthethwa

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

Nomavuso Mnxasana

- CA (SA)
- BCompt Hons (Unisa)

Adv Thandi Orleyn

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

Executive management

Mmakgoshi Lekhethe
Chief Executive Officer

- MSc International Economics (University of London, SOAS)
- BCom (Hons) Economics (Wits University)
- BCom Economics (University of Durban-Westville)

Isaac Malevu
Chief Financial Officer

- CA (SA)
- BCom (Wits University)
- Senior Executive Programme (London Business School)

David Jarvis
Chief Operations Officer (Acting)

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

Nina Yose
Mining, Metals, Infrastructure and Energy (Acting)

- CA (SA)
- MBA (GIBS Business School)
- BCom (Wits University)

Sizwe Damane
Chief Risk Officer (Acting)

- MBA (GIBS Business School)
- BCom (Hons) Finance (Wits University)
- BCom Economics and Finance (University of KwaZulu-Natal
- PDBA (University of Pretoria)

Bongani Miya
Agro-Industries and Services Sectors

- BSc Mathematics and Econometrics (Wits University)
- Private Equity Executive Course (Harvard Business School)

Lucretia Khumalo
Client Support and Growth

- MBA (University of Cape Town)
- BSc Electrical Engineering (Wits University)
- Advanced Management Programme (Harvard Business School)

Rian Coetzee
Industry Planning and Project Development (Acting)

- 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)

Mark Goliath
Manufacturing (Acting)

- MBA (Wits Business School)
- BCom (Hons) Financial Management (University of Western Cape)
- National Diploma Chemical Engineering (Cape Technikon)

Tshepo Legodi
Legal & Compliance

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

Patience Mushungwa
Human Capital

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

Phiwe Marumo
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)

Adv Maseapo 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 Corporate Governance (Unisa)

Chief Executive Officer's report

It is an honour to lead an institution that has over many decades played an important role in advancing South Africa's industrial development and contributed meaningfully to the country's broader socioeconomic progress.

Resilience amid economic headwinds

The challenging global economic environment in recent years has impacted South Africa's economic performance. This has constrained both the investment and the performance of existing business partners, critical drivers of our performance. Despite these headwinds, the Corporation has preserved its financial strength and the core human and operational resources needed to support its business partners while satisfying the requirements of the shareholder representative and government.

The pursuit of our mandate is complemented by strategies that facilitate activities and support objectives conducive to the growth and longevity of the country's industrial base.

Financial performance overview

The IDC's financial performance in the FY 2024/25 was shaped by a persistently challenging operating environment, which placed pressure on both investment activity and developmental outcomes. Total investment facilitated during the year reached R51.1 billion, marginally below the R52.1 billion target.

Approvals declined by 22.5% to R13.4 billion, compared to R17.3 billion in the previous year, reflecting a more cautious investment climate. Despite these headwinds, the Corporation increased on-balance sheet disbursements to R16.3 billion, up from R15.9 billion in 2023/24 and total disbursements (including off-balance sheet) rose to R19.3 billion, compared to R18.7 billion previously, demonstrating its continued commitment to supporting industrial development.

However, Company profit was significantly lower, at R1.8 billion, down from R7.0 billion in FY 2023/24. Group profit similarly declined to R329 million, reflecting the impact of a weak domestic economy, global trade tensions, falling commodity prices, infrastructure bottlenecks, sectoral downturns and increased impairments.

A notable development in the year was the disestablishment and transfer of sefa to the newly established Sedfa. As part of this transition, sefa was distributed as a deemed dividend valued at R2.6 billion.

The quality of the loan book also came under pressure, as impairments rose to R21.3 billion, up from R19.5 billion. The impairment ratio improved to 30.6% from 36.3%. The IFRS non-performing loans (NPL) ratio decreased to 41.7%, down from 44.8% in FY 2023/24.

These figures underscore the IDC's ongoing efforts to balance developmental impact with financial sustainability in a depressed economic environment.

Performance against strategic focus areas

The FY 2024/25 financial year marked a period of both resilience and recalibration for the IDC, as we navigated a complex operating environment while remaining steadfast in delivering on our strategic mandate. Our performance reflects meaningful progress across the six strategic focus areas:

- **Economic stabilisation and recovery**
  In a year marked by economic headwinds and geopolitical uncertainty, the IDC played a critical counter-cyclical role. Notably, our R1.7 billion intervention to preserve ArcelorMittal's operations, saving over 3 500 jobs. This support also ensured the continued supply of certified steel essential to the automotive and other key industries. Additionally, IDC's ongoing support to Tongaat Hulett further exemplifies our commitment to stabilising strategic sectors and communities.
- **Industrialisation and diversification**
  We made significant strides in accelerating the development of high-potential industries. Disbursements to agriculture reached R6.3 billion, while funding to critical minerals and mining increased from R253 million to R1.8 billion. Our investments in green hydrogen, new energy vehicles (NEVs), and agro-processing are laying the foundation for a more diversified and future-fit industrial base.
- **Inclusive growth**
  Our commitment to inclusive economic participation remains fixed. In FY 2024/25, we facilitated R26.6 billion in funding for transformation, up from R22.3 billion the previous year. This total includes R5.8 billion from the IDC's own funds, up from R5.1 billion in FY 2023/24.

  Funding for black industrialists rose significantly to R23.4 billion, compared to R10 billion in the prior year. Support for youth entrepreneurs reached R1.7 billion, marking a 272.6% increase from R456 million in 2023/24. However, funding for women entrepreneurs declined to R5.6 billion, down from R11.4 billion in the prior year. The Corporation is actively reviewing its approach to ensure more balanced and equitable support across all priority groups.
- **Regional development**
  The IDC continued to improve its funding presence on the continent, with 13% of the total IDC portfolio. We supported regional value chains in critical minerals, agro-processing and infrastructure. Our commitments include projects such as a beef abattoir in Namibia, a chlor-alkali plant in Tanzania, and rare earth developments in Malawi - demonstrating our active role in advancing regional integration and the African Continental Free Trade Area (AfCFTA).

R26.6 billion ↑
funding facilitated for inclusive economic participation
(2023/24: R22.3 billion)

- **Sustainable development**
  Sustainability and impact remain central to our strategy. We exceeded our R1.5 billion target by issuing a R2.1 billion sustainability bond and advanced our ESRG integration with a new risk policy and updated Development Scorecard. Our GHG reporting now includes partial Scope 3 financed emissions – 16 070 KtCO_2eq from 88 BPs, representing 53% of IDC's exposure. Additionally, we added 219 MW to the grid, with 2.1 GW in renewable energy projects underway.
- **Partnerships and collaboration**
  We strengthened our ecosystem of partnerships, hosting 81 formal stakeholder engagements and expanding our co-investment and blended finance models. The IDC now manages 22 funds and programmes, including **the dtic's** Clothing, Textiles, Footwear and Leather Growth Programme and the Manufacturing Competitiveness Enhancement Programme. These partnerships have amplified our reach and impact, particularly in underserved sectors and regions.

People and culture

During FY 2024/25, the IDC made notable progress in strengthening its human capital and laying the groundwork for a digitally enabled future. The Corporation continued its journey of culture transformation, leadership development and employee engagement, all aimed at building a high-performance organisation aligned with its developmental mandate.

Notably, it implemented a comprehensive leadership development framework across all levels, from aspiring leaders to executives. Additionally, the IDC invested R118 million in development initiatives, including bursaries for staff, their children and external youth.

Looking ahead

In a world characterised by elevated and destabilising trade tensions and policy shifts, the IDC’s role as a key development finance institution in the country has become increasingly relevant and critical, particularly in driving a sustainable and inclusive industrialisation mandate.

We are committed to leveraging our financial resources, partnerships and expertise to contribute to a sustainable and inclusive economy guided by our key strategic focus areas:

- industrial diversification through development of high-potential industries in machinery and equipment, chemicals and pharmaceuticals, and agro value chains
- sustainable development through green investments in new energy vehicles, critical minerals, battery value chains and renewable energy to support a just-transition and low-carbon economy
- inclusive growth for our transformation agenda; and
- regional development to leverage the African Continental Free Trade Area (AfCFTA) and regional integration opportunities including through development of regional value chains.

Additionally, we will prioritise support for small businesses and township enterprises, understanding their crucial role in driving inclusive growth and job creation. By leveraging strategic investments, innovative solutions and smart partnerships – primarily with fellow development finance institutions and regional and global development institutions – the IDC will continue to navigate these turbulent times, turning challenges into opportunities for sustainable development and economic resilience.

Conclusion and appreciation

My vision for the Corporation is to sharpen its industrial mandate by leveraging strategic levers that drive scale, agility and meaningful impact. At the heart of this vision is a steadfast commitment to meeting stakeholder needs with precision and purpose. This report reaffirms our enduring role in unlocking South Africa’s potential - continuing our legacy of shaping the country’s industrial landscape and cultivating the next generation of industry leaders.

I extend my deepest appreciation to the Board, executive team, staff, Minister Parks Tau and **the dtic** for their unwavering support. Together, we will ensure the IDC remains a transformative force in South Africa’s economic future.

Mmakgoshi Lekhethe
Chief Executive Officer

OUR STRATEGY

Operating environment

Economic environment

The previous financial year was marked by heightened global and domestic uncertainty, which contributed to instability in the global economy, including that of South Africa. This situation required continuous monitoring of economic and market developments to effectively support business partners and ensure aligned decision-making within the IDC.

The Corporation is influenced by rapidly evolving global and domestic conditions through multiple channels. A primary factor is the performance of both the South African and global economies, which directly affects the demand for funding from potential and existing clients, as well as their capacity to honour financial commitments. Overall investor sentiment, prevailing interest rates and the performance of the IDC's portfolio assets have an impact on the cost of funding, which the Corporation raises through capital markets.

During the early part of the FY 2024/25, increased uncertainty ahead of the national elections added pressure to an already challenging operating and trading environment. Following the peaceful conduct of the elections and the establishment of a Government of National Unity (GNU), there were noticeable improvements in sentiment, indicating a degree of political stability and policy certainty in the initial months of the reporting period.

Signs of a potential recovery in the operating and trading environment emerged during the first three quarters of the financial year. This recovery was supported by a significant reduction in loadshedding, continued efforts to resolve logistics challenges, easing inflationary pressures and decreases in interest rates, among other factors, which collectively contributed to a more optimistic outlook.

However, escalating global trade and geopolitical tensions – particularly uncertainties related to shifts in United States (US) trade policy and tariffs – dampened this cautious optimism. Consequently, the domestic economy experienced further deterioration towards the end of FY 2024/25. The resurgence of loadshedding in the latter part of the year, coupled with disputes surrounding the national budget, further compounded the risks facing the South African economy.

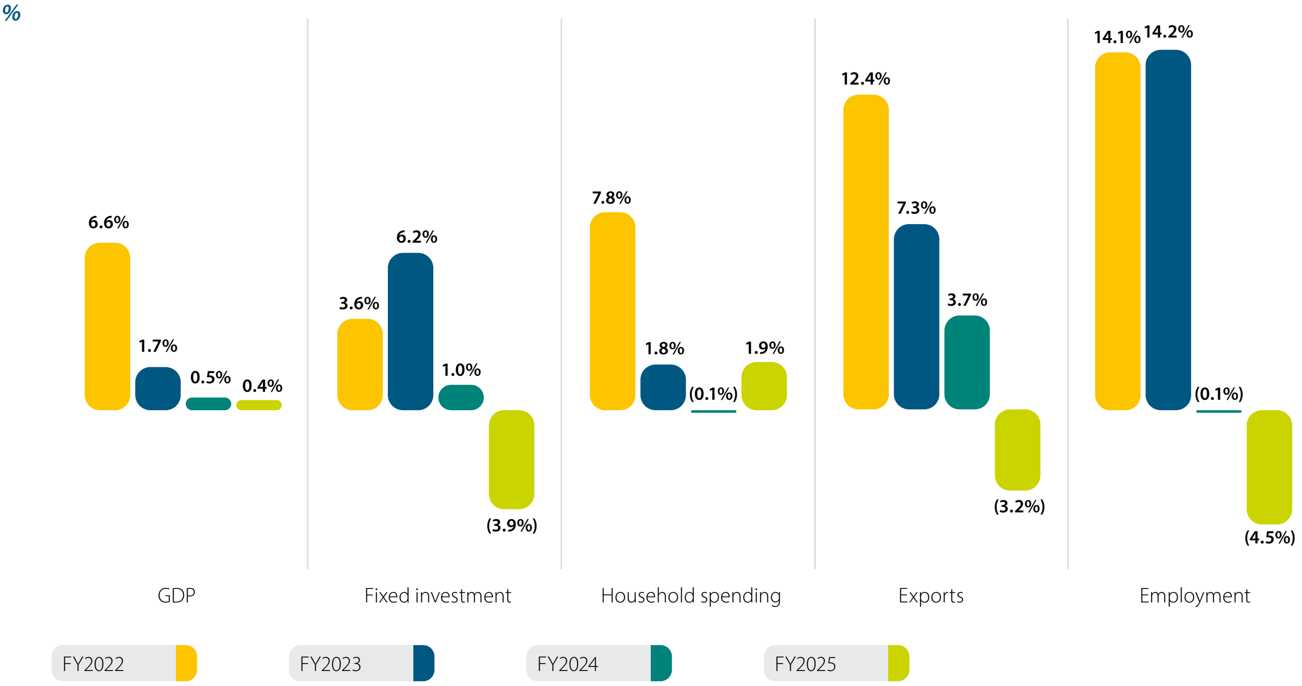
The South African economy experienced marginal growth during FY 2024/25, with real gross domestic product (GDP) increasing by only 0.4% compared to 0.5% in FY 2023/24. Weakness persisted across most broad economic sectors, including those in which the IDC operates, as well as across key drivers of domestic demand. The economy has remained on a structural low-growth path for over a decade, reflected in persistently high unemployment, which stood at 32.9% nationally at the end of March.

Total fixed investment contracted by 3.9% in real terms during the year, with private sector capital expenditure declining by 4.6%. This decline reflects ongoing business caution in committing new capital amid difficult economic conditions, persistent uncertainty and subdued growth prospects. The sharp reduction in fixed investment is a significant concern, as it not only impacts current economic performance but also limits future growth potential. The subdued investment appetite in the private sector highlights the challenges faced by the IDC in driving accelerated economic growth.

Consumer spending grew modestly during FY 2024/25, supported by positive real household income driven by lower inflation and relatively reduced interest rates, alongside generally improved consumer sentiment for most of the year. However, a sharp decline in consumer sentiment in the final quarter, combined with a high household debt burden, constrained meaningful increases in consumption. Businesses, including IDC partners serving the consumer market, likely experienced weak demand for goods and services.

The domestic economic challenges were exacerbated by an increasingly uncertain global environment, especially in the last quarter of FY 2024/25. Rising trade barriers, intensifying geopolitical tensions and ongoing conflicts contributed to this uncertainty. Economic difficulties in key export markets such as China and the European Union (EU), coupled with lower commodity prices and persistent inefficiencies in rail and port infrastructure, constrained South Africa's export performance. As an open and globally integrated economy, South Africa remains vulnerable to such external shocks. Notably, shifts in US trade policy, including the imposition of tariffs, have raised concerns for the domestic economy and specific sectors such as the motor vehicle industry.

Growth rates for selected key economic variables



Source: IDC compiled using StatsSA data

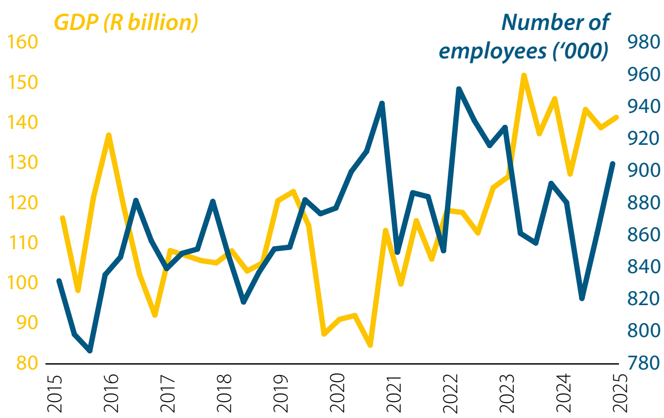
Sectoral performance

Many of the IDC's clients operate within the mining, manufacturing and agriculture sectors. Consequently, the performance and developments within these sectors have a direct impact on our business partners – both existing and prospective – and indirectly on the IDC's overall performance.

Agriculture

Drought conditions at the end of FY 2023/24, combined with bird flu and foot-and-mouth disease outbreaks, caused a significant decline in agricultural GDP during the first half of FY 2024/25. A strong recovery in the second half, supported by favourable weather and improved port operations supported growth of certain segments of the sector, but agricultural GDP still contracted by 5.8% for the full year. Employment in the sector declined by 11 199 to 930 192 workers by March 2025.

Agriculture GDP and employment

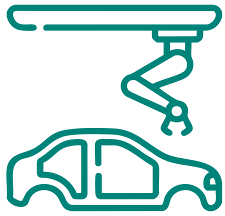


Source: IDC compiled using StatsSA data

Mining

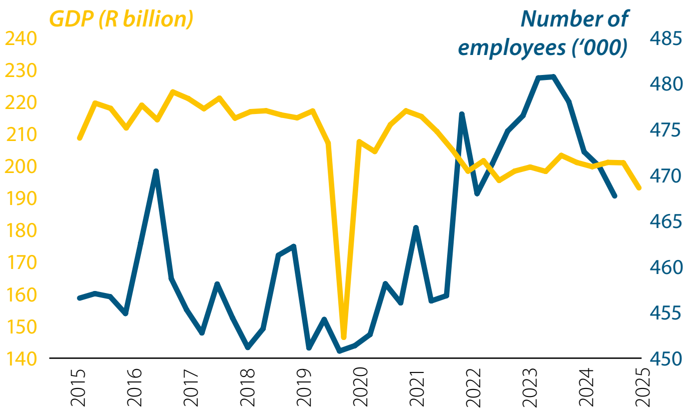
The South African mining sector contracted by 1.0% year-on-year in GDP terms during FY 2024/25, amid a challenging global economic environment. Considering its heavy reliance on export markets, the sector's performance remains sensitive to global demand and trade dynamics. The sector weakened notably in the final quarter, driven by heightened uncertainty linked to adverse US trade policies. Platinum group metals (PGM) production declined significantly as mines undertook restructuring efforts to sustain operations amid weak pricing. This contributed to a reduction in the overall mining workforce. Subdued commodity prices and weaker growth prospects in the last quarter led to a decline in mining output, with seven of the 11 subsectors experiencing substantial contractions in production volumes compared to the previous quarter. The IDC composite commodity price index, reflecting a basket of commodities relevant to the Corporation, continued to decline in FY 2024/25, affecting the performance of key equity holdings that are important for the Corporation's dividend income.

Manufacturing



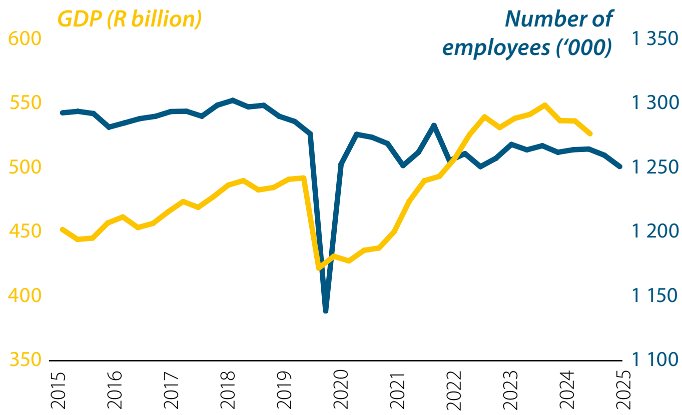
The manufacturing sector GDP contracted by 1.2% in FY 2024/25, following growth of 2.1% in the previous financial year. This contraction, despite relatively limited loadshedding during the year, reflects ongoing challenges such as weak domestic demand, rising input costs, and increased import competition. At the sub-sector level, the transport equipment sub-sector recorded a substantial decline, driven by the continued global weakness in the automotive market, particularly for internal combustion engine (ICE) vehicles. Persistent global steel overcapacity amid lower demand intensified import competition, resulting in negative growth for the domestic basic iron and steel subsectors. Manufacturing GDP and its contribution to the South African economy have been on a downward trend since the end of the COVID-19 crisis, creating a difficult operating environment for the IDC as business partners face distress and new investment opportunities become increasingly limited.

Mining GDP and employment



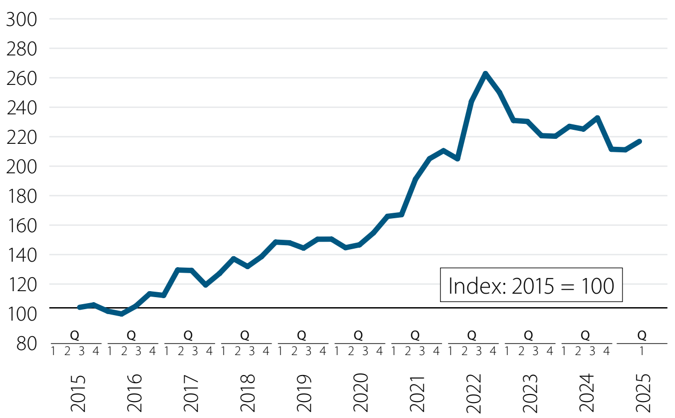
Source: IDC compiled using StatsSA data

Manufacturing GDP and employment



Source: IDC compiled using StatsSA data

IDC commodity composite price index
(in rand terms)



Source: IDC compiled using Bloomberg data

The challenging operating environment during FY 2024/25 resulted in reduced demand for IDC funding, as some businesses postponed investment decisions. Concurrently, an increasing number of business partners experienced performance pressures due to lower demand, driven by constrained domestic consumer spending, decreased production across various industries leading to reduced demand for intermediate inputs, and declining exports. However, the imperative to transition the economy to address climate-related risks – both physical and transition – has encouraged continued early-stage investments in project development across new sectors, supporting growth prospects over the medium to long term.

Strategic priorities

The IDC aims	**To drive an ambitious programme of inclusive and sustainable employment creating industrialisation in South Africa and the region**
...to achieve the following development outcomes	Jobs · Industrialisation · Exports · Investment · Empowerment · Spatial equity · A greener economy
...with its core activities built on its competitive advantages	**1** Developing and supporting pioneering projects · **2** Providing customised finance and investment solutions · **3** Partnering with others to extend the IDC's reach, capital and impact · **4** Non-financial support to entrepreneurs and selected state programmes
...targeting the real economy	**Upstream** Agriculture, mining · **Industrial** Manufacturing · **Industrial enablers** Energy, water, infrastructure, logistics, ESRG/decarbonisation, digitalisation, tradeable services · **Emerging value chains** Green hydrogen, new energy vehicles, energy storage, natural gas
...supported by improving organisational capabilities	**Financial sustainability** · **Risk management** · **Portfolio value creation** · **Our people** · **Other organisational capabilities**

Strategic priorities

The IDC aligns with national development policies and plans, including the NDP and the Medium-term Development Plan (MTDP). By emphasising sustainable and inclusive growth, we support vital sectors and promote innovation, ensuring that South Africa's industrial policy frameworks are effectively implemented to encourage long term economic prosperity. Our strategy enhances development effectiveness through strategic, sustainable and inclusive industrial investments. Transitioning from sector-based approaches to integrated value chains, we coordinate upstream and downstream linkages to drive industrial development and structural change.

Significant development impact is sought in targeted industries through substantial investments. Despite a strong financial position, the IDC must strategically leverage its balance sheet to navigate the competitive funding environment. A key focus is managing asset quality to protect the balance sheet and ensure financial sustainability, enabling competitive borrowing and enhancing developmental impact.

The strategic statement and priorities remain valid for the planning period. However, the Corporation has heeded the call to do substantially more, having acknowledged the integral role it must play to deepen development impact in the South African economy.

Strategic priorities 2025/26

- **Deepening** industrial development impact
- **Advancing** transformation and inclusive economic participation
- **Supporting** small businesses
- **Maintaining** financial sustainability including enhancing portfolio management and reporting
- **Enhancing** culture and organisational capabilities to enable a high-performance organisation

Development outcomes and alignment to the NDP and SDGs

Development impact

The IDC is integral to South Africa's industrialisation agenda and to driving socioeconomic development. Our mandate, which extends to rest of Africa, maximises development impact through sustainable industrialisation, promoting inclusive economic growth and creating employment opportunities.

Our strategies dovetail with the NDP, MTDP and the Economic Reconstruction and Recovery Plan. Activities also address global priorities, including the SDGs and African Union Agenda 2063, the continent's development blueprint for inclusive and sustainable socioeconomic development.

The IDC has adopted a value chain approach which prioritises catalytic projects in sectors such as agriculture, mining, manufacturing, tourism, digital services and green industries. We seek to improve the ease of doing business and support transformation initiatives targeting SMEs, black industrialists and young entrepreneurs.

By advancing sustainable industrialisation, promoting environmental responsibility and supporting underserved communities, the Corporation contributes to building a stable, inclusive and sustainable economy that benefits all South Africans.

Our new development scorecard features a comprehensive set of indicators to track and measure development impact. A monitoring and evaluation unit has been formalised to track and assess our efforts.

The IDC pathways for sustainable industrialisation underscores the Corporation's commitment to socially inclusive and environmentally responsible growth, aiming to catalyse low-carbon and green growth, drive jobs-rich industrialisation and promote localisation and spatial equity.

NDP chapters

1	Policy making in a complex environment
2	Demographic trends
3	Economy and employment
4	Economic infrastructure
5	Ensuring environmental sustainability and an equitable transition to a low-carbon economy
6	An integrated and inclusive rural economy
7	Positioning South Africa in the world
8	Transforming human settlement and the national space economy
9	Improving education, training and innovation
10	Promoting health
11	Social protection
12	Building safer communities
13	Building a capable and developmental state
14	Fighting corruption
15	Transforming society and uniting the country

Outcome 1 INDUSTRIALISATION

Catalysing economic diversification, driving structural transformation and expanding industrial capacity

SDGs						
NDP Chapters	3	4	5	6	8	11

The IDC spearheads industrialisation through economic diversification and jobs-rich initiatives targeting high-value, labour-intensive activities across sectors. We contribute to industry masterplans, prioritising localisation, beneficiation and cross-sector collaboration in industrial ecosystems.

Our strategic approach involves diversifying the economy towards low-energy, medium- to high-tech and job-intensive manufacturing value chains. We champion regional industrialisation and strengthen value chains across the Southern African Development Community (SADC) in vital sectors such as minerals for the green transition, agro-processing, aquaculture, livestock, forestry, chemicals, pharmaceuticals, automotive (including new energy vehicles), mining machinery and sustainable textiles.

Through collaborations with other DFIs, SOEs and others, we implement industry masterplans and programmatic value chain initiatives. We support the alignment of industrial policy frameworks and create a robust project pipeline.

We also advance high-value agriculture, manufacturing and services, while exploring digital service opportunities. Our initiatives drive growth for SMEs, black industrialists and new mines, reinforcing our counter-cyclical role in responding to economic challenges while promoting industrial development.

Outcome 2 GREENER ECONOMY

Promoting low-carbon and green growth while ensuring a just energy transition

SDGs				
NDP Chapters	3	4	5	6

The IDC is a key player in industry transformation, enabling firms to adopt cleaner technologies, fuels and processes, and drive higher productivity in manufacturing subsectors. We advance industry decarbonisation through renewable energy and lower-emission energy solutions, with substantial investment in alternative fuels such as green hydrogen, biofuels and natural gas.

Our value chain development and integration prioritise critical minerals mining and beneficiation to support energy transitions locally and globally. The AfCFTA agreement presents regional value chain opportunities that will enable manufacturing sector diversification and green growth.

We are a leader in the shift from internal combustion engines to sustainable alternatives and we support renewable energy localisation, including manufacturing components for solar, wind and grid infrastructure. Our goals are to enhance energy efficiency in industrial applications, champion sustainable development and advocate green investments and renewable energy projects.

To this end, we expand renewable energy generation, support new energy vehicle manufacture and advance South Africa's green hydrogen economy. We catalyse green growth and innovation by driving a renewable energy revolution, including green manufacturing for export-led growth.

Key sectors include manufacturing, mining (critical minerals), tradeable services, agriculture, infrastructure and tourism, all aimed at mitigating climate-change risks and promoting sustainable development. The IDC's long-term sustainability and governance framework seeks to reduce South Africa's carbon intensity by embedding ESRG practices.

We acknowledge climate change risks and assist firms to enhance their resilience to climate shocks. Initiatives include strengthening agricultural production, adopting climate-resilient technologies and financing efficient transport systems and infrastructure development. Through these efforts, the IDC demonstrates its leadership in driving South Africa's transition to a low-carbon economy and supporting inclusive, sustainable industrial transformation.

Outcome 3 INVESTMENT

Stimulating significant investments in high-impact sectors

SDGs

NDP Chapter	**7**

We are committed to protecting strategic industrial capacity through our investments. We mitigate the risks of deindustrialisation, address sector-specific challenges and manage the economic impacts of international trade measures and carbon taxes.

We build steel industrial capacity, ensuring continuity and growth in the chemical value chain and driving investment to accelerate the adoption of sustainable technologies in the automotive transition to new energy vehicles. We also manage gas cliff impacts by mitigating risks and fostering technological innovation.

Our investment strategy prioritises public-private collaboration and international cooperation, leveraging funding from external sources to amplify developmental outcomes. We secure co-investments from local and international partners, supporting sustainability initiatives through green growth strategies and strengthening programme management capabilities.

Our targeted investments create or save jobs, prioritising township development and small and medium enterprises (SME) growth while supporting regional development, transformation and targeted growth sectors. In addition, we support electricity generation capacity, contributing to industry masterplans and creating ecosystems in sectors such as cannabis, new energy vehicles and energy storage.

We add value to large-scale initiatives across the economy to unlock industrial development that enhances South Africa's integration into continental and global supply chains, drives import replacement and localisation and propels jobs-rich industrialisation.

The IDC's investment strategy aligns with the implementation of AfCFTA, advancing regional cooperation and industrial growth. By working with local and international partners, we drive industrial development, creating jobs and promoting sustainable economic growth in South Africa and beyond.

Outcome 4 SPATIAL EQUITY

Ensuring equitable development across regions

SDGs

NDP Chapters	**3**	**11**	**15**

In promoting spatial equity, job creation, economic inclusivity and innovation, we support SMEs and township economies.

Initiatives such as SME-Connect and the Township Economy Partnership Fund improve access to finance for SMEs. Our mentorship, training and business development services enhance the competitiveness of SMEs.

We aim to reduce disparities and unlock economic potential in underdeveloped regions across SADC and further afield. We are leveraging AfCFTA to enhance intra-African trade and economic integration, facilitating opportunities for regionalisation, localisation and local beneficiation.

Our partnerships with non-traditional trade allies will further economic development in less-developed areas. To promote growth in these areas, we prioritise industrial development through special economic zones, industrial parks and value chains in critical minerals for clean energy systems and modern technology.

Outcome 5 JOBS

Creating sustainable employment opportunities to address unemployment challenges

SDGs	8 Decent work and economic growth	10 Reduced inequalities
NDP Chapters	3	11

We stimulate job creation through labour-intensive sectors including agro-processing and agriculture, automotive, downstream chemicals, tradable services such as tourism, the green economy and SMEs.

We contribute to and leverage policy initiatives such as industry masterplans, special economic zones, localisation and the Social Employment Fund to boost employment. Our approach balances labour-intensive industries, which have a direct and immediate impact on job creation, with capital-intensive industries, which may unlock broader industrialisation and employment opportunities in the medium- to long term. IDC's value chain approach, in the main, relates to manufacturing, mining and agriculture, with services (such as logistics and e-commerce) in certain cases, forming part of that value chain.

We aim to mitigate the impact of the fourth industrial revolution and artificial intelligence on jobs growth, supporting innovations to sustain employment opportunities while adapting to changing business models.

Outcome 6 EXPORTS

Enhancing competitiveness and driving export growth through regional and global value chains

SDGs		8 Decent work and economic growth	17 Partnerships for the goals
NDP Chapters	3	7	11

Through competitive import replacement and localisation, we strengthen both domestic and export markets. We are capitalising on the growing opportunities of AfCFTA to integrate South African businesses into continental and global supply chains.

To realise export-led growth as an important driver of economic development, we endeavour to enhance export competitiveness through infrastructure efficiency, improving electricity availability and logistics to reduce the cost of doing business and assisting businesses to use their capacity to boost competitiveness.

Private enterprises benefit from our investment and support to rehabilitate and upgrade key electricity and rail infrastructure.

Developing regional value chains is a major consideration, as is processing of minerals to export finished goods. Export-led growth is core to our strategy, driving industrial development and unlocking new markets. Our goal is a more competitive and sustainable economy, driving growth and job creation.

Outcome 7 EMPOWERMENT

Supporting black industrialists, women, youth and broad-based empowerment initiatives

SDGs			1 No poverty	5 Gender equality	10 Reduced inequalities	16 Peace, justice and strong institutions
NDP Chapters	9	11	12	13	14	15

We are dedicated to promoting empowerment and inclusive participation in South Africa's economic landscape. Our comprehensive transformation strategy drives economic equity and creates an enabling environment for inclusive economic participation.

Increased funding goes to black industrialists, women- and youth-owned businesses and to developing inclusive models to enable local communities to participate in and benefit from economic development. Our initiatives include concessionary finance and business support for youth-led businesses, skills development in crucial value chains and partnerships with government institutions to expand funding for initiatives such as the Junior Mining Fund. Our procurement policies favour SMEs.

Internally, we set great store in educational assistance and bursaries to drive skills development and empowerment.

Performance indicators

IDC performance indicators for the period emphasise execution and support for key development outcomes while ensuring the Corporation remains focused on financial sustainability, organisational capabilities and its market reputation. The table below presents a selection of key performance indicators in this regard. A complete list of indicators that include supporting key performance measures can be found in the annual financial statements. They are aligned with the joint KPIs of the dtic.

Performance against predetermined objectives for the reporting period is shown below.

Key performance indicators

Perspective	Performance area	Performance indicator	Alignment to the dtic outputs	Target 2024/25	Actual 2024/25	Actual 2023/24	Actual 2022/23
Development effectiveness	a) Total investment flows facilitated	a) Total investment flows facilitated (R'm) (a1+a2+a3)	**Output 1:** R200 billion in investment pledges across the state	**54 928**	**51 238**	52 727	43 086
	a1) IDC own balance sheet funding	a1) Value of on-balance sheet funding disbursed (R'm)		**21 416**	**16 275**	15 856	17 817
	a2) Managed development funds	a2.1) Value of off-balance sheet funding disbursed (R'm)		**4 133**	**2 966**	2 796	2 655
		a2.2) Value of off-balance sheet funding disbursed as a % of funds available (this FY)		**75%**	**56%**	n/a	n/a
	a3) Co-funding leveraged/ syndicated/ catalysed	a3) Value of leveraged funding committed by other funders (R'm)		**29 379**	**31 997**	34 075	22 614
	b1) Funds committed (financial close reached) and facilitated to support policy priorities: transformation	b1) Total funds committed and facilitated in support of transformation (aggregate comprised of i) IDC own funds ii) off-balance sheet funds and iii) leveraged/ catalysed funds). Transformation is broadly defined to include funding for black industrialists, black-owned companies, companies with broad-based ownership, trade union owned entities, women entrepreneurs and youth entrepreneurs (R'm)*		**17 523**	**26 614**	22 292	11 368
Development effectiveness	b2) Increase in output for manufacturing companies supported (localisation and beneficiation)	b2) Growth in value of sales for manufacturing companies in IDC's portfolio (%)	**Output 4:** R40 billion in additional local output committed or achieved	**Growth in sales for the total manufacturing industry +2% with a minimum of inflation +3%**	**6.8%**	2.8%	n/a

* *b1.1) Black industrialists, b1.2) Black-owned businesses, b1.3) Women-entrepreneurs and b1.4) Youth-entrepreneurs overlap with each other, but they are not double counted in the total funds committed and facilitated in support of transformation – b1)*

Perspective	Performance area	Performance indicator	Alignment to the dtic outputs	Target 2024/25	Actual 2024/25	Actual 2023/24	Actual 2022/23
Development effectiveness	c) Job creation and preservation	c1) Number of jobs expected to be created and saved from committed and facilitated funds (excluding grant-related funds) (number)	**Output 21:** 100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	**34 023**	**15 732**	17 826	34 035
		c2) Number of jobs expected to be created and saved from grant-related funds committed and facilitated (number)		**8 045**	**5 828**	n/a	n/a
		c6) Percentage change in the number of people at South African companies in IDC's portfolio (% change y-o-y)		**IDC sectors employment growth +3%**	**3.9%**	n/a	n/a
	d) Project development	d1) Investment value of projects that graduated from preparation to the investment phase (R'm)	**Output 2:** 100 Investor facilitation and unblocking interventions provided	**4 800**	**15 700**	3 719	1 960
Financial sustainability	e) Improve quality of the portfolio through i) managed exits of non-performing assets, ii) appropriate origination of quality deal flow, iii) turnaround actions	e1) Impairment ratio (total book) (%)	**Output 43:** Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved	**28.7%**	**30.6%**	36.3%	37.5%
		e2.1) NPLs (%)		**24.1%**	**20.4%**	26.0%	28.3%
		e2.2) Rand value of NPL		**11 988**	**10 203**	n/a	n/a

Performance indicators *continued*

Perspective	Performance area	Performance indicator	Alignment to the dtic outputs	Target 2024/25	Actual 2024/25	Actual 2023/24	Actual 2022/23
Financial sustainability		e3) Achieve critical milestones in the turnaround plans for Cast Products SA, Foskor and Kalagadi Manganese, and for other significant exposures		**Foskor:** • EBITDA: Achieve 100% of EBITDA Board approved numbers. • BEE restructure and/ or balance sheet restructure: Full Implementation by end of March 2025.	**Foskor: not achieved** • EBITDA: Achieve 57% of EBITDA Board approved numbers. • The target was achieved score of 5: The BEE and Balance Sheet Restructures was approved by IDC end of 2024.		
				Cast Products: • Turnaround milestone: Termination of Rescue Plan and approval of Turnaround Plan (by end Q2 2024/25). • EBITDA: Achieve 100% of budgeted EBITDA target. • Governance: Reconstitution of the Board that complies with the King IV principle of independent non-executive directors being in the majority (by the end of August 2024).	**Cast Products: not achieved** Target not achieved score of 1: The termination of the CPSA business rescue proceedings is delayed as the company continues to be financially distressed.		
				Kalagadi Manganese: Turnaround milestone: Critical Review of Competent Persons Report for reasonableness; and Completion of the detailed Mine Plan (by October 2024).	**Kalagadi Manganese: achieved** The target was achieved with score of 3.5: Review of Competent Persons Report (CPR) completed and finalised. Base case financial model completed. No restructure contemplated yet due to the various litigations between Kalagadi Manganese and IDC, and AfDB.		
				Significant exposure 1 Business case and funding model: Develop long term sustainable business case and funding model. (September 2024).	**Significant Exposure 1** Target not achieved score of 3: The final business model and funding was approved in April 2025.		

Perspective	Performance area	Performance indicator	Alignment to the dtic outputs	Target 2024/25	Actual 2024/25	Actual 2023/24	Actual 2022/23
Financial sustainability				**Significant Exposure 2** Industry action plan: Industry action plan to be developed and IDC Board-approved for IDC's interventions in the steel sector (December 2024). Jobs retention: 80% of jobs retained for the Group.		**Significant Exposure 2: achieved** Industry Action Plan: Industry action plan to be developed and IDC Board-approved for IDC's interventions in the steel sector (December 2024). Jobs retention: 80% of jobs retained for the Group.	
	f) Proactively driving and enabling the management of value increase of the IDC's unlisted portfolio	f) Appreciation in carrying value of unlisted investments (excluding listed assets) (y-o-y; %)		**Inflation +3.25%**	**5.70%**	(11.56%)	5.10%
	g) Optimise the balance sheet for long term sustainability	g) Growth in the value of reserves (y-o-y; %)		**Real GDP growth + inflation +3.25%**	**(9.82%)**	(2.80%)	(6.4%)

Our strategic risks

At the IDC, we recognise that risk management is essential to maximising the benefits of sustainable development and economic inclusiveness. The Board has approved a framework for enterprise-wide risk management, which provides reasonable assurance that the Corporation holds an integrated perspective of its risks. We use a risk lifecycle that includes identification, assessment, measurement, treatment and monitoring to manage the risk universe, which comprises strategic and operational risk.*

	Strategic risk name and description
1	**Development impact risk:** risk relating to strategy implementation failures and resulting in the IDC not meeting its strategic objectives nor having the desired developmental impact
2	**Macroeconomic conditions and developments:** adverse macroeconomic conditions (domestically and/or globally) and/or credit downgrades affecting the IDC's business and its ability to achieve strategic targets
3	**Credit and investment portfolio risk:** risk of non-payment by IDC business partners and non-recoverability of investments
4	**Concentration risk:** concentration in the investment portfolio to a single or group of clients/investments/industry or country with the potential to produce losses or loss of income significant enough to threaten the health of the Corporation's balance sheet and financial sustainability
5	**Liquidity and funding risk:** the IDC is unable to maintain or generate sufficient cash resources to meet its payment obligations and to fund transactions
6	**Significant investments risk:** financial viability of significant investments and their ability to deliver effectively against their required strategy
7	**People and organisational culture risk:** failure to develop, recruit and innovate/motivate/retain suitable talent and create a conducive work environment that enables high-performance and client-service culture-balancing diversity
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
9	**Legal and regulatory compliance risk:** the IDC and business partners not being able to meet their legal/contractual and regulatory requirements
10	**Business resilience and technology risk (including cybersecurity):** failure from potential cyber-threats and vulnerabilities that can disrupt business operations, compromise data security and impede the integration and effectiveness of digital technologies
11	**Sustainability and responsible investment risk:** the IDC not able to identify, evaluate, manage and report/disclose against emerging ESRG and sustainability impact frameworks, and failure to grow new industries and value chain opportunities at a pace that would drive low-carbon growth, enhance competitiveness of industries and value chains whilst ensuring a just transition
12	**Reputational risk:** potential or actual damage to the IDC's image due to factors (negative media reports) that may impair the profitability and sustainability of its business

* *See page 92 for risk management.*

Our stakeholders and partnerships

Stakeholders play a vital role in achieving our strategic goals. We actively cultivate relationships and partnerships, using every opportunity to communicate our purpose and impact in ways that strengthen our reputation and build trust in the organisation.

A well-considered strategy and plan set the tone for stronger connections with stakeholders, the formation of alliances and the achievement of IDC strategic objectives. Strategic partnerships established with role-players such as government, funding partners, clients, employees and society are mutually beneficial as the Corporation pursues its mandate. Sponsorship proposals and corporate memberships are considered and approved by an approving committee, namely the Corporate Affairs Committee. An amount of R17 014 570.66 was spent on corporate sponsorships during this financial year. LA

CLIENTS AND BUSINESS PARTNERS

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

SHAREHOLDERS

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

Our stakeholders and partnerships *continued*

EMPLOYEES AND PROSPECTIVE EMPLOYEES

How we engage

- One-on-one engagements with staff
- Team and divisional engagements
- Internal and external communication platforms
- CEO feedback sessions
- Human capital initiatives such as Employment Equity Forum
- Staff engagements and culture surveys
- Involvement in strategic initiatives
- Management-union structures

Their needs and expectations

- Job security
- Reward and recognition
- Employee development programmes and personal growth
- Good work environment
- Ability to make a valuable contribution to South Africa's development ambitions

Our expectations

- Motivated and empowered employees
- Living the IDC's values
- To be brand ambassadors
- Further the IDC's development agenda
- Enthusiasm, commitment and skills
- Service-delivery mindset
- Awareness of the IDC's funding activities and developmental impact

How we create value

- Transformation
- Personal development
- Remuneration linked to performance and value created
- Staff awareness of how their work contributes to the IDC's value proposition

REGULATORS, RATING AGENCIES AND FUNDERS

How we engage

- Credit ratings
- Investor roadshows
- Integrated annual report
- Results announcements
- Stock Exchange News Service announcements
- Special finance and funding Initiatives

Their needs and expectations

- Transparent and effective corporate governance
- Financial sustainability

Our expectations

- Low lending rates
- Consultation
- Understanding of the IDC's operating context

How we create value

- Funding schemes
- Input for policy development
- Leveraging funding to benefit South Africa
- Industry and economic development

COMMUNITIES

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

OTHER PARTNERS

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

Stakeholder prioritisation

The stakeholder's influence over the IDC	Low	Medium	High
High	• Rating agencies • Public Servants Association of South Africa	• Regulators • Government departments not mentioned elsewhere in the table with an interest in IDC-funded sectors • National Treasury • Mature listed investments in which the IDC has a low shareholding • Department of Small Business Development	• Existing and potential clients • Strategic project partners • Employees • Lenders (bondholders, commercial banks, DFIs, Public Investment Corporation, Unemployment Insurance Fund) • Portfolio Committee on Trade, Industry and Competition, and Portfolio Committee on Small Business Development • Department of Trade, Industry and Competition (**the dtic**) • IDC subsidiaries
Medium	• Media	• The unemployed • Organised labour • Banks and other financial services providers • Government departments not mentioned elsewhere in the table • Governments of African countries other than South Africa • Business associations • SOEs	• Broader communities around IDC-funded projects • Provincial governments
Low	• Former employees • Potential employees • Higher education institutions • Activist bodies		• Suppliers
	IDC impact on the stakeholder		

Engagements and activities during FY 2024/25

In addition to business development and regular meetings with stakeholders, including government departments, we conducted 81 formal interactions (78 in 2023/24) to showcase and position the organisation as a DFI that supports sustainable industries, finances entrepreneurs and improves lives through its operations.

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

Topics discussed included:

SUPPORT for new energy vehicles	**INCLUSIVE ECONOMIC DEVELOPMENT**	**FUNDING** products for IDC-supported sectors	**TRADE AND INVESTMENT OPPORTUNITIES** with visiting business delegations
INNOVATION AND SUPPORT for early-stage projects that are ready for commercialisation	**INCLUSIVE PARTICIPATION** in the economy, such as IDC support for black industrialists, women- and youth-owned businesses	**ENERGY SECURITY**	**SUSTAINABLE AND CLIMATE FINANCE**
Funding for **WOMEN ENTREPRENEURS**	**COLLABORATION** with continental and international DFIs	**DEVELOPING** the provincial economy	**LOCALISATION**

The IDC also partnered with the government for investment promotion and economic transformation. It was the lead organiser of the worker ownership summit led by former Minister of Trade, Industry and Competition, Ebrahim Patel.

Thought leadership

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

MATERIALITY AND TRADEOFFS

Material matters

A matter is material if it could substantially affect the IDC's ability to create, preserve or erode value in the short- (up to 18 months), medium- (18 to 36 months) or long term (more than three years). Our materiality approach leads to disclosure of information on sustainability-related risks and opportunities that may affect our prospects if omitted, misstated or obscured and that could reasonably be expected to influence investor decisions. We examine our most significant actual or potential future impacts on society, the economy and the environment. We gather information on and interpret stakeholder interests using robust processes, and establish how these matters relate to the formulation of strategy, our business model and our risk profile.

The Integrated Reporting Framework's four-step process is applied to determine materiality, encompassing stakeholder inclusiveness, validity and completeness.

During the period under review, we revisited our previously identified material matters to test their continued relevance.

Documented Board and executive discussions, and internal and external research and analysis, including industry intelligence, provided insight into issues that may affect our strategy, governance, performance and outlooks. Continuous engagement keeps us attentive to the views and expectations of all stakeholders. A thorough materiality assessment conducted in 2024 based on double materiality included:

- A survey with national, external stakeholders in May 2024
- An annual internal ESRG and sustainability impact survey in June 2024
- An in-person stakeholder event in November 2024.

Six stakeholders groups provided diverse perspectives, with climate change a significant theme, leading to the separation of the environment from socioeconomic development. This aligns closely with the IDC's current views on environmental issues.

We look to our updated risk matrix for issues that will intensify or lead to significant risks or lost opportunities if left unchecked. To generate a universe of potential material issues, we incorporate mandatory regulatory requirements, conduct best practice benchmarking and pay attention to online platforms and media. This all-encompassing approach ensures corroboration and an objective analysis of issues.

We then evaluate the importance of relevant matters against their known or potential effect on value creation, preservation or erosion. Qualitative and quantitative effects are considered in the context of their nature, timeframe and impact and we align our strategic approach accordingly. Both positive and negative matters are identified from financial, operational, strategic, reputational and regulatory perspectives. Management reflection and consideration from approval committees and governance structures are applied.

During the third step we rank matters based on importance. In the context of the IDC's values, policies and commitments, the significance of material matters is prioritised. High-priority matters are tested and assessed for disclosure purposes. This year, human capital's importance was elevated to third on the material matters list.

Finally, we fully integrate material matters into our strategy. Our strategic objectives, namely development effectiveness, financial sustainability, organisational capabilities and strategic positioning and stakeholder alignment, are linked directly to our material issue list. We cascade organisational performance targets and undertakings throughout the organisation, ensuring that our strategic initiatives deliver on commitments to stakeholders. We also link remuneration and incentives to KPIs and disclose relevant information. By considering both internal and external perspectives in our integrated report, we ensure that we meet the information needs of our stakeholders and fulfil the report's primary purpose.

Our material matters are:

1. Sustainable industrial development
2. Financial sustainability
3. Human capital
4. Socioeconomic development
5. Environment
6. Client expectations
7. Governance, risk and compliance
8. Partnerships.

Material matters *continued*

Material matter	Strategic risks	Capitals	SDGs
1. Sustainable industrial development Our core purpose is to drive industrial growth and development, stimulating employment creation and economic expansion. We play a leading role in industry planning and policy alignment, leveraging our expertise to inform industry masterplans and value chain strategies. Our sustainable industrialisation framework guides efforts to drive industrial development in the context of climate change. • ***Employment creation:*** we prioritise employment creation, supporting the role of small businesses in the economy and leveraging regional and continental trade agreements to create opportunities. • ***Diversification:*** we target financing activities that diversify South Africa's industrial structure, focusing on medium- and high-technology manufacturing as well as labour-absorbing and labour-intensive manufacturing. • ***Sustainable value chains:*** we support the development of sustainable and inclusive value chains and enabling ecosystems and promote low-carbon transition. We will continue to drive projects in identified priority value chains, reviewed regularly to pre-empt development needs and opportunities. By providing investment and financing solutions for projects that increase industrial capacity, we seek jobs-rich industrialisation and greater economic growth.	1 2 4 11		8 Decent work and economic growth 9 Industry, innovation and infrastructure 11 Sustainable cities and communities
2. Financial sustainability Financial sustainability is crucial to our long-term viability, effectiveness and impact. We define it as our ability to manage financial resources to ensure self-sufficiency, generate adequate revenue and sustain operations. • ***Risk management:*** we mitigate financial risks, ensure sufficient capital to support lending and investments and sharpen risk assessments to curb financial losses and fraud. • ***Operational efficiency:*** we optimise operations to minimise costs, maximise impact and ensure clear financial reporting and governance. • ***Revenue diversification:*** we diversify revenue streams to broaden income sources, reduce operating costs and update technology to improve efficiency. Challenges include economic downturns, inflation and currency fluctuations, which affect our financial performance. We must balance financial sustainability with our social and environmental goals. To maximise development impact while preserving financial sustainability, we: • Manage asset quality and monitor performance at all operational levels • Diversify our portfolio to reduce concentration and volatility risk • Ensure a sustainable profile mix of healthy, early stress onset, struggling and distressed assets • Intensively manage impairments to create sustainable financial returns and achieve development outcomes. By maintaining our financial health, we build trust with stakeholders and support sustainable development and poverty reduction.	1 2 3 4 5 6		8 Decent work and economic growth

Material matter	Strategic risks	Capitals	SDGs
3. Human capital Attracting, retaining and developing top talent are crucial to executing our long-term business strategy. We prioritise a positive work environment that enables growth, development and employee engagement. • *Transforming our culture:* we aim to inculcate values that support our purpose and strategy, promoting a culture of sustainability and excellence. • *Talent management*: we focus on recruiting the right people for the right jobs, combined with digital enablement, and retaining top talent and scarce skills. • *Employee empowerment*: we prioritise employee development, including training, mentoring and succession planning, to build a capable and skilled workforce. • *Hybrid work model:* we balance flexibility with productivity, culture building and collaboration, with mandatory office time three times a week. • *Inclusive workplace:* we have policies to prevent and address discrimination, ensuring a safe and respectful work environment. • *Employee value offering*: we are committed to enhancing our employee value proposition, developing a supportive work environment, retaining skills, and recognising and rewarding great efforts and dedication.	7		4 Quality education 5 Gender equality
4. Socioeconomic development We minimise our impact on communities and foster mutual understanding and value creation through trusted partnerships and social initiatives. • *Inclusive and sustainable development:* we strive for inclusivity, transformation and regional equity, ensuring that our investments contribute to sustainable development and deliver positive social and environmental outcomes. • *Equitable access to finance*: we ensure equitable and inclusive access to finance, applying solid procurement practices and conducting social impact reviews and human rights assessments as part of our due diligence processes. • *CSI:* our CSI and other community programmes focus on development and fostering partnerships that drive positive change. By prioritising socioeconomic development, we aim to create lasting value for our stakeholders and contribute to a more sustainable and equitable future.	1 2 4 11 12		1 No poverty 2 Zero hunger 4 Quality education 5 Gender equality 6 Clean water and sanitation 10 Reduced inequalities 17 Partnerships for the goals

Material matter	Strategic risks	Capitals	SDGs
5. Environment Climate change and environmental vulnerabilities significantly impede growth. These factors affect agriculture, water, health and energy. We support our clients in their just transition journeys and recognise the importance of tailormade solutions that address unique circumstances and needs. We prioritise environmental sustainability by anticipating, adapting and mitigating climate risks. We encourage clients to adopt business strategies and practices aligned with our sustainability journey. We are committed to integrating sustainability risk management practices with business activities, including embedding effective processes, metrics and monitoring systems to manage climate risks. We are reorienting our financial services to support a greener economy. Our approach to managing environmental impacts involves: • Sector-specific pathways • Exclusion lists for identified sensitive sectors • Carbon emissions targets for coal, oil and gas • Financing renewable energy initiatives. • *Low-carbon emissions*: we innovate in low-carbon emissions manufacturing processes, reduce energy consumption and promote renewable energy usage. • *Waste and water management:* we develop solutions for waste and water management, enhance waste recovery and promote a circular economy. By addressing environmental challenges, we minimise our ecological footprint and contribute to a more sustainable future.	1 3 11 12		6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
6. Client expectations Our customers expect efficient processing times, and we have set service targets to meet these expectations. Unfortunately, we fell short of our goal to process 80% of non-complex transactions within 64 days from application receipt to legal agreement sign-off with a score of 41.54%. Similarly, we did not meet our target for 80% of complex transactions to be processed within 180 days, achieving only 65%. LA Improving our performance in these areas remains a key focus for the Corporation. We prioritise meeting the evolving needs and expectations of our clients. • *Affordable finance:* we provide accessible and affordable financing options, leveraging digital technologies to enhance customer interactions and business models. • *Ethical business practices*: we uphold responsible investing practices, transparency and disclosure, ensuring that our business practices align with client values and expectations. • *Sustainability and social responsibility:* we prioritise environmental sustainability, social responsibility and good governance, recognising the importance of having a positive impact on society and the environment. • *Active listening:* we listen attentively to our clients' needs and concerns, measuring and tracking their satisfaction on regularly. • *Responsive service:* We prioritise prompt responses to client enquiries and issues, delivering high-quality services and tailored financial products. Our annual Client Experience Survey showed significant improvement, with an overall score increasing to 8.3 from 7.7 and a Net Promoter Score (NPS) of 69, up from 58, indicating enhanced client satisfaction. LA • *Continuous improvement:* we invest in technology and training to ensure ongoing improvement and innovation, enabling us to offer bespoke solutions that meet our clients' unique needs.	1 10 11 12		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS

Material matter	Strategic risks	Capitals	SDGs
7. Governance, risk and compliance We institute the highest standards of business ethics and transparency, ensuring effective governance and compliance systems that uphold integrity, accountability and stakeholder trust. • *Risk management:* we employ stringent risk management practices to identify, assess and mitigate credit, market, operational and reputational risks. • *Governance:* our competent, independent and diverse Board oversees strategy, risk and performance, ensuring adherence to laws, regulations and standards. • *Internal controls*: we maintain effective internal controls, including financial, operational, and information technology controls, to ensure timely, accurate and comprehensive disclosure of financial information and development impact. • *Culture of ethics:* we promote ethics, integrity and fraud prevention, with clear policies and reporting mechanisms. • *Independent audits*: our independent auditors review our annual financial statements, internal controls and development impact. • *Digital enablement*: we recognise the importance of digital enablement, leveraging technologies like artificial intelligence to drive business intelligence, client service, engagement and personalisation. • *Data governance:* we prioritise robust data governance to support our digitisation strategy, ensuring data privacy and security. • *Organisational effectiveness*: we acknowledge the transformative effect of digitalisation, focusing on organisational excellence, refined organisational design, culture and change management. • *Emerging technologies:* we will review the impact of emerging technologies such as artificial intelligence and big data on jobs and job creation in the medium term and 'future proof' the IDC and its business partners. • *Cybersecurity*: we recognise the threats of cybercrime and protect sensitive information, maintaining data privacy and security.	8 9 10		16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Material matters *continued*

Material matter	Strategic risks	Capitals	SDGs
8. Partnerships We leverage strategic partnerships to drive growth, innovation and sustainability, building long-term relationships that create shared value for stakeholders. • *Collaborative solutions:* we collaborate with partners to develop innovative and sustainable solutions, favouring regional value chains and driving financial inclusion. • *Strategic alliances*: we form partnerships with civil society groups, policymakers and others to address gaps and drive positive change. • *Shared values:* we ensure that our partners share our values and align with our governance approach, promoting collaboration and mutual benefit. • *Access to expertise:* partnerships provide us with access to scarce specialist expertise and skills, enabling us to challenge traditional models and drive innovation. • *Network and cooperation*: we build networks and enter cooperation agreements with social partners, DFIs and other role-players, promoting synergies and collaborative solutions. • *Regional and private sector collaboration*: regional and private sector collaboration is embedded in our business model, particularly in infrastructure and energy-generation industries. • *Third-party funds*: we manage several third-party funds and play a coordinating and facilitating role in events and projects. • *Synergies and alliances*: we promote synergies with key strategic partners and seek astute alliances with stakeholders, fostering partnerships with other DFI entities.	1 2 4 6 12		17 PARTNERSHIPS FOR THE GOALS

Tradeoffs

In pursuing its mandate, the IDC manages a range of complex tradeoffs to balance financial sustainability with meaningful development impact. Key considerations include:

1. **Financial return vs development impact:**
   Striking a balance between financial sustainability and development objectives, the IDC often prioritises projects with high developmental impact, even where financial returns may be lower.

2. **Risk appetite vs portfolio health:**
   Taking on calculated risks to support ambitious projects while ensuring portfolio health and financial stability.

3. **Short term vs long term goals:**
   Focusing on long-term development outcomes over short-term financial targets, requiring patience and strategic investment approaches.

4. **Local impact vs global priorities:**
   Prioritising initiatives that deliver significant local impact, while also contributing to broader regional or global development goals.

5. **Investment size vs impact:**
   Weighing the benefits of larger investments – which may concentrate risk – against smaller investments that may have a more modest impact.

6. **Governance and oversight vs operational flexibility:**
   Ensuring robust governance and oversight, while retaining the flexibility needed to make timely and effective investment decisions.

7. **Job creation vs job preservation:**
   Balancing support for new transactions that create jobs with assistance to distressed companies to preserve existing employment.

8. **Capital-intensive vs labour-intensive industries:**
   Weighing the benefits of funding industries that drive technological advancement against those that create higher employment.

9. **Leveraging private sector finance vs increasing IDC funding share:**
   Mobilising private sector capital to amplify impact, while carefully managing associated risks and returns.

10. **Direct investment vs capacity building:**
    Choosing between direct investments in projects and initiatives that build local capacity for sustainable development.

11. **Speed vs partnerships:**
    Balancing the need for timely funding approvals and disbursements with the benefits of cultivating partnerships for more sustainable outcomes.

12. **Industrial development vs environmental impact:**
    Promoting industrial development while proactively managing and mitigating potential negative environmental impacts.

By navigating these tradeoffs, the IDC advances its development objectives, maintains financial sustainability and upholds responsible risk management.

OUR OPERATIONAL PERFORMANCE

Supporting sector value chains

Chief among IDC objectives is support for sustainable economic development by maintaining, expanding and deepening industrial capacity in a socially inclusive and environmentally responsible manner.

Our strategic prioritisation framework comprises four pathways supported by two transversal strategic objectives: economic enablers, including industrial infrastructure, and an ecosystem approach to optimise competitiveness, linkages and inclusion. The framework facilitates structural changes in industrial capabilities, opens entrepreneurial opportunities, deepens value addition and creates jobs.

PATHWAY 1

Diversification and jobs-rich industrialisation

The IDC supports investments in higher value-adding and productivity activities that are labour-absorbing (sectoral deepening). It aims for a transition towards medium and high technology, including labour-intensive manufacturing that adds value, expands employment and lowers emissions.

Agricultural and agro-processing

Expanding and diversifying the agricultural value chain is essential for rural development, food security, exports and job creation. The Corporation supports competitive import substitution. It enhances farming returns and transforms the industry while safeguarding existing capacities.

During FY 2024/25, approvals reaching financial close in this value chain increased by 94% to R1 billion from the previous financial year and disbursements reached R6.3 billion.

A notable achievement has been our implementation of the Poultry Industry Masterplan. Over five years, we have funded 14 poultry companies that have produced 93 057 tonnes of chicken meat – 96% of the 97 000 tonnes commitment we made over the five-year masterplan implementation period. In the reporting period, R260 million was committed to hatcheries, broiler-rearing facilities and contract growers.

This was facilitated through blended funding from the Agro-Industrial Fund, which the IDC manages on behalf of the Department of Land Reform and Rural Development. The fund, which promotes black ownership and participation in agriculture, provided R158 million funding to seven businesses in the year under review.

We have also partnered with the South African Sugar Association to broaden and diversify market opportunities. As part of the objectives of Sugar Industry Masterplan, the IDC is exploring the production of polylactic acid, a crucial ingredient in bioplastics. This could enhance diversification towards more lucrative markets. Following completion of the first stage of the pre-feasibility study in December 2024, this project can now move ahead.

Having recognised the financial and developmental benefits of high-value, long-term crops, the Corporation continues to invest in horticultural expansion, including stone-fruit expansions in the Free State and support to a 638-hectare pecan nut farm in the Northern Cape. In addition, we approved substantial funding support to enable a Western Cape-based farm to preserve its fruit processing and canning facility, securing more than 4 000 jobs for fruit farmers in the province.

Vital flood relief funding has gone to 764 small raisin-farmers, supporting their recovery over the past two consecutive farming seasons. Through collaboration with local processing companies, working capital facilities to the value of R339 million were extended over two seasons, ensuring stability and helping companies maintain overseas market share amid adverse local weather conditions.

To stimulate inclusive value chains, the IDC's agricultural aggregation methodology assisted eight farmers in North West to cultivate barley for a leading maltster's supply chain. This initiative offers small-scale farmers access to credit, markets, inputs, technology and extension services.

Hemp and cannabis commercialisation has recently emerged as a key investment focus. To support the Presidency's streamlining of the industry's regulatory environment, we have contributed to building a research base, establishing institutional arrangements and enhancing stakeholder engagement. Initial support, including funding, has gone to medicinal cannabis projects, with future aspirations centred on the hemp value chain.

Sustainable agriculture continues to underpin the Corporation's future strategies, focusing on sustainable proteins, green agrochemicals, sustainable intensification, carbon-smart farming and biodiversity ecosystem finance. We aim to expand our role in sustainable agriculture for a brighter and greener future for the sector.

Through these initiatives, the IDC demonstrates its commitment to driving growth, innovation, resilience and sustainability in agriculture.

ILLIMA

Empowering a rural based community

Illima is a 100% black-owned entity that was established in 2013. This entity is a large operation with 303 hectares of planted citrus orchards, 20 hectares of newly planted mangoes and an existing 865 hectares of sugarcane in Mpumalanga near Komatipoort. The land on which this project operates is leased from the Mahlalelala Community under the Bambanani Mlambo Trust, which was acquired through the Restitution of Land Rights Act 22 of 1994.

IDC funding will enable Illima to acquire another 30.8 hectares of land for high-income potential citrus cultivars and develop a further 90 hectares of sugarcane making a total area under cane of 955 hectares. IDC funding will also enable for purchasing of additional equipment including computer hardware and software, irrigation pump and pipes, tractors, new tractor loader backhoe, vehicles and trucks. Part of this funding is also earmarked for infrastructure development including construction of a new holding dam, building a new pumphouse and fencing.

Over the next three years Ilima envisages to commence with a continuous 90 hectares of annual replacement or re-development of existing sugarcane to improve performance, which is in line with the industry norm of replacing 10% of existing hectarage for efficiency purposes.

The company has actively contributed towards socioeconomic activities in the communities in which it operates. It currently employs a total of 70 permanent employees, the majority of whom are black. During the harvesting period, the operation employs an additional 655 employees annually.

When the operation is at full production during 2027 season, the number of seasonal jobs will rise to 1 210 while permanent jobs remain at 70. The total annualised jobs will stand at 278 comprising of 45 new jobs created and 233 maintained jobs. Illima considers skills development and training of employees. In this regard, an in-house skills development programme is in place to train staff in their respective functions including supervising, operators and drivers forklift and tractors, safe handling and application of chemicals, first aid and general (field and pickers) before assuming such roles.

Automotive and transport equipment

South Africa has a well-established automotive manufacturing sector, with several local original equipment manufacturers supplying both domestic and international markets. Significant opportunities exist to expand local production capacity and deepen value chains through localised and inclusive participation. Diversification is crucial, especially given looming potential export restrictions on vehicles with internal combustion engines and other potential tariff and non-tariff barriers.

During FY 2024/25, approvals approaching financial close increased to R1.8 billion from R466 million in 2023/34, with disbursements reaching R831 million.

The Corporation continues to attract new manufacturers to the country, with encouraging prospects for companies contemplating complete-knock-down manufacturing opportunities. A potential joint venture is taking shape with European-based automotive manufacturing giant, Stellantis, and a memorandum of undertaking has been signed for the IDC to conduct a joint feasibility study with Indian automotive producer Mahindra. Further to this, the Corporation has held discussions with other manufacturers in Korea, Japan and China on potential local collaboration. A multimodal facility is being established to serve original equipment manufacturers needing smaller production runs.

Inclusive and localised supply chains remain key to developing the ecosystem. Funding approved during the review year included support for black-owned tiers 1 and 2 component manufacturers supplying world-leading automotive brands with light alloy wheels and injection-moulded plastic components including steel-pressed parts (skin panels). Most of these investments are based in the supplier clusters in the automotive special economic zones of Coega and Tshwane.

The IDC also provided a lifeline to a major specialised steel manufacturer in South Africa supplying essential inputs to the sector. This intervention will ensure specialised steel stock during 2025.

The IDC's contribution to new energy vehicle manufacture in South Africa is discussed on page 65.

VSL GROUP (PTY) LTD

Supporting a black industrialist to expand operations

A combination of domestic capabilities such as free-trade agreements including policy incentives have helped to create a local world class automotive assembly industry. South Africa's auto industry boasts a local presence of seven international original equipment manufacturers (OEMs).

Remarkably, this sector's value chain includes close to 500 component suppliers contributing significantly to the almost 40% industry average local value addition. Locally produced cars have been able to penetrate the highly competitive US and EU markets, illustrating the competitiveness of domestic manufacturing. As part of its mandate, the IDC is focussed on transforming this sector through funding black industrialists that have contracts to supply components to OEMs or want to gain a foothold into this highly competitive sector.

Accordingly, the IDC provided funding to VSL Group (Pty) Ltd, trading as VSL Manufacturing (VSL) – a company that operates two manufacturing facilities: one in Queenstown and the other housing laser cutting operations in the Coega SEZ in Gqeberha. VSL is 51% owned by Ms Vuyokazi Skweyiya - a female black industrialist, and Mr Deon van Zyl who holds the remaining 49% equity in the business.

Specialising in medium to large cold stampings, including deep draw and skin panels, VSL is uniquely positioned to handle shorter production runs, making it an ideal partner for aftermarket parts manufacturing. Currently supplying Isuzu and Gibela Rail Consortium with pressed parts (metal stampings), VSL sources mild steel from Trident Steel Africa and Macsteel.

VSL is poised to expand its operational footprint following IDC funding. The funding will support the manufacturing, installation and commissioning of a new advanced press line at a newly established production facility in Gqeberha, strategically located adjacent to Isuzu Motors South Africa, VSL's primary customer.

This expansion forms part of a broader growth strategy, with full operations continuing at the existing Queenstown plant. The newly constructed manufacturing facility is set to begin operations later in the year, with the commissioning of the press line scheduled for September 2025 to align with the production of Isuzu's new D-Max vehicle model. This strategic move not only enhances VSL's capacity and capability but also positions the company to support Isuzu's localisation initiatives for Africa, further advancing the manufacture of import-replacement components.

This expansion and investment underline VSL's commitment to providing high-quality pressed parts to both automotive and non-automotive sectors, including current partners Isuzu and Gibela Rail Consortium. IDC funding to VSL yet again demonstrates the Corporation's commitment to enhancing local manufacturing while transforming South Africa's economy. Importantly, IDC funding will lead to creation of approximately 123 production jobs

Chemicals and pharmaceuticals

As one of the largest manufacturing sectors, the chemicals industry is integral to agriculture, healthcare and manufacturing, among others. It supplies raw materials and inputs to key industries while driving innovation and technological advancements.

In the year under review, approvals reaching financial close were R1.2 billion, with disbursements of R2 billion in sectors producing cement products, bulk chemicals, latex production, polymers and performance chemicals.

During the year, the IDC launched an ambitious initiative to facilitate brownfield and greenfield projects in this value chain.

Key funding approvals were channelled into reindustrialisation of the calcium carbide industry in Newcastle, KwaZulu-Natal, which desperately needs industrial diversification. Our investment in South African Calcium Carbide will help the company to upgrade and refurbish a plant it closed in 2015 and to restart domestic production of calcium carbide as the country's sole producer of this product. Projected capacity is about 65 000 tonnes a year, with 269 direct employment opportunities opening up.

We also approved funding for the manufacture of 300 000 tonnes per year of polyethylene terephthalate for cold drink packaging. Located at Coega, this plant will facilitate import replacement and generate 432 jobs during construction and operation.

In addition, we financed the final feasibility work for an 80 000-tonne-per-year titanium pigment plant in the Richards Bay industrial zone with an estimated investment cost of more than R10 billion.

As mentioned, we are involved in the medicinal cannabis sector and have made our third investment – an Eastern Cape project that will export medical-grade dried cannabis flower to Australian and EU markets.

We supported the manufacture of male condoms at the East London special economic zone, one of four plants enabling the government to localise 80% of market demand. The investment, with the National Empowerment Fund, supported a female-owned industrialist and created 286 jobs.

The Corporation signed a memorandum of understanding (MoU) with Kreditanstalt für Wiederaufbau Development Bank to enhance cooperation in pharmaceuticals, life sciences, vaccine development and production, including medical technologies (devices) in South Africa and its neighbouring countries.

GEMILATEX

Gemilatex gets funding for new manufacturing facility

Gemilatex (Pty) Ltd is a 51% black woman-owned business that distributes male condoms to the local South African market. This company was established to support government in the management of HIV/AIDS through provision of affordable, locally manufactured male condoms. Government, through the National Department of Health (NDoH) and National Treasury, is one of the single largest buyers of male condoms globally.

In the year under review, Gemilatex received approvals from the IDC, NEF and **the dtic** for funding to setup a male condom manufacturing facility which will be in East London, at the East London Industrial Development Zone (ELIDZ). Funding from the two entities will be used to purchase plant and equipment including leasehold improvements and working capital.

IDC support to Gemilatex is in line with the Chemicals Medical and Industrial Minerals' strategy to increase the local manufacturing of medical supplies/devices and aligns with and contributes to the Healthcare Master Plan.

This funding will enable Gemilatex to become one of four entities that have set up plants to manufacture condoms in the local market. For now, condoms are mainly imported from Asia. Support to Gemilatex will enable the National Treasury to localise close to 80% of the national demand once the plants become operational.

The investment in Gemilatex will help create 286 job opportunities; support the development of a female black Industrialist thereby furthering economic inclusion; and contribute towards localising the condom manufacturing industry.

Clothing, textile, footwear and leather

The clothing, textile, footwear and leather (CTFL) sector has been constrained in recent years by reduced local consumer spending. Obstacles include international pricing pressures leading to cancelled investments and business downsizing, stagnant procurement of local goods and fierce competition from Asia and neighbouring countries. Commercial banks have limited interest in this sector, hence the rising demand for development funding support. While pricing pressures tend to cut margins, niche products such as geotextiles, technical textiles and denim localisation show promise.

Support is needed, specifically due to the high labour intensity in downstream apparel manufacturing. During FY 2024/25, approvals reaching financial close in this value chain totalled R516 million, with disbursements of R481 million. The IDC's involvement included support for the manufacturing of synthetic fabrics, polyviscose fabric for schoolwear, home linen and towelling. To maintain and grow cotton-yarn spinning capacity in the country, the IDC approved funding for a turnaround plan for a subsidiary, enabling it to undertake full plant upgrade that will increase capacity and facilitate diversification.

The dtic Clothing, Textiles, Footwear and Leather Growth Programme (CTFLGP) managed by the IDC provides concessionary funding to entities in this value chain. The programme supports employment growth, improves competitiveness and promotes localisation. During FY 2024/25, the CTFLGP supported 31 businesses with R459 million, creating 579 jobs.

Focus areas for the year ahead include development of the regional cotton value chain, investments in local niche-manufacturing capacity to meet demand in denim, wool and seamless garments, and the establishment of a local apparel fabric mill.

SEN LI DA CHEMICAL FIBRE

Increasing revenue for locally manufactured goods

Established in 2008, Sen Li Da Chemical Fibre (Pty) Ltd is based in Newcastle, KZN. This company is one of the leading PET bottle recyclers and is the largest producer of polyester staple fibre in South Africa.

The company supplies mainly to local retail and manufacturing companies; however, their export market has also grown significantly since 2014. Currently, over 20 different types of fibres are produced and sold to the public. It is also a proud supplier of fibre to the local geotextile, home textile, furniture, hospitality and other industries.

Sen Li Da's products are 100% polyester regenerated and recycled polyester staple fibres. The hollow fibres are created from recycled waste plastics, which are collected by members of the community. The majority of the raw materials are obtained from local companies; however, most of the chemicals used in production are still being imported.

In the year in review, the company received working capital funding through the IDC's Partnership Programmes CTFLGP fund for the expansion of manufacturing capacity.

Increased production capacity has not only created local employment but helped to reduce turnaround times for clients.

NATIONAL PRIDE

A proud investment in localisation

Established in 2001 primarily as a manufacturer and distributor of disposable diapers, National Pride is a local personal and baby care products business that manufactures and distributes disposable baby diapers, sanitary pads, baby wipes and disposable adult diapers for both the local and export market. They are also a significant supplier of private-label disposable diapers to leading retailers.

Located in Devland, Soweto, this business has distribution warehouses spread across the country including in Durban, Cape Town and East London. The brands in National Pride's stable include Cuddlers (the only locally manufactured nappy brand available in all major retailers), Baby Panda (leading baby diaper brand in 14 sub-Saharan African countries), Active Care (adult diapers) and Simply Dry (sanitary pads).

In the year under review, the IDC approved funding to National Pride to enable the company to enhance its production capacity through purchase of new manufacturing machinery. Part of the funding facility will enable the company to adopt and implement various loadshedding solutions, which among others include the installation of generators, solar panels and gas generators. This investment also fosters local economic growth by creating jobs and ensuring a stable and reliable supply of essential products and supports IDC's commitment to social and economic development.

National Pride currently employs 305 permanent employees and 65 temporary workers. IDC funding will save 178 existing jobs and will create nine additional jobs. This company's relationship with IDC began in 2019, when they funded Black Panther Investments, a black industrialist company, and its management to acquire a majority shareholding and raise expansionary capital and new wet wipes manufacturing equipment.

Wood products and furniture

The IDC invested in sustainable forestry companies in South Africa and into the rest of the continent. Of strategic importance is the development of value chains that increase local beneficiation.

Demand in the wood and raw material subsectors has declined, with growth remaining steady mainly in the pole treatment sector due to continental electrification plans. Despite this constraint, demand for packaging components have increased, spurring investments in import replacement of high-quality food-grade packaging and recycling.

During FY 2024/25, approvals reaching financial close increased by 11% to R125 million from the previous financial year, with disbursements at R236 million.

Of note were Corporation investments to protect and expand production capacity for improved packaging-material production efficiencies. This included capacity to meet growing demand for corrugated boxes, driven by the increase in agricultural fresh produce and the rise of e-commerce.

We funded a black industrialist-owned company producing disposable baby diapers, sanitary pads, baby wipes and adult diapers for both local and export markets. This promotes import replacement that makes feminine hygiene care more affordable, enhancing the lives and dignity of many young women.

Our participation in the Furniture Masterplan is mainly through the management of the Furniture Industry Challenge Fund, whose criteria are being reformulated to resolve low uptake. The Corporation also supports niche areas through investments in school furniture and mattress manufacturing.

It will continue supporting sustainable industrialisation goals, including the transformation of sawmilling, wood processing and paper and packaging investments across Africa.

Machinery, equipment and electronics

This value chain enhances industrial capabilities in South Africa due to its complexity and technological intensity.

The country has developed unique capabilities and known brands in this sector, leading the IDC to formulate a strategy to strengthen the capital equipment capability. This strategy emphasises financial support (such as export finance and end-user finance), aggregation of demand through digital platforms, support for crucial inputs and opportunities across the continent.

During FY 2024/25, approvals reaching financial close in this value chain were R240 million and disbursements R493 million.

End-user finance facilities offered accessible payment solutions for high-value equipment purchases from an established South African manufacturer of articulated dump trucks. In line with this, the Corporation funded a local manufacturer of agricultural equipment.

Another opportunity is growing demand in the electricity and renewable energy sectors. The IDC has provided inputs to the Cabinet-approved South African Renewable Energy Masterplan. We funded a women-owned black industrialist firm that refines inhouse developed intellectual property for the manufacture of soft starters, rectifiers and inverters. Inverters – the company's main product line – convert the current in solar photovoltaic plants.

Included in this value chain's strategy is involvement in the country's transmission and distribution plan, which includes 14 218 km of new transmission lines and 170 transformer units to be deployed over the next decade. We developed a transmission localisation plan focusing not only on transformers but on conductors, insulators, shunt reactors, switchgears and cables. We signed an MoU with the National Transmission Company to ensure a coordinated approach. We began funding the manufacture of composite insulators and line hardware, as well as low-, medium- and high-voltage fittings. To achieve this, we provided finance to a company specialising in galvanising of steel monopoles and lattice towers for transmission lines.

The IDC hosts the Localisation Support Fund at its head office in Sandton. This not-for-profit entity promotes industrialisation opportunities through targeted research, technical expertise and close industry collaboration.

Energy efficiency is a dominant theme in this value chain, with notable investments on turnkey energy-efficient solutions for the gold mining industry, involving the design, construction and commissioning of energy-related systems and the supply of air-cooling units for underground mining and commercial heat pumps.

National retail chains are now developing consumer electronics house brands, an endeavour supported by the IDC. In the year in review, we funded a company that manufactures innovative proprietary household appliances such as kettles, stoves, electrical wires and components for mass-market national chains.

Services

The services economy is a key job creator, driver and enabler of demand for manufactured goods, focusing on three areas of tradable services.

The Corporation seeks to develop and transform the hospitality industry through investments in tourism infrastructure and attractions. In the reporting period, in partnership with other funders, we invested in the development of Sub-Saharan Africa's first Club Med resort – on the KwaZulu-Natal north coast. We pledged further funding to a women-led empowerment consortium, including a community-based trust, both of which have acquired equity in the project. Our investment in the resort will ultimately create about 2 000 direct and 1 500 indirect jobs. This resort will greatly benefit local agriculture through substantial orders for daily supplies.

We also concentrate on production of local and international films, television shows, documentaries, animated content and gaming, with its necessary infrastructure. We launched a scheme facilitating ownership of intellectual property by young people. We foresee improved investment activity in this sector given the film rebate incentive of **the dtic**.

In addition, the Corporation supports technology companies that contribute to South Africa's digitalisation and fintech solutions to address financial sector challenges. During the year, we invested in a vertically integrated media company to further its digitalisation strategy, transforming the way news and entertainment are consumed.

During FY 2024/25, approvals in tradable services reaching financial close increased to R1.1 billion from R812 million in 2023/24.

Photo Credit:
Club Med Tinley

CLUB MED SA

Lifting KZN's tourism prospects

Club Med SA is set to become the largest resort ever built in South Africa after Sun City. Scheduled to open on KwaZulu-Natal's (KZN) North Coast in 2026, this multi-billion-rand development is expected to significantly enhance the province's tourism sector and economic prospects. For a region, whose international visitor numbers are steadily recovering to pre-COVID levels, this project has the potential to transform KZN's fortunes by luring high value tourists to the province.

With an unemployment rate estimated at 31.2%, this project bodes well for KZN's socioeconomic trajectory. This development also brings with it plenty of opportunities for skills development and knowledge transfer to the hospitality sector. The 1 800 jobs created during construction of the project, and the 600 direct and 1 500 indirect jobs anticipated employment opportunities when the project becomes fully operational, affirm the IDC's developmental mandate.

Key features of this project include:

- **The Beach Resort:** A 345 hotel room resort, with an overall capacity of 340 000 hotel bed nights annually.
- **The Beach Club:** A vibrant hub for water sports, surfing and beachfront relaxation.
- **The Resort Centre:** A lively gathering space with restaurants, bars and entertainment venues.
- **Kids Clubs:** Supervised interactive childcare facilities for kids from four months to 17 years old.
- **Exclusive collection Villa-Suites, deluxe and superior accommodation:** 66 Villa-Suites, offering premium and tranquil retreats for guests.
- **Conference facilities:** A 500-capacity convention centre with nine meeting rooms catering to corporate events and retreats.

As the largest development finance institution in sub-Saharan Africa, the IDC is a key funding partner for this project. The investment highlights the IDC's commitment to socioeconomic transformation and its significant role in KZN's economic growth. The IDC's total exposure to the local tourism sector is estimated at R1.4 billion, spanning a range of businesses from new developments to established hotels and lodges.

PATHWAY 2

Low carbon and green growth

The IDC assists companies to adopt and adapt to cleaner technologies, fuels and processes as they transition to more productive manufacturing subsectors. This pathway acknowledges that an energy transition without a production transition may negatively affect the economy and socioeconomic outcomes.

Renewable energy

Our approach to the energy sector is on funding government and commercial renewable energy projects. Investments decarbonise our productive economy, foster inclusivity, support new and existing South African independent power producers, help companies cut electricity costs and enhance energy security.

The IDC derisked 26% of projects to bid round four of the Renewable Independent Power Producers Procurement Programme. The investment totalled R12.6 billion and facilitated 1.4 gigawatts of new energy generation capacity across technologies.

Since the Electricity Regulations Act was amended, the private procurement market has boomed. Consequently, our funding has diversified into the private commercial and industrial markets.

In the year under review, four utility-scale renewable energy projects co-funded by the IDC in previous years started to deliver 219 megawatts into the grid. Another 17 IDC-co-funded utility-scale renewable energy projects will start generating 2.1 gigawatts of electricity over the next two years.

We assist energy services companies that offer small-scale embedded generation solutions (including battery storage) to SMEs in diverse sectors. Our investment increased from R13 million in 2023/24 to R381 million in FY 2024/25.

We also extended our support for township enterprises, enhancing their resilience in the wake of erratic energy supply. The R200 million we set aside to help affected urban and rural businesses has benefitted 1 043 businesses to date.

The Green Tourism Incentive Programme, managed by the IDC on behalf of the Department of Tourism, offers funding encouraging private sector tourism enterprises to adopt cleaner and more renewable energy sources and optimise use of water resources. In FY 2024/25, the programme assisted 103 businesses with R76 million.

ISHWATI

Funding to Ishwati will boost transformation in energy sector

The IDC recently approved funding to a BEE consortium to facilitate the equity participation of Reatile Renewables Ishwati in the Ishwati Emoyeni Wind Farm (Ishwati). Reatile Renewables Ishwati is 100% South African-owned, with 100% black- and 30% black women shareholders.

Ishwati is a 140MW project located north of Sutherland, co-located with the Umsinde Emoyeni (Umsinde) and Khangela Emoyeni (Khangela) Wind Farms. These projects have been led and developed by African Clean Energy Developments (ACED) - the renewable energy project development, delivery and asset management platform of African Infrastructure Investment Managers (AIIM). Reatile Renewables and AIIM, through its IDEAS Fund, are shareholders in the consortium.

Together, these wind farms form part of ACED's Northern Cluster Projects. IDC's funding to Ishwati continues the Corporation's support to Reatile Renewables with prior projects: Castle (89MW), Msenge (69MW), Umsinde (140MW) and Khangela (140MW). The Northern Cluster Projects are strategically located along the border of the Western Cape and Northern Cape Provinces within the Beaufort West and Ubuntu Local Municipalities.

The new 400/132kV Gamma MTS substation will connect these projects, ensuring efficient energy distribution. Ishwati will supply renewable energy to the NOA Group, a private energy trader off-taker, on a 25-year take-or-pay power purchase agreement and on a wheeling basis. NOA will on-sell this renewable energy to the Netcare Hospital Group (Netcare), as well as Tronox SA Operations, a mining and manufacturing company. Netcare is a prominent healthcare provider, and this collaboration will help them achieve their goal of 100% reliance on renewable energy by 2030.

Ishwati will provide six of Netcare's hospitals with their electricity needs, replacing 11% of their current fossil fuel-based supply from Eskom. Similarly, for Tronox, this agreement aligns with their roadmap to net zero carbon emissions, helping them offset over 500 kilotonnes of carbon annually. IDC's funding to Ishwati has resulted in the Corporation achieving many critical development outcomes such as the creation of 192 jobs, transformation in terms of ownership and participation of a black-owned independent power producer, local content, as well as supplier and community development.

Supporting sector value chains *continued*

Green hydrogen

The IDC envisions that local green hydrogen production will not just advance South Africa's economic and industry decarbonisation, but contribute greatly to global efforts. This optimism is grounded in the country's competitiveness in renewable energy production, availability of land, established petrochemical industrial base, access to key metals and minerals and robust financial system.

The Corporation is a green hydrogen economy leader, spearheading the creation of an enabling ecosystem through the South African Green Hydrogen Commercialisation Strategy and the management of the green hydrogen project management office of the Just Energy Transition Investment Plan with the Presidency. These initiatives target workstreams including funding, supply support, demand/offtakes, infrastructure, standards, technology incubation, workforce skills, policies/regulations and community engagement.

Key partnerships have been established with original equipment manufacturers, project developers, private funders, fellow DFIs, multilateral development banks, community organisations, academia and government entities.

In the reporting period, the IDC enabled early-stage project development in the green hydrogen economy including funding from Kreditanstalt für Wiederaufbau Development Bank and Invest International totalling €73 million. Initial project commitments have begun.

In the financial year, the IDC committed US$10 million to the SA-H2 Fund, which finances the development, construction and operation of projects in the green hydrogen value chain. Our participation will leverage commitments from global sources for early-stage project development funding.

We are considering several green hydrogen project opportunities that will be catalysts for sector development. The prefeasibility stage of one flagship project – in partnership with a women-owned group – has been completed, leading to more funding to move it to the next stage. This Northern Cape-based project aims to produce about 80 000 tonnes a year of green ammonia.

PRIESKA POWER RESERVE

Leveraging green hydrogen

The Prieska Power Reserve project aims to produce about 80 000 tonnes per annum (tpa) of green ammonia with a green hydrogen content of approximately 14 500 tpa produced by a ca 120 MW electrolyser powered by renewable energy sources consisting of 180 MW peak (MWp) solar PV and 136 MWp of wind power as well as ca 45 MW battery storage system to ensure a continuous 24-hour operation. The project is located outside Prieska in the Northern Cape Province

The project development funding is partly sourced from the German-based Kreditanstalt für Wiederaufbau (KfW).

IDC approved project development funding to the project owned by Mahlako - a women-owned empowerment consortium - and Cenec - a Bloemfontein-based emission energy company that designs and manages solar and wind energy plants.

Initiated and owned by Mahlako and Cenec, the Prieska Power Reserve Project is located on multiple sites/farms of about 1 900 hectares that are privately owned and are earmarked as sites for renewable energy generation. These generation sites are located outside Prieska, whilst the green ammonia chemical processing plant will be located within the industrial area in Prieska on land owned by the Siyathemba local municipality.

This project plans to exploit South Africa's competitive advantage in the renewable energy market, through the country's abundant solar and wind resources to produce green hydrogen and ammonia thereby contributing substantially to local and national socioeconomic development objectives. Green hydrogen is an energy carrier that is produced using renewable electricity and water in an electrolyser. Prieska Power is projected to create 400 jobs on reaching commercial stage.

Market applications for green hydrogen include the production of green chemicals such as green ammonia, mobility, sustainable aviation fuel, marine bunker fuel and decarbonisation of the socalled "hard to abate" sectors of the economy, for example, green steel production, cement manufacturing and petrochemical production. In developed markets, the green hydrogen economy has created significant job opportunities, a development that South Africa is looking to replicate. The green hydrogen economy will not only create jobs but help boost South Africa's energy security in the long term.

Critical minerals and mining

Mining has historically been a central IDC focus, due primarily to its stimulus in deep rural communities and potential for beneficiation. Given its importance to decarbonisation, the Corporation has strengthened its emphasis on investing and supporting entities that mine critical minerals essential for this transition.

Our critical minerals game plan seeks to diversify our mining portfolio, moving from traditional focus areas and decoupling from typical commodity cycles, considering not only in South Africa, but the continent.

Our previous investments in the Marange graphite project and Giyani Metals, among others, affirms our commitment to our game plan. In the year under review, we approved project funding for a rare earths project in Malawi and New O'Kiep Mining Company, a copper-mining initiative in Northern Cape. Further funding went to Palabora Copper in Limpopo for its underground project that will materially extend the life of the mine. Palabora Copper is the only integrated copper producer in South Africa and the project will replace copper rod imports of 60 000 tonnes a year.

Other IDC milestones include the production of the first high-purity manganese oxide at a demonstration plant of an integrated manganese battery-grade manganese project and the conclusion of a definitive feasibility study for a copper and zinc mine in Prieska with promising financial and technical outcomes.

To address current supply constraints and transformation in the sector, accelerated exploration has become imperative. In FY 2024/25, the Corporation, working with the Department of Mineral and Petroleum Resources and the Council for Geoscience, operationalised the R400 million Junior Mining Exploration Fund. This entity, which has already allocated R160 million to eight junior exploration companies, is essential for early-stage exploration and is a solid step in tapping the nation's vast mineral wealth.

Despite our focus on transition minerals, we continue to facilitate black ownership of mining assets and fund traditional commodities such as gold on the back of the improved gold price outlook and the potential job-creation impact of such projects. Early-stage project development funding to catalytic projects remains a priority. Supporting miners with proven resources, we conduct bankable feasibility studies and craft mining plans. Commitment to local value addition, inclusivity and responsible ESRG principles underpin the Corporation's investment decisions.

During FY 2024/25, mining approvals at financial close increased to R2.4 billion from R346 million in the previous year, with disbursements up from R253 million to R1.8 billion.

Local procurement in mining is paramount. Our SME-Connect programme supports SMEs, particularly in logistics, by providing asset-based finance for heavy transport and haulage contracts.

The IDC is optimistic about the sector based on the principles of benefit sharing, value addition, economic diversification and sustainability. By adhering to these principles, South Africa can navigate its industrial transition with confidence and integrity, ensuring a sustainable future.

New energy vehicles and e-mobility

The transition of automotive manufacturing capacity from internal combustion engines is not only necessary given anticipated trade restrictions, but an opportunity to capitalise on new demand pathways while reducing emissions.

The IDC participated in the drafting of the government's New Energy Vehicle White Paper and is responsible for the New Energy Vehicle Project Management Unit of the Just Energy Transition Investment Plan in collaboration with the Presidency. This unit drives workstreams to facilitate a conducive ecosystem focusing on the auto sector, mobility, public transport, the battery value chain and charging infrastructure.

The Corporation is involved with many local and international passenger car brands and original equipment manufacturers to facilitate the transition and it is also in advanced discussions with new market entrants to manufacture new energy vehicles on home soil.

During the reporting period, the IDC commissioned a localisation study, which broadened focus areas to specific use cases for electric mobility and the surrounding ecosystem, partnerships and funding to transition public transport, last mile and logistics, mining and yellow metal vehicles, and component supply chains.

We continued our funding to Mellowvans, South Africa's first electric last-mile delivery vehicle, helping a proudly South African manufacturing concern to expanding its operations after homologation in the European market.

Supporting sector value chains
continued

Hard-to-abate sector decarbonisation

Hard-to-abate sectors, including heavy industry (steel, cement, chemicals) and transportation (shipping, aviation), are large contributors to global GHG emissions, making decarbonisation essential. The transition can also enhance economic competitiveness because industries that decarbonise early will be better positioned to access new markets and comply with regulations. Additionally, reducing emissions can improve air quality and public health, and decrease environmental degradation.

With the movement away from coal, the IDC has already supported independent power producers with decarbonisation of chemical, platinum, ferrochrome, titanium smelting and gold mining sectors.

Furthermore, the provision of natural gas as a transition fuel is supported through various direct IDC investments in the natural gas sector through direct investments inland and offshore, in and outside South Africa and its focus on the development of key infrastucture. We have introduced an assessment tool to ensure that these investments are aligned to the nationally determined contributions of host countries and responsible from a sustainability perspective.

The Corporation views the establishment of the green hydrogen economy as the ultimate base to bring green molecules into industrial processes. The leadership role of the IDC in the commercialisation of the green hydrogen economy is described on page 64.

In the iron and steel value chain we are adding our weight to the circular economy through the use of scrap metal for electric arc furnaces and direct carbon avoidance by stimulating the use of products such as direct reduced iron. Our strategy for the latter has already brought approval for project development funding for feasibility work.

In the chemical sector, we are developing a sustainable chemicals strategy and have established partnerships within the chemical value chain to address decarbonisation risk and opportunities.

Renewable energy localisation

Local manufacturing of components for solar, wind and the transmission grid, plus the provision of local services in renewable energy projects and energy efficiency are discussed on page 61 in the machinery and equipment section of the pathway dealing with diversification and jobs-rich industrialisation.

PATHWAY 3

Regional value chains

Africa's economic potential is considerable and conducive to sustainable development. The Corporation aims to accelerate continental industrialisation and deepen regional value chains, not only increasing manufacturing activities but leading a structural shift from primary production and commodity-based exports to higher-value-adding industrial production.

Our continental strategy and investment guidelines document was approved during the financial year and spans three areas: developing SADC-linked regional value chains, supporting value-added manufacturing of intra- and extracontinental exports and promoting South African direct and indirect interests. A continental development scorecard has been developed to measure and maximise developmental impact. Portfolio experience has taught us that partnering with credible and strong strategic equity partners on projects and with local financiers on funding is important.

Support to the SADC Development Finance Resource Centre continues and a dealmaker development programme has been crafted to train DFIs in SADC. An MoU has been signed with the Development Bank of Namibia to promote investment in joint initiatives in that country, and MoUs are being implemented with the DFIs of Uganda and Eswatini. An extension of the MoU with the China Africa Development Fund was signed to facilitate co-investment on the African continent.

Through our Namibian partnership, we have invested in a class A export beef abattoir and processing facility. This facility will procure, slaughter and process 250 cattle a day, with an annual estimated capacity of 50 000 cattle. It will enhance local value chain development and value-added exports while reclaiming 40% of water used and using 500 kilowatt hours of solar energy.

In Tanzania, we approved support for the completion of a chlor-alkali plant to replace local imports and export products to East Africa and South Africa. These products are primarily for water treatment, an increasingly important consideration. The products are building blocks for the chemical industry and could lead to the establishment of other chemical manufacturing plants in Tanzania and the region.

We have responded to the need for regional critical mineral mining capacity in SADC with investments in manganese in Botswana, graphite in Tanzania and rare earth elements in Malawi. These are discussed in more detail on page 65 in the pathway covering low carbon and green growth.

In the coming year, emphasis will be on critical minerals, cotton value chain, regional gas value chain, provision of African capital goods for continental infrastructure projects and automotive and logistics sectors.

SAVANNA BEEF

Enhancing Namibia's beef value chain for export markets

Savanna Beef is a start-up company that is aiming to erect and operate a 250 large stock units per day Class A export beef abattoir and processing facility in Namibia. The beef abattoir will be based in Okahandja, Namibia – 47 km north of Windhoek towards Okahandja town.

Savanna Beef is a 100% subsidiary of Savanna Beef Processors Limited, a public company incorporated under the Namibian law, a company founded by cattle farmers looking to add value through ox farming and profitability of Namibian beef; that will be marketed in niche markets at a premium.

IDC approved funding for the construction of a Class A export beef abattoir and processing facility that will enable the company to procure, slaughter and process 250 cattle per day, ca 50 000 total annual slaughter capacity on a one shift system.

Cattle in Namibia are reared naturally in open fields, grass fed and with no hormone usage to induce growth, making them a premium product that appeals to customers looking for naturally grown, organic and healthy beef meat. The product is niche and premium; with Namibia being one of only two countries in the Southern Africa Customs Union (SACU) that are able to supply the Norwegian market. Namibia is one of the few countries in sub-Saharan Africa that has access to the EU, USA and UK markets.

The abattoir will be fitted with necessary equipment to produce and supply quality beef aligned with export requirements for markets in the EU, Norway, China and the Middle East. Savanna Beef will produce high value meat cuts such as rib-eye, striploin, fillet, rump, sirloin, chuck, brisket, shanks, flank amongst others that are earmarked for these markets.

The remainder, being offal, skims, hides and low value products are to be marketed in Namibia and South Africa. Savanna Beef looks to implement the Good Agricultural Practice and Animal Welfare on farming side. The abattoir will ensure alignment with the British Retail Consortium Global Standards (BRC), the FSSC 2200 (Food Safety Stem Certification) and Hazard Analysis and Critical Control Points (HACCP) .

PATHWAY 4

Supporting economic and climatic resilience of the economy

Current and potential future threats to the productive capacity of our industrial sectors include climate variability, changes in international trade regimes, shifts in consumer preferences and technological advancements. These could disrupt production ecosystems and cause deindustrialisation. The Corporation is committed to assisting firms and industries to develop resilience to withstand and recover from shocks. Addressing these threats may even reveal and point to leverage opportunities to support a new industrialisation pathway.

Our interventions in the review year to support companies affected by KwaZulu-Natal and Northern Cape climate events have protected industrial capacity and we maintain our association with those business partners as they fully recover. A notable example is our ongoing working capital support to the raisin industry in the Northern Cape.

The IDC remains a key participant in the Sugar Industry Masterplan that will guide the development of higher-margin revenue streams for this highly labour-intensive sector.

In FY 2024/25, we continued to provide working capital to distressed sugar production, ethanol and animal feeds giant Tongaat Hulett, given its socioeconomic and strategic significance and extensive geographical presence spanning South Africa, Mozambique, Zimbabwe and Botswana. We intend to help the company to find a long term solution that is beneficial to all stakeholders.

The steel industry is the backbone of the manufacturing sector but it is under global strain due to overcapacity, relative low market prices caused by low demand and pressure to decarbonise with the shift from blast furnace to electric arc furnace technologies. South Africa is no exception, with an overcapacity in long products of around one million tonnes a year. In February 2025, IDC funding averted the announced closure of ArcelorMittal's long product operations in Newcastle, KwaZulu-Natal, limiting the impact of closure on downstream industries, most notably automotive. The importance of some specialty steels for other industrial value chains in South Africa cannot be overemphasised. A longer term solution is being explored to limit potential job losses through a sustainable and competitive industry structure and growth trajectory.

During FY 2024/25, approvals reaching financial close in the metals and metal products value chain were R4.9 billion, with disbursements at R3.2 billion.

The IDC is also involved in the downstream steel industry through the management of **the dtic**'s Downstream Steel Competitiveness Fund, which provides interest subsidies to qualifying enterprises to improve their competitiveness. During this financial year, the fund supported four businesses with underlying loans amounting to R157 million.

Other focuses of this pathway include:

- Addressing the expected shortage of natural gas supply to South Africa over the next few years by working with stakeholders to pursue continuous supply options to prevent deindustrialisation
- Assessing the impact of international trade regulations such as the Carbon Border Adjustment Mechanism on local industries such as iron, steel and aluminium
- Evaluating the effects of changing tariff regimes driven by geopolitical dynamics on South African exports.

Proactive interventions must be developed to maintain and grow industrial capacity under these challenging circumstances.

ENABLER 1:

Industrialisation enablers, including logistics infrastructure and energy

Economic infrastructure supports industrial activities, ensuring the smooth flow of goods, services and information, facilitating logistics and distribution, enabling access to reliable power and energy supply and promoting innovation and technological advancements. The IDC acknowledges the importance of economic enablers such as industrial infrastructure to achieve industry competitiveness. As such, it prioritises selective investment in strategic, economy-wide infrastructure interventions that unlock industrial development, including electricity, water, telecommunications and logistics.

Energy

During the financial year, the IDC approved R1.8 billion funding for energy projects. The provision of renewable energy is discussed in depth on page 63.

We intend to finance independent providers for the rollout of transmission infrastructure over the next 10 years. As a founding member of the South African Energy Council, we are a driver of energy security, affordable power, sustainable job growth, a just transition to the 2030 national determined contribution target and net-zero by 2050.

Water

The IDC has traditionally funded bulk water projects through investments in various Trans Caledon Tunnel Authority initiatives. During the review year, the authority's Mokolo Crocodile Water Augmentation Project reached financial close, while and noteworthy progress was made on the second phase of the Lesotho Highlands Project. The IDC has committed R2.75 billion to these two projects, with the first disbursements expected in the next financial year.

A strategic plan has been developed covering managing water risks at portfolio level, forming and strengthening partnerships, enhancing water resilience in industry and supporting localisation.

We collaborated with a women-owned company to develop technology that uses waste products from mine-affected water treatment to produce fertilisers, which is reducing water treatment costs in mining. Focus now is on developing a magnesium nitrate production facility and an ion exchange technology demonstration plant. This will address water security concerns and create valuable byproducts for the agricultural sector.

Further IDC funding has been allocated to a manufacturer of large diameter high density polyethylene pipes for infrastructure projects in the water and sanitation, agriculture and mining sectors.

Logistics

The IDC is funding Transnet's locomotive refurbishment initiatives and plan to support black participants in Transnet's Private Sector Participation (PSP) in line with the nation's rail reforms.

Work is ongoing with Project Ukuvuselela to develop a sustainable end-to-end rail logistics solution to divert vehicle transportation from road to rail. Transnet and the IDC are collaborating in upgrading the Transnet railway infrastructure and developing a rail operating model connecting Tshwane to the Port of Port Elizabeth in the Eastern Cape. The project has attracted a R2 billion grant from the Budget Facility for Infrastructure, with the IDC and Transnet developing an interim solution while the network is upgraded.

Telecoms

The IDC is financing investigations into the construction of a subsea optic fibre cable connecting South Africa with Singapore, with landing stations in Mauritius, Réunion and Malaysia. The vision is high speed, secure and diverse connectivity with the rest of the world to advance the South African digital economy.

Other

The IDC is also a secretariat to two vital infrastructure programmes:

- Infrastructure South Africa, an entity of the Department of Public Works and Infrastructure, which plans, coordinates and implements high-impact infrastructure projects in South Africa.
- Industrial Zones Programme (IZP), a programme of **the dtic**, whose mandate is to accelerate the implementation of special economic zones and advance regional industrial development.

NAFASI TECHNOLOGIES

Technology group angles in on production of fertiliser

Nafasi Technologies (Pty) Ltd is a strategic joint venture between Nafasi Water Technologies (Nafasi) and the IDC. The company focuses on transforming waste products from wastewater treatment plants, particularly mining impacted wastewaters (MIW) into a basket of high value chemicals, reducing waste production and unlocking economic potential.

The company will construct a state of the art commercial fertiliser production facility at the historical Highveld Industrial Park in Witbank. This facility will use existing technology and waste stock from Nafasi's current operating plants in Mpumalanga. Concurrently, the parties are investing in the development of innovative new process technology that integrates beneficiation into the core saline water and wastewater treatment process at scale. The phased technical and commercial development approach focuses on establishing the first full scale facility producing a high value fertiliser product. Looking ahead, the vision includes scaling up to multiple production trains, enabling the creation of a diverse basket of goods to meet varied market demands.

Nafasi is a leading water technology, project development and operations company operating in Southern and East Africa. Nafasi's track record in mining services includes the design, build and operation of the largest water treatment and desalination projects in the sector. Its proprietary HiPRO plants, deployed across Mpumalanga's coal mining region, have been pivotal in the ongoing restoration of the Olifants River catchment's water source. To date, over 400 billion litres of MIW have been reclaimed and reused directly through Nafasi operations.

The Nafasi Technologies venture's approach to creating value from waste is integral to reducing the costs of water treatment and improving overall resilience of the catchment and bankability of investments that support the Just Energy Transition in South Africa. This strategy enhances local manufacturing, creates jobs and reduces dependence on imported chemicals, promoting economic and environmental sustainability.

Nafasi Water collaborates with industry, government and local communities to deliver sustainable solutions to water security challenges. By integrating cutting-edge technology with project funding and execution, the company ensures the sustainable reclamation of MIW, contributing to long term environmental and economic benefits.

SIYAVUYA POWER PROJECTS

Boosting local manufacturing capacity in the Eastern Cape

Siyavuya Power Projects (SPP), headquartered in East London, Eastern Cape, is a black-owned procure and construct contractor operating across South Africa and the SADC region. With a level 1 B-BBEE status and a procurement recognition level of 135%, SPP demonstrates a strong commitment to transformation and local empowerment. Established in 1995 as Roesch Electrical and rebranded as SPP in 2000, the company has grown into a leader in high-impact, turnkey engineering and construction projects.

SPP delivers projects ranging from low to high voltage reticulation (up to 765kV lines), optical ground wire installations, pneumatic drilling, fleet hire, high mast lighting, micro piling, load testing and substations.

Major clients include Eskom and renewable energy companies developing solar and wind farms for the national grid.

The IDC has supported SPP's expansion, funding fleet and equipment upgrades, project materials and manufacturing equipment for its plant, Carbo Ferrum (CF).

SPP recently acquired Morhot, a 35-year-old steel hot-dip galvanising plant in Mdantsane, Eastern Cape. This acquisition secures a critical process for protecting steel structures and supports SPP's use of 100% locally sourced materials in manufacturing monopole and lattice towers. The addition of Morhot strengthens SPP's value chain, ensuring the sustainability of both Morhot and CF. This integration supports other manufacturers in the East London area and helps sustain jobs and SMEs in the region.

Funding for SPP, CF and Morhot aligns with the IDC's Energy Grid Capacity Development Plan, which supports the national Transmission Development Plan (TDP) and is projected to create over 300 additional jobs during contract periods of 20 months. The acquisition of Morhot safeguards local employment and provides stability for businesses in the Eastern Cape, particularly in areas with high unemployment rates – another key element of the IDC's mandate.

ENABLER 2:

Ecosystem approach to optimise competitiveness, linkages and inclusion

Through intentional industry planning, partnership development and inclusion of SMEs and the social economy, the IDC facilitates an ecosystem conducive to sustainable and inclusive industrial value chains.

Industry planning

Through comprehensive industry planning, the IDC crafts its bespoke strategies to support its mandate, concentrating on value chains and ecosystems. In devising its plans, the IDC enlists the resources and capabilities of its teams in research, fundraising, project development, business development, dealmaking, programme/fund management, commercial structuring, portfolio value creation and stakeholder engagement/marketing.

To foster supportive industrial ecosystems, the IDC actively participates in industry and government forums, cultivates industry partnerships, offers policy advice and analysis, and engages in conferences to demonstrate thought leadership.

Partnerships for dedicated and/or blended finance

Partnerships enhance the IDC's impact and broaden its reach through the management of specific funds and programmes.

Blended finance promotes projects/transactions that have high development impact but may not attract commercial funding due to perceived risks. This involves combining concessional funds with our resources to make projects more attractive to private investors.

Our partnership programmes unit has extensive fund management expertise and oversees targeted and ringfenced initiatives financed through third-party grants, government transfers or special on-balance sheet allocations. Some funds are integrated with regular IDC funding activities, while others function independently. Currently, the IDC manages 22 funds and programmes. The performance of these funds and programmes are discussed throughout this section of the integrated report.

One of the largest programmes is **the dtic**'s Manufacturing Competitiveness Enhancement Programme, which offers blended finance for working capital and plant and equipment funding. In this financial year, the programme supported 34 businesses valued at R974 million, creating and sustaining 6 927 jobs.

Wholesale investment partnerships

There are eight private equity limited partnerships with wholesale private equity fund portfolio, with five still actively investing and three divesting. Two arrangements with non-banking intermediaries concentrating on micro and small enterprises obtained IDC funding commitments during the reporting period.

Inclusion of SMEs

SMEs create a robust and dynamic economy, facilitating job creation, innovation, competition, adaptability and economic growth. The Corporation remains close to SMEs through its regional office network.

In FY 2024/25, it committed R2.6 billion to these companies across various funding mechanisms, including the small business finance and regions business unit, which provides direct lending customised to the projected cash flows of the businesses.

Reach to SMEs is being extended through credit lines to non-banking intermediaries. These entities' services are not necessarily suited to banks and are highly specialised or focused on sectors or target markets/groups. Apart from financial support these entities also offer non-financial support such as mentorship, training and market linkages. During FY 2024/25, these intermediaries disbursed R194 million to SMEs in the construction, clothing and textiles, fuel and energy, healthcare, manufacturing, security, mining, engineering services and information technology sectors. Products are innovative and tailormade to SME unique needs for, for example, purchase order and invoice discounting as well as growth and asset-based loans.

The IDC-managed Khoebo Innovation Programme, which offers concessionary funding for early-stage innovative SMEs to penetrate the market with local innovations, supported seven SMEs and startups to the value of R46 million.

The SME-Connect programme and pre-investment support helps companies with promising, but not yet bankable, business concepts, to prepare their plans for funding.

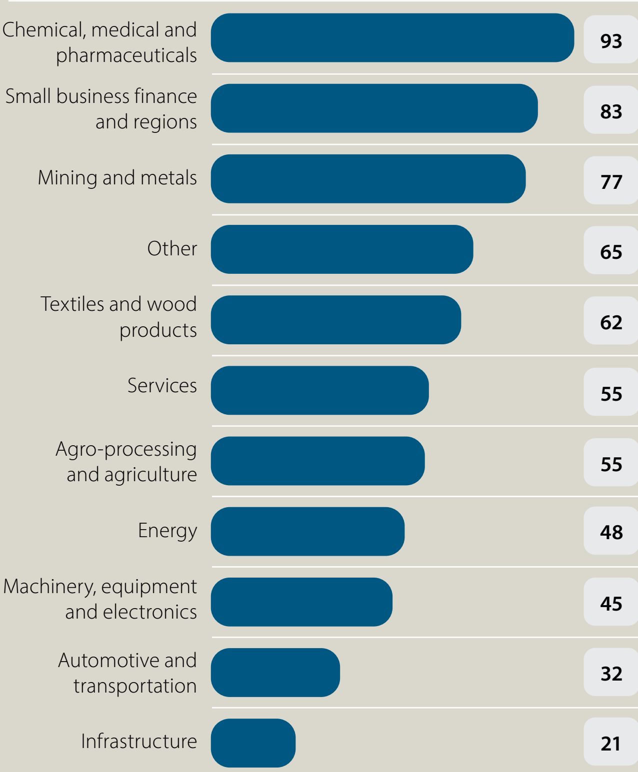
This programme continues to encourage the collaboration of smaller businesses in the supply chains of larger entities, which facilitates not only finance but market access through high buyer commitments from large corporates. SME-Connect cultivated strategic links with 33 new corporates, large-scale entities and other opportunity providers during FY 2024/25. This led to 62 SME lead referrals into the IDC's deal pipeline, requiring funding of R2.7 billion.

Portfolio management and monitoring

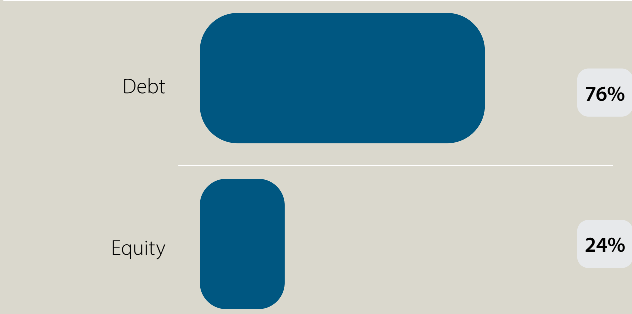
Portfolio composition

IDC portfolio by exposure at cost is currently **R93 billion** and is spread across **636 business partners** (FY 2024: R94 billion spread across 637 business partners)

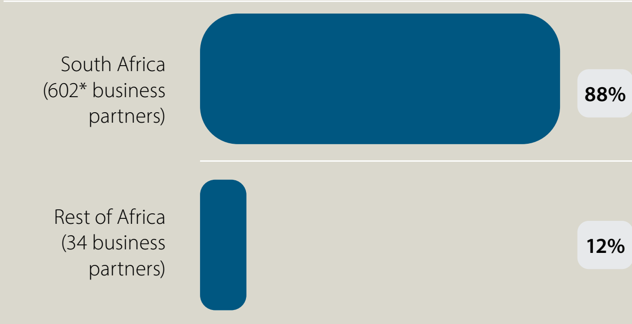
Portfolio business partners (number) by broad industry grouping



Portfolio exposure by investment instrument



Portfolio exposure by geography



Notes:

1. *All numbers rounded up or down therefore totals may differ slightly, and business partners (clients) are at Group level.*
2. *Additional portfolio statistics are included in the annexure.*

* *Includes three business partners with group holding companies registered and listed outside South Africa – Madrid, Spain (1) and Toronto, Canada (2).*

The IDC adopts a strategic and cohesive approach to portfolio management that emphasises value protection and creation, risk reduction and long-term developmental impact. Our portfolio management and monitoring model is designed for impact. It involves rigorous monitoring of client performance, proactive early detection of challenges and targeted strategic engagements that drive business turnaround and support scaling efforts.

As of 31 March 2025, the portfolio under management stood at R93 billion across 636 business partners. Portfolio allocation remains largely sectoral and aligned to industrial policy priorities, with more than 94% invested in manufacturing, mining, energy, agro-industry and infrastructure.

Geographically, 88% of the portfolio (R82 billion) is held in South Africa, with the remaining 12% (R11 billion) dispersed across the rest of the continent. This distribution underscores our dedication to local development and broader regional industrial growth.

Debt instruments account for 76%, with equity at 24%, demonstrating the strategic importance of risk-bearing capital in growth sectors.

Portfolio exposure by geography

Country	FY25 Number of business partners	FY25 Exposure	FY24 Number of business partners	FY24 Exposure
Angola	**2**	**713**	1	378
Botswana	**2**	**149**	2	71
Democratic Republic of the Congo	**1**	**268**	1	268
Ethiopia	**–**	**–**	1	14
Ghana	**3**	**1 928**	3	2 057
Kenya	**1**	**368**	2	899
Malawi	**2**	**207**	2	232
Mali	**1**	**88**	1	508
Mauritius	**1**	**22**	–	–
Mozambique	**8**	**4 063**	9	5 137
Namibia	**5**	**326**	5	244
Nigeria	**1**	**326**	1	313
Rwanda	**1**	**108**	1	132
South Africa	**602**	**82 156**	615	84 539
Tanzania	**2**	**1 167**	1	1 257
Uganda	**2**	**1 089**	2	1 123
Zambia	**2**	**157**	2	219
Total	**636**	**93 135**	**651**	**98 111**

The IDC portfolio in the rest of Africa is spread across 15 countries, primarily in southern Africa (R5.9 billion), East Africa (R2.7 billion) and West Africa (R2.3 billion). This report demonstrates lower impairments and stronger capital recovery metrics, validating the strategy to expand regional exposure. Flagship assets include infrastructure and mining operations in the Democratic Republic of Congo, Ghana, Mozambique and Uganda.

Portfolio performance

Collections from the portfolio have been affected by equity investments with lower-than-expected dividend payments impacting the revenue line of our income statement. We remain focused on diversifying our portfolio and optimising returns. The carrying value of the portfolio was shaped by lower asset prices during the depressed commodity cycle period, but this was mitigated through proactive risk management and strategic portfolio adjustments, which reflects the effectiveness of IDC risk management strategies and targeted interventions

During FY 2024/25, non-performing loans trended in the right direction: down. Similarly, the portfolio impairment ratio stabilised and dropped towards ideal target levels, indicating improved asset quality and a strong foundation for future growth.

Impairments from equity investments have been slow to mitigate given the subdued economic environment marked by low GDP growth, which has led to depressed asset prices and weak demand.

The IDC continues to engage and support its portfolio companies to address challenges and unlock value, driving sustainable growth and development. Our tailored support and restructuring are designed to achieve sustainable turnarounds in portfolio companies, positioning them for long term success.

Advancing socioeconomic transformation

Social and solidarity economy

In its efforts to support the social and solidarity economy, the IDC has established a special on-balance sheet funding programme. This funding allocation provides grants to socially owned and managed sustainable businesses and initiatives seeking to uplift local communities and support social innovation. In the year under review, R69 million was provided to 15 businesses, supporting 667 jobs. LA

Furthermore, the IDC-managed Social Employment Fund also supports the social and solidarity economy, tackling unemployment by enabling local organisations to create publicly funded jobs that meet community needs. Through this initiative, the unemployed are given access to valuable networks, social interaction, information and skills. During FY 2024/25, the fund assisted 38 public benefit organisations to the value of R1 274 million, creating job opportunities for 48 726 participants.

This translated to 4 864 full-time jobs. The Social Employment Fund won the *Prosperity Catalyst* category award at the 2024 Bay Awards held in Bilbao, Spain. These awards recognise groundbreaking urban strategies resolving today's most pressing city issues.

Corporate social investment

Our CSI activities align with our mandate and government development priorities such as the SDGs. Particular attention is paid to education, skills development and employment creation, with beneficiary projects creating employment opportunities for women, youth and people living with disabilities in peripheral and rural areas. In FY 2024/25, we supported 38 community initiatives with funding totalling R40.6 million that is expected to reach over 23 000 beneficiaries in all nine provinces, compared to 22 000 beneficiaries in FY 2023/24. Across the nine provinces, 5 536 beneficiaries were reached through disbursements totalling R13.1 million.

CSI highlights for FY 2024/25

Partnered with six non-government organisations and disbursed **R9.3 million** for 7 961 flood victims in Eastern Cape, KwaZulu-Natal, Mpumalanga and Western Cape

Thirty-eight new initiatives with **R44.7 million** allocated, R40.6 million of which is destined to enrich the lives of more than 23 000 citizens

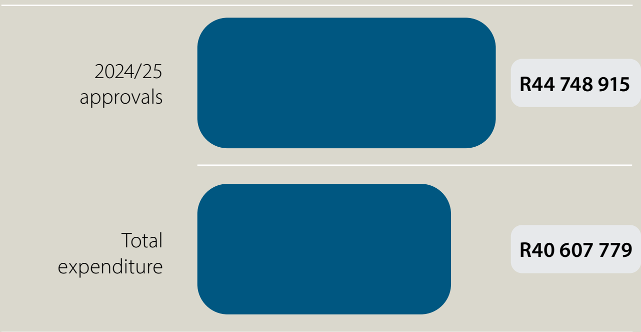
Fifteen community projects received **R15.1 million** for beneficiaries to gain employment through skills development and sustainability through income-generating projects

Education and skills development boosted by **R5.3 million** R4.1 million for five early childhood development projects and R1.1 million for technical and vocational education and training colleges

Launch of non-profit organisation business challenge, through which employees apply their skills to devise and design a solution to meet the organisation's challenge, and win a cash donation for the organisation to implement the solution. The initiative attracted four non-profit organisations and 36 IDC staff participated with a nine-member group seconded to each entity

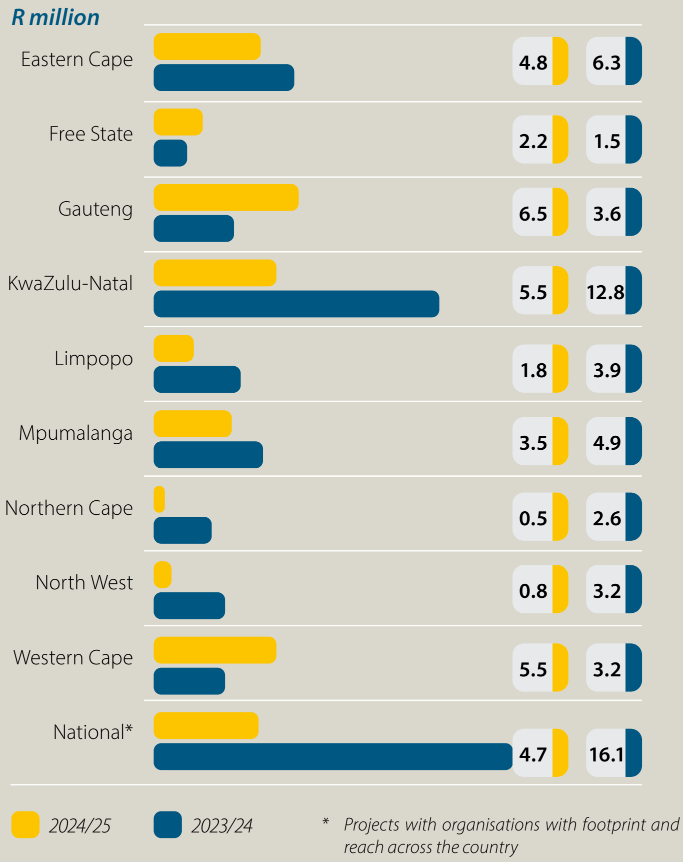
Hosted CSI Stakeholder Engagement Sessions in seven provinces, targeting 30 NGOs per session. The purpose of the sessions was to share CSI funding and compliance requirements, understand the challenges in the province and map possible solutions

Total expenditure (including commitments)



Expenditure per focus area

Expenditure per province (2024/25 vs 2023/24)



B-BBEE scorecard compliance

The IDC complied with all the priority elements of the B-BBEE scorecard, a key transformation metric. The Corporation achieved a level 4 rating in 2022/23. The certification is valid until November 2025.

A black female executive joined the Corporation's team and serves on the Board. This has taken the management control score up by almost four points to 19.94 points out of a possible 20.

Contribution to skills development

Skills development is a priority and considerable progress has been made to upskill employees through internal and external bursaries. As detailed in the table below, R66.9 million was expended.

Programme	Headcount	Expenditure
Bursaries for junior to senior staff	130	R10 million
Bursaries for children of staff	110	R16.7 million
External bursaries for eligible and deserving students	235	R40.2 million

Staff also participated in other programmes, with 84 delegates trained through internships and learnerships, including 10 new appointees with disabilities. Training costs covered salaries, stipends and miscellaneous expenses.

Supplier development

Expenditure on supplier development was R62.3 million, which enabled the Corporation to achieve its subminimum requirements. The 69 beneficiaries are 100% black-owned, with 23 being majority (51%+) women-owned. Sixty-four jobs were created, 41 permanent and 23 temporary.

Several beneficiaries have commended the programme for alleviating their cash flow pressures, enabling them to recruit more staff and invest in new equipment, and improving their operational efficiency without them having to draw from revenue.

Highlights of FY 2024/25

Infrastructure upgrades to beneficiaries increased productivity, improved client service and prepared businesses to scale up and gear for growth

Employment of young professionals from previously disadvantaged backgrounds, contributing to transformation in sectors such as legal services and information and communications technology

Beneficiaries shared compelling stories of empowerment, with the programme acting as a catalyst for both business growth and personal transformation

Relief from cash flow constraints allowed businesses to invest in growth without compromising operational stability

Launch of new business divisions supported, including multimedia and digital content services, enhancing competitiveness and service diversification

Supplier successes

Tractors for transformation

The South African Farmers Development Association mechanisation programme has become a cornerstone of its transformation agenda, providing small-scale farmers with tractors and cane loaders brought through the supplier development grant. This intervention enables smallholder and farmer beneficiaries of land reform to overcome structural barriers, improve productivity and integrate more fully into commercial agriculture. These mechanised tools will enable timely land preparation and harvesting, reduce reliance on costly manual labour and ultimately contribute to increased yields and income, stimulating sustainable rural development and economic inclusion. This will help to reduce input costs for farmers and improve their competitiveness in the sugar value chain.

The path to becoming a practitioner

Pather and Pather, a supplier development finance beneficiary law firm, used its grant to employ five candidate legal practitioners from disadvantaged backgrounds. One was a graduate living in an informal settlement who, through this opportunity, gained employment, accommodation and a clear path to become a qualified attorney. The initiative not only strengthened the firm's operations but created life-changing opportunities for young professionals.

The diversifying life of Pii

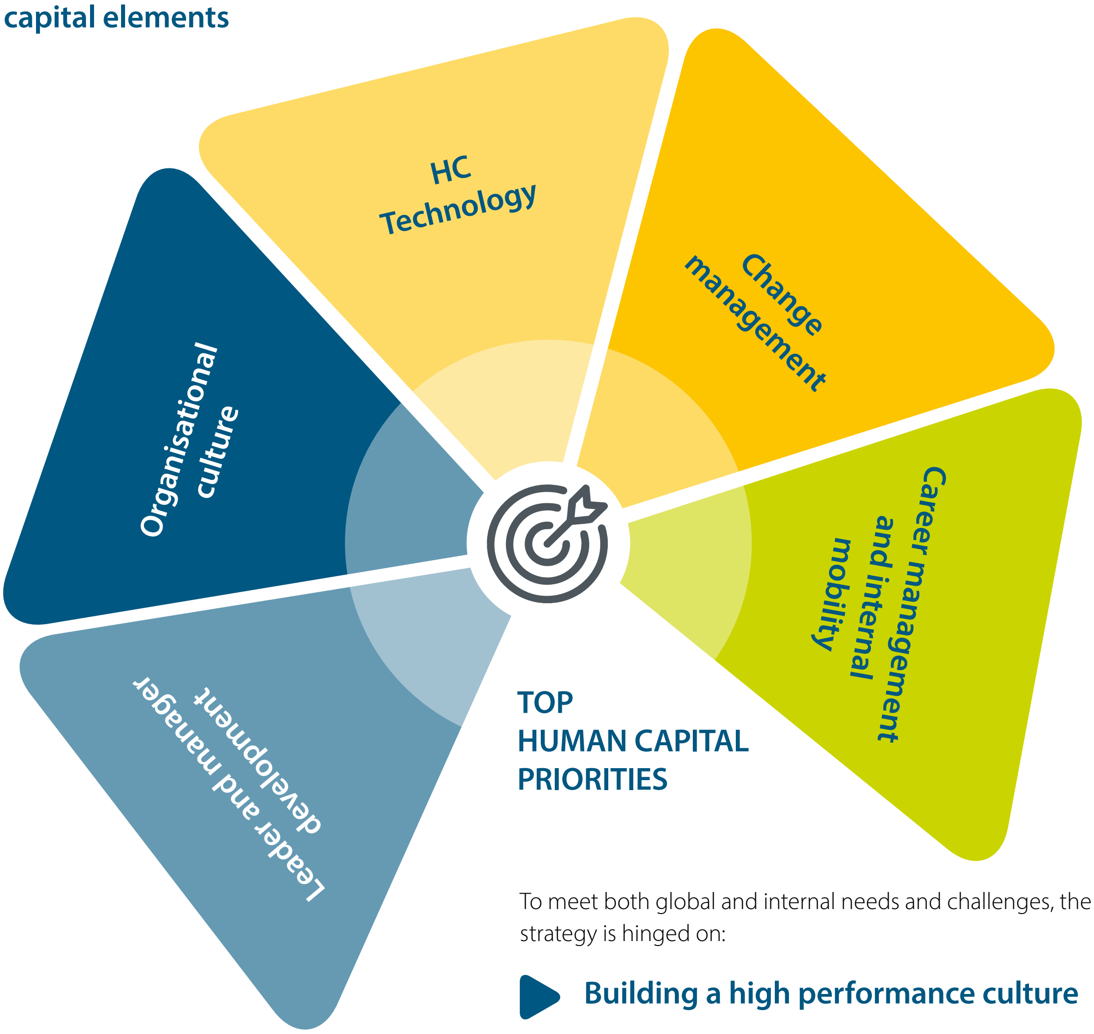
Pii Digital, a creative and digital agency, ploughed its grant into equipping its team to staff a new multimedia division offering podcasting, video production and virtual tours. It has not only upskilled its employees while diversifying its services, but has opened new employment opportunities.

OUR PEOPLE

Our people

The IDC retains its reputation as a desirable employer, a status confirmed through our talent acquisition channels. The Corporation places emphasis on attracting, growing, nurturing and retaining high-performing talent. Staff are predominantly highly skilled and qualified. They possess skills and qualifications that are greatly sought after; thus retention is imperative. Our human capital strategy is anchored in driving high performance through engaged people who contribute value to our business. We strive to create a psychologically safe environment for our people to deliver on our strategic objectives and mandate. Although our employee value proposition remains competitive, it is reviewed constantly and enhanced in tune with market changes.

In 2024, global research firm Gartner* indicated that organisations globally are prioritising these human capital elements



Reference:

*Global trends (*Gartner: Top 5 priorities for human resources leaders in 2024)*

To meet both global and internal needs and challenges, the IDC people strategy is hinged on:

- **Building a high performance culture**
- **Leadership development and succession management**
- **Talent management and capability building**
- **Technology and new ways of working**
- **Creation of a great place to work.**

The culture transformation journey that started in 2019 to support the IDC's long term sustainability plan continued during FY 2024/25, as did implementation of the revised performance management system (policy, procedures and implementation system) to drive a culture of high performance, diversity, equity, inclusion and talent development.

We strengthened our enabling culture, embedding performance management practices, managing employee relations proactively and providing needs-driven and solutions-led learning and development outcomes. Staff turnover was higher than the previous financial year, but remained within our acceptable risk parameters. The depletion of skills in critical roles remained on par with that of the previous year. Retention of critical and scarce skills remains a priority.

The hybrid work model introduced during the COVID-19 pandemic is still in place and is a very attractive feature for both staff and job applicants. During FY 2024/25, one additional office day was added. However, it continues to provide employees with flexibility and a better work-life balance.

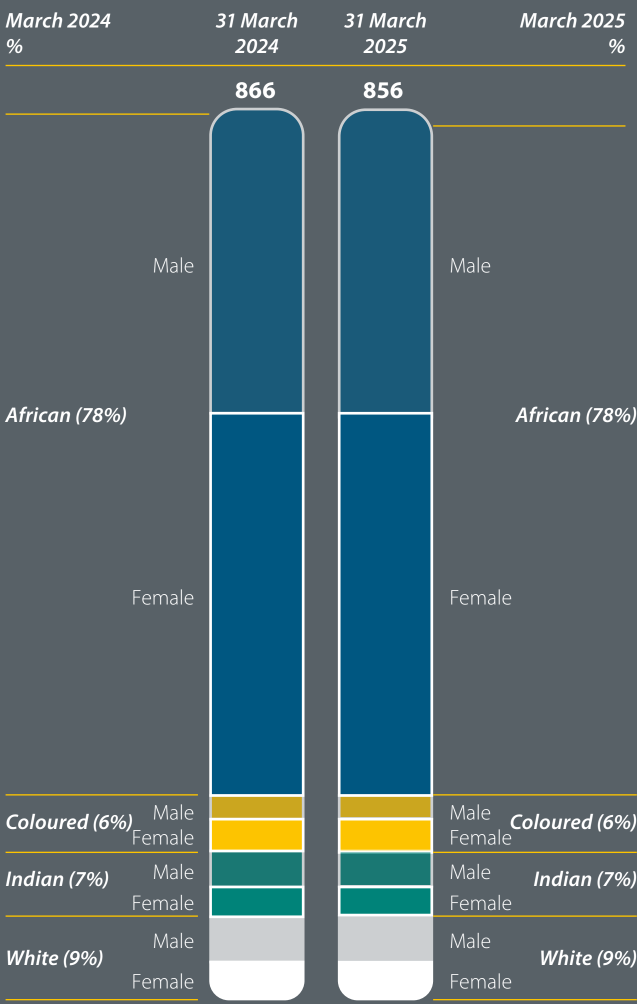
Prioritising employee health and wellbeing is increasingly recognised as a strategic imperative for organisations. At the IDC these are taken very seriously and cases are actively managed. With our partner, Kaelo, we continue to offer support and services that make for meaningful, impactful and stimulating work. We will continue to build trust, collaboration and engagement, nurturing innovation, learning and development, performance accountability and high performance.

Staff composition

The Corporation's employment equity profile is in line with the economically active population at 93% (2023/24: 92%).

Female representation remained constant at 54%, with women executives at 67% at the end of FY 2024/25. As the Corporation fills vacant executive roles, it is cognisant of the need to retain representation in line with the employment equity plan. Female senior management representation improved to 33.9% (2023/24: 32%) and remains a priority. The percentage of people with disabilities increased from 1.8% to 2.5% of the total staff complement.

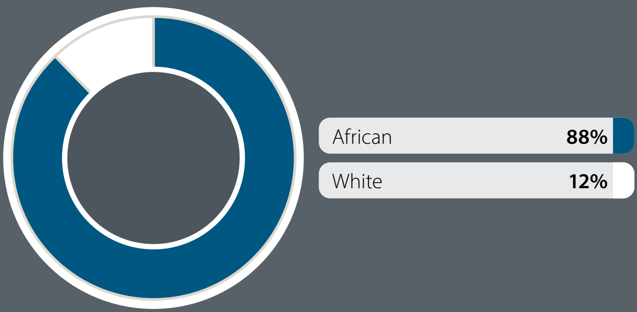
The staff profile for FY 2024/25 was as follows:



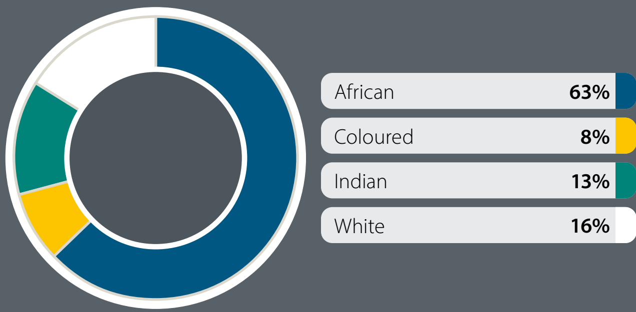
	March 2024				March 2025			
	Male		Female		Male		Female	
African	296	Male	Female	372	296	Male	Female	375
Coloured	23	Male	Female	31	22	Male	Female	32
Indian	35	Male	Female	29	34	Male	Female	27
White	44	Male	Female	36	41	Male	Female	29

% breakdown by level and race as of 31 March 2025

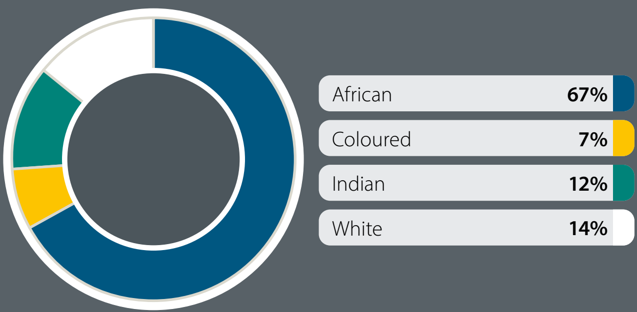
Executive (nine people)
1% of staff population



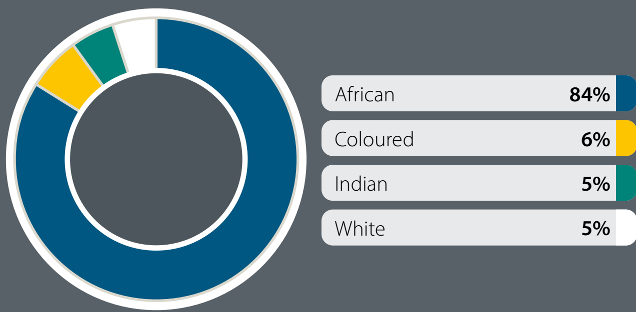
Heads, champions and managers (59 people)
7% of staff population



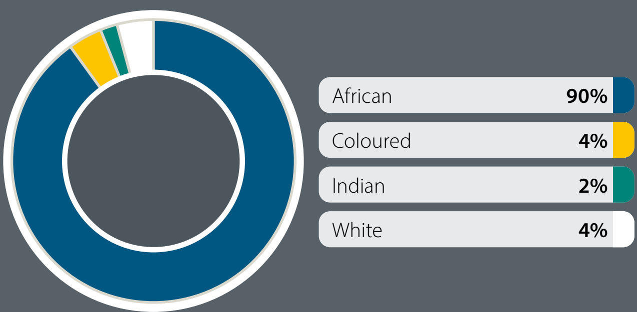
Senior professional staff (285 people)
33% of staff population



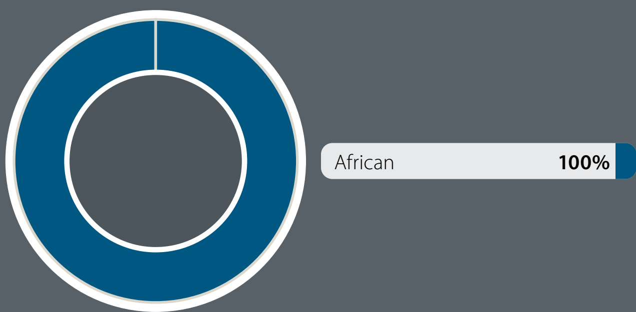
Professional staff (320 people)
37% of staff population



Admin staff (176 people)
21% of staff population



Support staff (7 people)
1% of staff population



Capacitating our business

Employees who are committed and connected to the corporate purpose remain the IDC's best ambassadors. The attraction of talent is supported by the Corporation's mandate and purpose, which strive for the betterment of the country. This, coupled with a compelling and competitive employee value proposition, facilitates the attraction, growth and retention of talent.

At 31 March 2025, the Corporation employed 856 people (2023/24: 866). The number of employees directly delivering operational objectives (client-facing and enabling units) increased marginally to 75% (2023/24: 74%) and expertise and capacity in the operational units increased to 40% (2023/24: 36%). Increased capacity and recruitment will continue to be informed by market and economic activity in key sectors, industries and business operations.

As shown below, the rate of voluntary turnover increased to 8.6% from 4.4% in 2023/24, while that of staff in critical roles decreased to 4.8% in the year under review, and is deemed positive. Overall turnover increased by 2.0 percentage points (2023/24: 6.6%), attributable mainly to an increase in the number of retirees.
LA Turnover remains within risk appetite parameters.

Turnover rate

	2024/25	2023/24
Overall turnover (all types)	**8.6%**	6.6%
Overall turnover (voluntary)	**8.6%**	4.4%
Overall turnover (critical roles)	**4.8%**	5.1%

Retaining staff within acceptable levels remains a key priority, with mechanisms sought to continuously grow, develop and engage staff through our employee value proposition. This includes seconding opportunities, placing employees on external boards for exposure, allowing and encouraging our talent to act in higher roles and undertaking a review of our promotions policy to ensure employee recognition and clearly mapped and articulated career and advancement mobility opportunities. A comprehensive benchmarking exercise was conducted to review appropriate dual career management to inform career management and internal mobility. The partnership with a specialist talent acquisition service provider and the automation of the talent acquisition process continue to ensure focused talent acquisition driven by quicker 'time to fill' and proactive building of talent pools for hard-to-fill and critical roles.

Learning and development

The IDC continues to implement the 70–20–10 learning approach methodology, emphasising practical, on-the-job application. This supports employees at all career and personal development stages. In total, 1 127 individuals benefitted from training initiatives valued at R118 million. Initiatives included staff development, bursaries for staff and their children, internships, learnerships, external bursaries and bursary partnerships.

Employee training

Financial year	2024/25	2023/24
Number of employees trained	**1 127**	680
Women	**716**	374
Men	**411**	306

A total of 383 bursaries was allocated through three bursary schemes: for staff, for their children and for underprivileged, unemployed South African youth. In FY 2024/25, 98 bursaries were afforded to employees (2023/24: 96) and 110 bursaries to children of staff (2023/24: 110). Bursary numbers for underprivileged, unemployed youth increased by 33% to 175 recipients (2023/24: 132).

Leadership and team development

Leadership and team development initiatives are powerful catalysts for culture transformation. With 45 graduates in the Corporation's leadership pipeline programme now completing job shadowing and several already in acting leadership positions, we are seeing the tangible benefits of our strategic investment in people development.

Strong, intentional leadership is the cornerstone of culture transformation and our programmes have created a shared leadership language and framework across strategic business units and departments, reinforcing our organisational values through consistent leadership practices.

IDC leadership development framework

Leading organisation	05	The **Business Leader** band	**Executive leadership**	**Leading into the Future Programme (Heads to executives)** **Key focus areas** Vision and strategy formulation; Agile leadership; Leverage AI and technology; Drive purpose and meaning; Create people and customer centricity culture; Drive change and organisational impact; Strategic decision making
	04	The **Strategic Leader** band	**Senior leadership development**	**The pinnacle leadership (Managers to heads)** **Key focus areas** Influence and drive business strategy; Agile leadership; Trust and inspire others; Change leadership; Leverage AI and technology; Strategic decision making
Leading teams	03	The **Developing Leader** band	**Advanced leadership development**	**Quantum leadership (Professionals to managers)** **Key focus areas** Implement strategy through others; Lead, coach, develop and empower others; Drives diversity, equity, inclusion and belonging; Leveraging AI and technology; Operational decision making
Leading self	02	The **Emerging Leader** band	**Compact leadership development**	**Leap to leadership programme (Administrators to professionals)** **Key focus areas** Building self awareness and leadership skills; Emotional and social intelligence; Data driven decision making; Stakeholder engagement; Leveraging AI and technology
	01	The **Aspiring Leader** band	**Aspiring leadership**	**Next generation programme** **Key focus areas** Building leadership foundational skills and self awareness

Our people *continued*

The continued growth and development of our leaders is critical to our culture transformation focus. Leaders are evaluated annually to equip them with feedback on leadership strengths and areas to focus on. The leadership 360-degree evaluation, in its fifth year, is undertaken in line with the Corporation's leadership framework and competencies. As leaders are a key enabler to building our desired culture, the survey was enhanced to assess and determine the extent to which employees experience a psychologically safe environment to thrive. The evaluation outcomes facilitate ongoing leadership awareness and development, thereby improving leadership capability and transformation.

For the reporting period, leadership results have increased slightly to a score of 4.0/5 (2023/25: 3.9/5). More importantly, the survey revealed a score of 4.0/5 for psychological safety, this is an improvement of 0.2 from the previous period (2023/24: 3.8/5). This indicates a positive impact of initiatives to build and maintain an enabling work environment. These included awareness sessions on anti-workplace harassment, bullying and victimisation and driving awareness of and sensitisation for diversity, equity and inclusion, as well as broader leadership development initiatives outlined below. LA

Coaching circles have accelerated collaborative learning and problem solving by establishing peer support networks that extend beyond formal reporting structures and create psychologically safe spaces for leaders to discuss challenges and share solutions. Twelve teams have concluded coaching circles. Individual one-on-on coaching has addressed specific leadership needs, helping leaders to navigate complex interpersonal dynamics that affect organisational performance and create confidential space to work through leadership challenges. Forty individual coaching journeys are in progress.

Our leadership and team development initiatives have produced not just skilled individuals but a powerful community of practice that advances our culture.

Youth development

Youth development programmes are crucial for building a pipeline of essential skills and create job opportunities for young South African professionals, providing them with practical skills and experience to enter the job market.

During the year, we launched a 12-month post-matric work-integrated-learning programme to empower 10 black youth living with disabilities. This initiative culminates in a National Qualifications Framework Level 4 skills certificate. We also expanded our bursary scheme to bridge the 'missing middle' gap. Through partnerships with Universities South Africa (USAf) and Ikusasa Student Financial Aid Programme (ISFAP), 60 bursaries were awarded, half to people with disabilities.

Nurturing continuous professional growth is a priority, hence the IDC youth coaching programme for employees under 35, including interns. This 12-month initiative covers career development strategies, self-leadership, brand-building and essential workplace skills. Forty young IDC employees are participating in monthly two-hour team coaching sessions facilitated by IDC senior management, executive management and external specialists.

In addition, our dealmakers programme welcomed 12 new chartered accountant and technical professional cadets to join the 11 already participating. Ten candidates from the 2023 intake have cleared their first discipline and three have cleared their second discipline, making them qualified dealmakers to drive operational activity.

Managing employee wellness

Permanent and fixed-term employees, and their dependants, continue to use the services of our employee wellness partner, whose Ask Nelson programme includes counselling, coaching, financial advice and legal support.

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

External healthcare providers offered services and clinical screening to staff at our annual wellness day, at which the IDC creche, gym and staff restaurant showcased their employee value propositions.

People living with disabilities are encouraged to declare their disability to enable a disability verification assessment to be performed. Affected employees are considered for reasonable accommodation support mechanisms.

Other services provided to staff during the year included clinical advice, bereavement support, extended sick leave assistance, information on group risk insurance and provision of the annual flu vaccine. This holistic employee support reduced the number of absent days in the review year by 28% (2023/24: 286 days).

Employee relations

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

Capacitation of line managers and policy engagement sessions continued in the reporting period. A campaign was launched to embed the Anti-workplace harassment and Bullying Policy. This will be followed in 2025/26 by publication of an employee handbook setting out the Corporation's zero tolerance for harassment, bullying and victimisation.

Union relationship

The Public Servants Association remains the only recognised trade union, with membership at 60.4% of the workforce at the end of FY 2024/25 (2023/24: 60.8%). The Corporation concluded a three-year collective bargaining agreement to strengthen its relationship with the union.

Employee recognition, rewards and benefits

In response to changing demographics, increased life expectancy and evolving workforce trends, the IDC reviewed its retirement age policy to align with industry developments and promote long-term sustainability. Effective 1 December 2024, the retirement age was extended from 60 to 65 years, aligning with South African Revenue Service regulations and industry best practice. This trend will enable us to retain critical skills longer, enhance workforce diversity and promote ensure financial sustainability for our provident fund. It will also help us to attract and retain experienced senior talent while improving employees' retirement outcomes.

The IDC promotes a culture of appreciation and high performance through its employee recognition and rewards initiatives. Submission of nominations for on-the-spot recognition gained significant momentum during the year, recognising and appreciating the efforts and contribution of employees. Our annual recognition awards, hosted in November 2024, was a celebration of more than 150 IDC employees who provided outstanding performance in various categories during 2023/24.

Talent and succession planning

Talent and succession planning are crucial enablers for business continuity. Our operating model and structure, bolstered by the long term sustainability plan, reveal essential future roles and:

- Ensure that the Corporation has the appropriate bench strength or talent readily available and developed to take up leadership and key roles when they arise
- Contain strategies to attract, develop and retain identified talent
- Facilitate development of identified talent for business growth and continuity.

During FY 2024/25, the Corporation reassessed talent needs and identified roles core to our business. Ensuring a pipeline of talent will continue in the year ahead. A review of the succession pipeline for leadership and critical roles, which informs leadership development initiatives, was undertaken. Going forward, we will review our talent management strategy and maturity levels against best practice to identify possible enhancements.

Performance management

A high performance culture facilitates continuous coaching of employees. We have implemented the recently revised and approved Performance Management Policy to embed principles and behaviours to support our philosophy and achieve high performance. A review is underway of the target setting model to align individual targets to those of the Corporation and appropriate cascading of targets.

Culture transformation

Culture transformation remains a key strategic drive as high performance requires an engaged and motivated workforce.

A culture survey conducted during the year returned a commendable 77% participation rate. However, the outcome of the survey points to a significant regression in the state of our employee engagement, with a culture entropy score at 50%. This indicates that the Corporation must prioritise key focus areas that will have high impact on increasing employee engagement and improving the current state of our culture.

A key focus for FY 2025/26 will be to shifting the leadership team's approach to culture transformation as a priority. This will be achieved through:

- Setting a new aspirational culture vision
- Aligning leadership to the desired culture
- Developing leadership standards
- Creating an accountability culture founded on ownership
- Addressing barriers to culture change
- Aligning ways of working with the desired culture
- Building an environment of trust and encouraging frequent employee engagement.

Occupational health and safety

The IDC prioritises the health and safety of all employees, visitors and contractors. Important initiatives include a comprehensive Occupational Health and Safety Policy, terms of reference for the Occupational Health and Safety Committee and a standardised occupational health and safety process and procedure.

No fatalities occurred during the review year, reflecting the effectiveness of safety measures. There were three lost time incidents and three first aid incidents. To further bolster our safety programme, we introduced two educational videos for employees, visitors and contractors, reinforcing our commitment to a safe workplace environment.

GOVERNANCE

Governance approach

Sound corporate governance creates stakeholder value and ensures accountability, transparency, ethical behaviour, fairness, responsibility and social development. These attributes underpin the long term sustainability of the Corporation to ensure that strategic objectives are realised.

By having an online declaration, the IDC strengthens transparency, accountability and operational efficiency, reinforcing its commitment to ethical business practices. Through digitising processes, the IDC reduces paper usage, lowers its environmental impact and promotes sustainability. This approach enhances communication security, minimises errors and streamlines operations, improving responsiveness to stakeholders. Ultimately, the IDC's adoption of online declarations reflects its dedication to innovation, ensuring alignment between business objectives and its responsibility as a corporate citizen. LA

Governance of the IDC is guided primarily by the IDC Act, PFMA, Companies Act, JSE Debt and Securities Listing requirements and King IV. The Board is committed to ensuring that principles, processes and practices enable the IDC to conduct its business with sound governance principles, ethical culture, good performance, effective control and legitimacy. Governance is entrusted to the Board, which directs, controls and oversees operations according to laws and regulations.

Executive authority and parliamentary oversight

The Minister of Trade, Industry and Competition is the executive authority and shareholder representative for the Corporation. The Board is appointed by the Minister in consultation with Cabinet and in terms of section 6(3) of the IDC Act. The executive authority ensures that there is an appropriate balance of knowledge, skills, experience, capability and diversity in gender, race, tenure and socioeconomic background among Board members appointed to the Corporation.

The executive authority provides oversight on the IDC through regular interactions on the approved Corporate Plan, quarterly reports and the annual report.

Being a public entity, the Corporation also accounts to Parliament through the Standing Committee on Public Accounts that reviews the annual financial statements and the external auditors' report. Corporate performance is reported regularly to the Portfolio Committee on Trade, Industry and Competition.

Key governance considerations and activities during FY 2024/25

During the year under review, the Board considered and/or approved the following key matters:

- Considered and approved the FY 2024/25 Corporate Plan and alignment of the Plan to the MTDP priorities
- Approved the Corporation's quarterly corporate performance reports for submission to National Treasury and **the dtic**
- Approved the audited IDC Group annual financial statements for the year ended 31 March 2025
- Reviewed and approved the IDC Risk Appetite Framework
- Approved the revised Dividend Policy and submitted to the shareholder
- Approved its revised charter, committee terms of reference and the governance framework
- Approval of the financial plan for 2026 to 2030, including the mini-group financial plan for 2026 to 2030 and the borrowing mandate and operating expense budget for FY 2025/26
- Supported by the shareholder, finalised the appointment of the CEO.

Governance framework

The Board's governance framework promotes efficiency and effectiveness in the operations of the Corporation. This is demonstrated through clearly assigned roles and responsibilities to the executives and Board Committees.

Although ultimately accountable, the Board formally delegates authority and certain functions to well-structured committees without abdicating its responsibilities, and monitors performance and application of the delegated authority through reporting and disclosures.

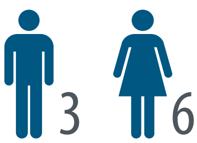
The Board

The Board is the primary custodian of governance.

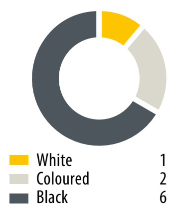
It is responsible for directing, controlling and overseeing the Corporation in accordance with all applicable laws and governing rules. It steers and sets the strategic direction of the Corporation, approves major policies and plans, ensures accountability and oversees the execution of approved strategy and policy by management.

The Board charter outlines the roles and responsibilities of the Board, including adopting strategic plans, defining materiality parameters, promoting an ethical culture and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents and codes of conduct.

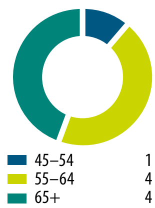
Gender diversity



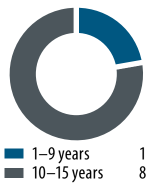
Ethnicity



Age diversity

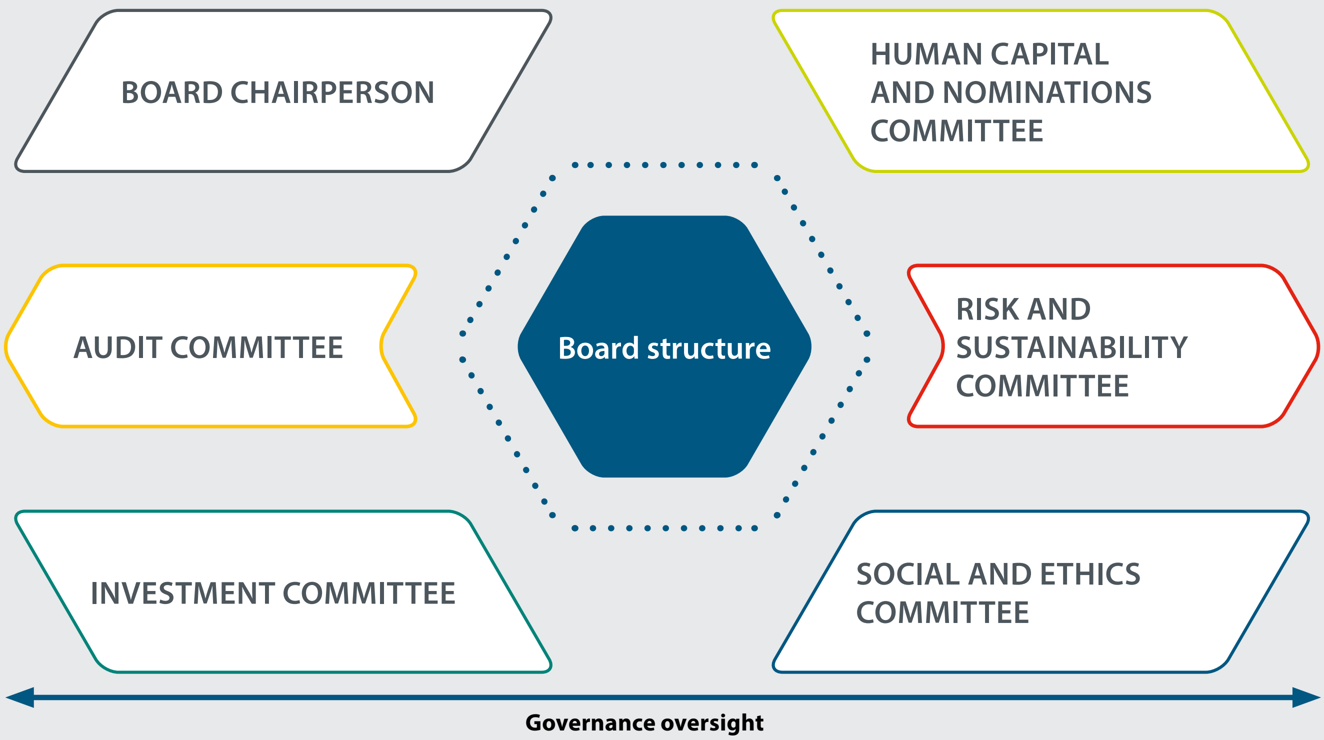


Tenure



Skills

Governance structure



Composition

The IDC Act prescribes the size, with a minimum of five and a maximum of 15 members, appointed by the executive authority.

During the year under review, the Board comprised of nine non-executive directors, six women and three men.

The Chairperson is considered independent and non-executive. There is a clear separation of responsibilities between the leadership of the Board (the chairperson) and the executive responsibility for leadership of the business (the chief executive officer). The experience of our Board members contribute to the long term sustainable success of the Corporation.

Importantly, the Board is supported by the Group Company Secretary in executing its roles and responsibilities.

Board committees

The Board has delegated specific responsibilities to its committees. These committees function according to terms of reference and delegations of authority which are reviewed annually. The Board is satisfied that the terms of reference and delegations are appropriate, relevant, effective and contribute to role clarity and the effective exercise of authority within the Corporation.

The committees are:

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

Each committee is chaired by a non-executive director who reports to the Board and makes recommendations for approval. Committee members are appointed through the Human Capital and Nominations Committee.

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

Terms in office

Non-executive director tenures:

Member	Number of years on the Board
B Mabuza	14
L Bethlehem*	15.5
BA Dames	14
PM Mthethwa	14
B Godsell	14
Dr SM Magwentshu-Rensburg	14
Adv ND Orleyn	10
NP Mnxasana	10
A Kriel	9
S Mangole**	-

* *On leave of absence since June 2023; retired on 20 July 2024*
** *Appointed 1 June 2024*

Board meetings and attendance

An annual workplan enables the Board to attend to its responsibilities in a structured and orderly way. In the year under review,, the Board held nine scheduled meetings, including a strategy session, and nine special meetings. The special meetings were necessitated by an urgent request for the Corporation to respond to an economic crisis in the steel industry. The table below details attendance by directors:

Director	Scheduled meetings	Special meetings	Strategy
Total number of meetings	**8**	**9**	**1**
B Mabuza	8/8	8/9	1/1
D Jarvis#	7/7	5/5	1/1
M Lekhethe*	2/2	4/4	–
L Bethlehem##	0/8	0/9	0/1
BA Dames	6/8	7/9	1/1
B Godsell	8/8	6/9	1/1
A Kriel	8/8	8/9	1/1
Dr S Magwentshu-Rensburg	8/8	8/9	1/1
S Mangole**	6/6	6/9	1/1
NP Mnxasana	8/8	8/9	1/1
PM Mthethwa	8/8	9/9	1/1
Adv ND Orleyn	7/8	7/9	1/1

\# *D Jarvis was interim CEO until 31 January 2025.*
* *M Lekhethe was appointed CEO on 1 February 2025.*
\## *L Bethlehem was on leave of absence since June 2023 and retired on 20 July 2024.*
** *S Mangole was appointed on 1 June 2024, and therefore, did not attend any Board meeting before July 2024.*

Conflicts of interest

In order to lead ethically and effectively, the Board operates within the parameters of an approved and well-entrenched Conflict of Interest Policy that precludes directors from doing business with the Corporation. This policy is reviewed every three years. It requires directors to declare their interests annually, disclose conflicts and also determine the extent to which the conflict declared may affect the performance and independence of their duties at the Corporation.

Disclosed conflicts are managed through an established Board process. A declaration of interest form is maintained by the office of the Company Secretary. Directors and executives are obliged to disclose any new or potential interest to the secretariat. Directors' personal interests are updated at each Board meeting and the register circulated. Every effort is made to prevent conflicts of interest from undermining governance protocols and eroding stakeholder confidence.

Board and committee evaluation

Every year, the Board evaluates its effectiveness and performance, including that of its committees and individual directors. The last externally facilitated Board effectiveness review was undertaken in 2023, the results of which were reported in the 2024 Integrated Report. In the period under review, the Board and its committees underwent a comprehensive internal evaluation of their performance covering the following areas:

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

The Board achieved an average rating of 4.35, while the respective committees scored an average of 4.83 out of a 5-point rating scale. This underscores an overall satisfactory performance by the Board.

Although these results are commendable, areas of improvement have been identified to further enhance the effectiveness of the Board.

Board remuneration

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

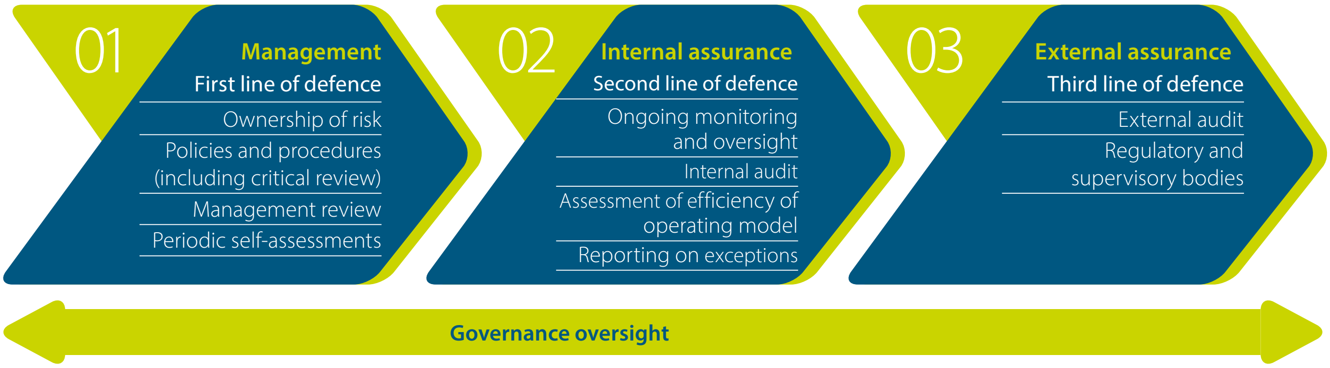
Company Secretary

In line with King IV recommendations, the Board appointed Group Company Secretary, Advocate Maseapo Kganedi provides the Board and committees with professional governance services, including advice and guidance on their duties and responsibilities, compliance with governance principles and adherence to laws and regulations. The Board assesses the Company Secretary's performance of governance responsibilities through a Board evaluation process, and the CEO assesses her performance of other responsibilities. The Board is satisfied with the adequacy of the Secretariat office.

Combined assurance

The Board and Board committees practice a common approach to governance and risk management based on the IDC's integrated risk management framework, which supports the Corporation's strategy and sets strategic risk management standards.

It is the basis for the combined assurance model, which incorporates and optimises all assurance services and functions to create an effective, holistic control environment that supports the integrity of information used for decisionmaking by management, the Board and its committees. There are three lines of defence:



The role of the Combined Assurance Forum is essential to coordinating assurance efforts and reporting combined assurance results as it integrates the expertise of internal audit, enterprise risk management and compliance and regulatory affairs departments under the sponsorship of the Chief Risk and General Counsel offices. It administers the combined assurance model by developing annual assurance plans, compiling detailed reports and ensuring alignment with organisational risk management strategies. It also facilitates collaboration across assurance functions, promotes consistency in risk oversight and implements recommendations from the Board Audit Committee to enhance the effectiveness of assurance activities.

Internal audit

Internal audit is the third line of defence in the Corporation's enterprise risk management framework.

The department provides independent and objective assurance to the Board on the adequacy and effectiveness of the Corporation's governance processes, risk management and internal control systems in mitigating key risks that could affect the achievement of strategic objectives. It also offers *ad hoc* support to subsidiaries on request. The detailed responsibilities are formally defined in a charter approved by the Board Audit Committee.

Internal audit has a risk-based internal audit plan informed primarily by the risk registers of the risk management department, the revised IDC corporate plan and key emerging risks identified by external auditors and audit experts.

The department also houses a dedicated forensic team, which investigates allegations of fraud and misconduct. Matters can be reported anonymously to the team through an independent external service provider.

During FY 2024/25, the Corporation assessed the adequacy and effectiveness of internal controls designed to ensure financial and performance reporting reliability, compliance with laws and regulations and the effectiveness of the Board-approved delegation of authority framework. These controls safeguard assets against material loss and ensure that transactions are completely and accurately recorded.

Based on reviews conducted during the year, the control environment architecture was deemed adequate in addressing and managing most identified risks effectively. Where improvements were indicated, management took remedial action. Management remains committed to continuously enhancing the control environment by regularly reviewing and enhancing systems and procedures, policies and other governance processes and frameworks.

Internal assurance

The Corporation assessed the adequacy and effectiveness of key controls for the valuation and management of assets held as collateral to ensure that these assets are accurately valued, appropriately managed and adequately safeguarded to mitigate credit and operational risks:

- Assessed progress in implementing systems, processes and controls to ensure adherence to the Protection of Personal Information Act
- Determined whether conflicts of interest existed between employees and other parties having business relationships with the IDC, such as vendors and clients
- Promoted fraud awareness among business partners and service providers to ensure ethical business practices and transparency aligned with the Corporation's values and code of business conduct. Email communication covering the Prevention and Combatting of Corrupt Activities Act was circulated

- Collaborated with the corporate secretariat on an ethics awareness session to reinforce a culture of integrity, ethical conduct and accountability across the Corporation.

Assurance continued to focus on the processes affecting IDC core activities and business, such as due diligence, risk grading and pricing system controls – integral components of credit risk management and portfolio monitoring – and post-investment activities.

Reports detailing management actions to address weaknesses noted by internal audit are submitted to both the Board Audit Committee and executive management quarterly.

During FY 2024/25, management continued to demonstrate commitment to resolving issues noted during audits.

New staff members received training on fraud, including reporting crime and corruption and the role of Tip-offs Anonymous. The internal audit department also provided financial crime awareness training to our strategic business units and departments. In total, 334 employees (39% of IDC employees) attended the training. LA

Twenty-two cases were reported for investigation during the year, compared to 13 in FY 2023/24.

Internal audit underwent an independent external quality assurance review as required by the International Standards for the Professional Practice of Internal Auditing. The department achieved the highest rating, general conformance denoting conformance on all core measurements, namely attribute standards, performance standards, Institute of Internal Auditors code of ethics, and Institute of Internal Auditors definition of internal audit and core principles.

The internal audit charter was updated and approved by the Board Audit Committee during the year in line with the revised Global Internal Audit Standards, which came into effect on 9 January 2025. Adherence to these standards will be a priority for FY 2025/26.

FOCUSES FOR 2025/26 INTERNAL AUDIT ACTIVITIES FOR THE NEXT FINANCIAL YEAR WILL INCLUDE:

- **Heightened focus on information technology and digital transformation** given the global rise in cybersecurity breaches, digital disruption and business continuity interruptions
- **Reviewing the IDC's progress** in implementing its responsible investment policy signalling its commitment to sustainable and responsible investments
- **Ensuring third-party fund risks** are adequately reviewed and monitored
- **Supporting the Corporation's efforts** to strengthen controls with new technology to counteract fraud and undertaking fraud awareness initiatives while investigating and reporting instances fraud cases perpetrated against the organisation
- **Evaluating adherence to key legislation** such as the Financial Intelligence Centre Act, particularly the newly introduced Financial Intelligence Centre directive 8
- **Extending the FY 2024/25 governance review** on the effectiveness of the Executive Investment Management Committee in, for example, accurate valuation of investments to assess the accuracy, validity and completeness of information by evaluating the effectiveness of the Management Investment Monitoring Committee

Compliance – second line of defence

The Board charter requires the Board to ensure ethical behaviour and compliance with laws and regulations, and audit and accounting principles, including codes of conduct. The Board, through its Board Risk and Sustainability Committee approves a yearly compliance programme containing a detailed regulatory universe, a compliance monitoring plan and a compliance training plan.

Management is responsible for implementation of compliance requirements, but the Board monitors and reviews compliance with key regulatory and legal requirements through regular reports to the Social and Ethics, Audit and Risk and Sustainability Committees.

The Compliance and Regulatory Affairs Department (CRAD) performs day-to-day compliance activities and assists the Board in creating an enabling, compliance-based culture. It also assists the business units to identify and assess the regulatory risks of the various operations and develop plans to mitigate and control them. Regulatory risks are monitored constantly and reported to stakeholders.

Key focuses and regulatory developments

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

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

Every organisation encounters risks that can threaten its operations, reputation and bottom line. The Compliance and Regulatory Affairs Department responds to these risks with a robust and effective compliance programme, which includes staff training.

The Financial Intelligence Centre Act 38 of 2001, as amended, provides a regulatory framework for South Africa's anti-money laundering and counter financing of terrorism programmes and positions the Financial Intelligence Centre as the supervisory body overseeing compliance with the framework. The Act complements the Prevention of Organised Crime Act, the Protection of Constitutional Democracy against Terrorism-related Activities Act and the Prevention and Combatting of Corrupt Activities Act. It gives the Financial Intelligence Centre authority over accountable institutions in South Africa.

The IDC runs a robust risk-based programme that specifies an annual review of all high-risk clients. Training of and engagement with staff and IDC subsidiaries is also a significant component in response to the IDC's compliance with its FICA obligation. The Corporation complies with the Protection of Personal Information Act, with the Records Department being responsible for ensuring adherence across the organisation and its subsidiaries.

The IDC's daily operations are regulated by the PFMA. The Corporation has sought exemptions from some of its regulations and requested specific arrangements for itself and some subsidiaries.

CRAD and the Procurement Department continue to support subsidiaries in improving their compliance with the Preferential Procurement Policy Framework Act (PPPFA) and its regulations. Currently, CRAD is assisting the subsidiaries in rectifying issues identified during recent monitoring exercises. During FY 2025/26 our monitoring focus will shift to labour and environmental laws.

Enterprise risk management

The IDC enterprise-wide risk management framework encompasses a universe of key strategic, financial and operational risks, ensuring that risk management is integrated into the management process to enable achievement of objectives, sustainable long-term success and resilience. A risk lifecycle includes risk identification, assessment and measurement, treatment and monitoring through key indicators and combined assurance.

Strategic risks are integrated into the strategic planning process to ensure the risk profile is aligned to the organisational strategic objectives and corporate plans. The second and third lines of defence provide assurance through a coordinated combined assurance plan approved annually by the Board Audit Committee. Refer to page 38 for the current strategic risks approved by the Board Risk and Sustainability Committee.

Operational risk management ensures that risks resulting from inadequate internal processes, systems, people and external events are consistently and comprehensively identified, assessed, mitigated and controlled. These risks can develop quickly with overlaps with other types of risks and can have both financial and non-financial consequences. Response tools include:

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

Operational resilience and business continuity sustain operations and provide the ability to withstand and recover from disruptions, while continuing to deliver product and services at acceptable levels.

The Enterprise Risk Management Forum, which meets quarterly, oversees and monitors risk-related decisions across the Corporation. Undesirable risk exposures are escalated to ExCo and the Board Risk and Sustainability Committee.

Board committee reports

Board Audit Committee

This is a statutory committee constituted in terms of section 77 of the PFMA, as amended, section 94 of the Companies Act, as amended, read with King IV and JSE's Debt and Specialist Securities (DSS) Listings requirements. It assists the Board in overseeing finance, internal and external audits, combined assurance, financial risk management and integrated reporting. The IDC is required to maintain a good balance sheet, manage the quality of its assets and ensure financial sustainability to deliver on its mandate.

Composition and attendance

During the year under review, the committee comprised three independent non-executive directors and two external members who were appointed by the shareholder representative at an AGM. The Board Chairperson is not a member of the committee. The CEO, CFO, Head of Internal Audit, IDC-appointed joint external auditors and a representative from the office of the AGSA are permanent invitees to committee meetings. The committee held six meetings. The table below depicts member attendance:

Members	Scheduled meetings	Special meetings
NP Mnxasana (Chairperson)	6/6	–
B Godsell	6/6	–
Dr SM Magwentshu-Rensburg	5/6	–
P Mathidi	5/6	–
R Pitot	6/6	–

Activities and focuses

The committee reviewed and recommended its terms of reference to the Board for approval, and also approved its annual workplan in line with its approved terms of reference.

During the year, the committee recommended to the Board for submission to the shareholder and approval at the annual general meeting, the reappointment of the IDC group's external auditor (Deloitte) and also the appointment of BDO, supported by SKX, as the second external auditor. Audit fees were referred to the Board for recommendation to the shareholder representative. The committee also approved the external audit engagement letter, audit plan and scope of work for the financial year, assessed the auditor's skills, independence and performance, and monitored the effectiveness of audit plan execution and reporting. The auditor's report and management's responses were reviewed.

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

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

The five-year corporate financial plan for the years 31 March 2026 to 31 March 2030 was considered and recommended to the Board. This plan comprises that of the mini group (the Corporation and its wholly owned subsidiaries) and of the IDC.

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

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

Future focus

The committee will ensure an improvement in finance function efficiencies to improve audit outcomes, while monitoring internal controls.

The committee is satisfied that it fulfilled the responsibilities in its terms of reference for the reporting period. The committee also reviews the JSE Compliance Report to ensure adherence, assesses the CFO and finance function, as well as conducting separate meetings between management and the committee, and the committee and the Auditors.

NP Mnxasana
Chairperson

15 August 2025

Board Investment Committee

This is a standing committee that supports the Board in considering transactions with an IDC cumulative exposure to a business partner between R300 million and R1.5 billion and group counterparty exposure between R500 million and R5 billion. Transactions exceeding these limits are recommended by the committee to the Board for approval.

Composition and attendance

During the year under review, the committee comprised six non-executive directors. Executives including the CEO are permanent invitees to meetings of the committee. Other persons may be invited at the committee's discretion.

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

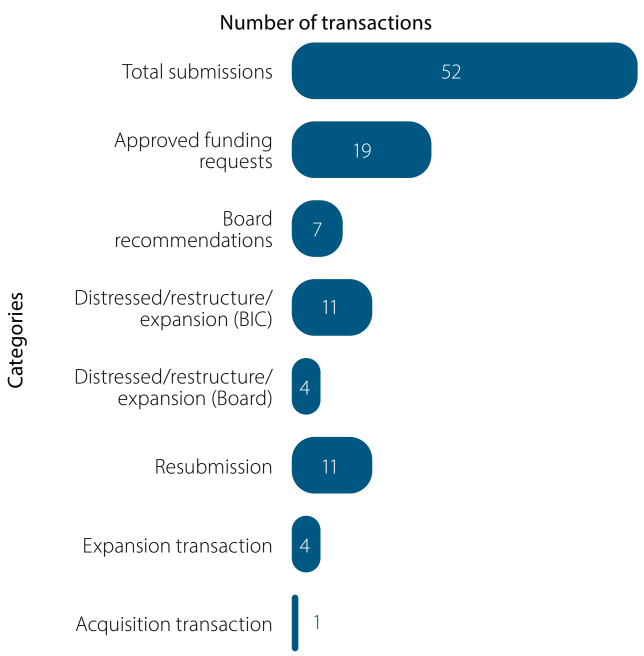
Members	Scheduled meetings	Special meetings
Dr SM Magwentshu-Rensburg (Chairperson)	15/15	5/5
BA Mabuza	14/15	5/5
S Mangole*	8/11*	3/3*
NP Mnxasana	14/15	3/5
PM Mthethwa	12/15	4/5
Adv ND Orleyn	6/15	3/5

* *Appointed on 1 June 2024*

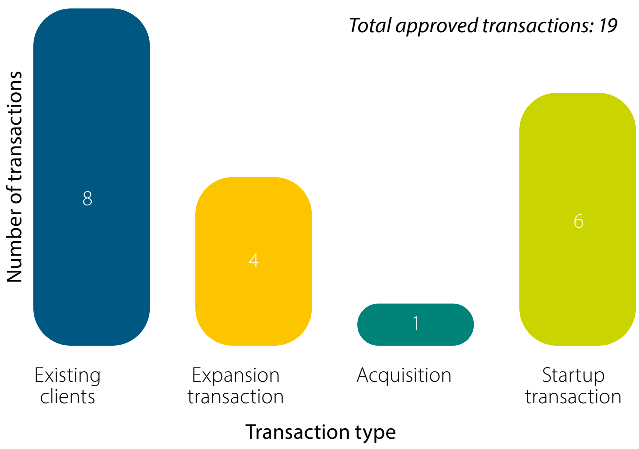
Activities and focuses

The committee reviewed its terms of reference and submitted them to the Board for approval. During its FY 2024/25 the committee experienced a notable rise in the number of transactions submitted, reflecting Management's dynamic efforts to turn a strong pipeline into finalised deals.

FY 2024/25 committee meeting outcomes



Breakdown of approved transactions by the committee in FY 2024/25



The committee considered 52 submissions, approving 19 new funding requests and recommending seven for Board approval. In total, 26 transactions with a combined value of R10.66 billion were approved, expected to create and/or save 10 898 job opportunities. Of the 52 submissions, 15 transactions were considered under Distressed, Restructure and Expansions (11 by BIC and four by Board) and 11 were resubmissions, reflecting the committee's rigorous review process to ensure proposals meet the required standards and criteria before final approval.

The approved transactions included support to SMEs, targeting youth-owned enterprises, and additional transactions aligned with strategic priorities such as black industrialists, women entrepreneurs, black empowered businesses and localisation, reflecting a strong commitment to inclusive economic growth and transformation. Eight out of the 19 approved transactions were to existing clients totalling R543 million, aimed at supporting distressed businesses, focused on restructuring efforts, and dedicated to business expansion. In addition, four expansion transactions totalling R917 million and one acquisition valued at R718 million were approved.

The committee also approved six startup transactions valued at R3.7 billion, expected to create and/or save 2 765 jobs across various sectors, with three of these startups operating in the energy sector. Among the approved projects, a significant R782 million investment is projected to create 2 000 jobs for the development of a R2.1 billion luxury resort near Tinley Manor in the KwaZulu-Natal North Coast. This resort will be managed and operated by Club Med and feature 345 hotel rooms, 64 private villas for sale and an 80-room Big Five game reserve located in Pongola, Northern KZN. The inclusion of the game lodge offers a unique competitive edge, making it the first and only Club Med resort globally to combine both beach and safari experiences.

The seven transactions recommended to the Board for approval totalling R4.8 billion are expected to create and/or save 2 052 jobs. These include transactions supporting women entrepreneurs, localisation, black empowered businesses, business expansion and growth, distressed business responses and working capital, reflecting a diverse and strategic approach to economic development and job preservation.

Transactions where counter party sector or regional limits were breached were considered and recommended to the Board for approval. The committee also received regular updates on the management of the deal pipeline compared to liquidity.

Geopolitical factors contributed to heightened risks during the period, and this continues to impact the pipeline. Volatile exchange rates are impacting sourcing of raw materials as well as capex project costings. The war in Ukraine has also significantly threatened the stability of global energy supplies and prices, leading to disruptions and influencing energy markets. This uncertainty has caused delays in projects and expansion plans, as many stakeholders adopt a cautious approach.

In addition to its mandate, the committee met jointly with the Board Risk and Sustainability Committee (BRSC) to consider matters of the operating environment and portfolio performance. These included reviewing the Liquid Fuel House View, Portfolio Management and Monitoring Report, the IDC's role in South Africa's green hydrogen commercialisation and Impairment and Valuation Policy.

Future focus

The committee is currently undertaking a comprehensive review of the delegation matrix to ensure it aligns with the IDC operational needs and strategic goals. Additionally, the committee continues to consider regular updates on the performance of approved transactions, allowing for ongoing assessment and timely adjustments to optimise outcomes.

The committee is satisfied that it fulfilled its responsibilities for the reporting period including reviewing transactions, ensuring compliance and monitoring performance.

Chairperson

15 August 2025

Board Human Capital and Nominations Committee

This standing committee assists the Board by overseeing implementation of the approved remuneration philosophy and human capital policies, plans and performance goals for the Corporation. It also approves the nomination of non-executive directors to key IDC subsidiaries and major investee companies.

Composition and attendance

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

The committee held six meetings and one workshop, scheduled to review the IDC Remuneration Philosophy and Policy, including the approach to pay, principles for the determination of salaries and benefits and recognition of performance.

The table below depicts member attendance:

Members	Scheduled meetings	Workshop
BA Dames (Chairperson)	6/6	1/1
B Mabuza	6/6	1/1
B Godsell	6/6	1/1
A Kriel	5/6	0/1
Adv ND Orleyn	3/6	0/1

Activities and focuses

During the period under review, the committee reviewed its terms of reference for approval by the Board and reviewed and approved its annual workplan (as shown on the next page).

The committee constituted a recruitment panel and concluded the appointment of the CEO. A process was initiated to fill the vacancies of divisional executive for mining, metals, infrastructure and energy, for manufacturing and for industry planning and project development.

The committee considered a progress report on the achievement of employment equity targets against the Corporation's three-year employment equity plan. In the last year of the plan, progress had been made on black representation and female representation at management level. The Corporation achieved its target for people living with disabilities.

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

The committee engaged on the Corporation's talent and succession plans for executive roles and considered the leadership development framework and interventions to build capability and improve leadership bench strength.

Annual salary adjustments for staff and executives were considered and approved in line with the Corporation's remuneration philosophy and policy. A special intervention to retain critical skills was approved.

Future focus

The committee will maintain oversight on the filling of executive positions and will also ensure that the remuneration philosophy and policy remains fit for purpose. It will also oversee the ongoing review of culture transformation work that will lead to improved staff-engagement levels and high performance, while monitoring the culture shifts that have taken place.

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

Chairperson

15 August 2025

Board Social and Ethics Committee

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

As the IDC's financing activities and social impacts have a measurable impact on stakeholders, the committee monitored the impact of these activities.

Composition and attendance

During the year under review, the committee comprised six members, four non-executive directors and two executives. The CEO, COO and CRO are permanent invitees to committee meetings.

The committee held nine meetings, three of which were special meetings.

The table below depicts member attendance:

Members	Scheduled meetings	Special meetings
Adv ND Orleyn (Chairperson)	6/6	3/3
D Jarvis	5/6	2/3
A Kriel	5/6	2/3
T Legodi	5/6	3/3
S Mangole*	3/6	–
PM Mthethwa	4/6	2/3

** Appointed to the committee on 1 September 2024*

The committee monitors the implementation of the approved code of ethics and Conflict of Interest Policy to ensure that ethics are adequately governed and managed. During the year under review, it considered the report on the conflict of interest review conducted by internal audit, which concluded that the conflict of interest mechanisms were adequate, but with room for improvement.

Activities and focuses

The committee executed its mandate by reviewing its terms of reference and recommending them to the Board for approval. The terms were amended to factor in some legislative changes brought in to improve the scope of the Board Social and Ethics Committee and its composition. It also approved the annual workplan and monitored compliance with activities stated in the plan. An annual review of the committee's performance was conducted, the findings of which were noted and submitted to the Board.

Corporate governance reviews for investee companies and subsidiaries were considered and progress of the action plan to address gaps identified during committee evaluation reviewed to enhance its effectiveness and performance.

The committee noted the Corporation's continued promotion of its ethical culture through ethics awareness sessions and the annual ethics awareness week in November.

In line with its mandate, the committee provided oversight in managing reputational risk matters and approved the disclosure list of IDC-funded business partners for publishing on the Corporation's website. Additionally, it reviewed a report on reputationally sensitive matters involving clients.

The committee's discussions were often centred on promoting an ethical culture, evidenced by its examination of 14 forensic investigation reports of allegations of unethical behaviour, most against external parties. The committee also addressed 13 submissions from the Tip-offs Anonymous service, indicating a vigilant stance on internal and external integrity. The committee commended the training sessions to raise awareness of fraud, cybercrime, anti-money-laundering and corruption prevention. These sessions underscore the IDC's unwavering commitment to maintaining integrity. Management actions in response to negative findings against implicated parties were acknowledged. Issues included delinquency listings, disciplinary actions, referrals to law enforcement, civil litigations and notifications to professional entities. The committee commended the provision for training provided to four IDC subsidiaries.

Following a decline in the Corporation's B-BBEE rating from a level 2 contributor in 2020/21 to level 5 in 2021/22, the committee endorsed management's strategy to enhance performance. The IDC complied with all the priority elements of the B-BBEE scorecard, a key transformation metric. The Corporation achieved a level 4 rating in 2022/23. The certification is valid until November 2025.

During the period under review, the committee visited Social Employment Fund beneficiaries in Eastern Cape.

The committee considered and noted the results of the annual client experience survey. The survey targeted 300 business partners and was successfully concluded with 153 respondents – a 53% response rate – which is significantly lower than the previous year's 90%.

The ESRG and sustainability impact programme annual update was considered and efforts noted to integrate ESRG principles across all operations, from investment policies to post-investment management, ensuring a sustainable impact on the environment and society.

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

Chairperson

15 August 2025

Board Risk and Sustainability Committee Report

This standing committee oversees risk governance, financial sustainability, the independent portfolio and the development of the Corporation's risk appetite framework, ensuring that its portfolio risk profile is within risk appetite parameters.

Composition and attendance

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

The committee held seven meetings, one of which was specially constituted. The table below depicts member attendance:

Members	Scheduled meetings	Special meetings
PM Mthethwa (Chairperson)	6/6	1/1
LI Bethlehem**	0/6	0/1
BA Dames	4/6	1/1
A Kriel	6/6	1/1
NP Mnxasana	6/6	1/1

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

Activities and focuses

The committee performed its regular governance roles during FY 2024/25, including reviewing and recommending transactions and its terms of reference to the Board for approval. It also approved its FY 2024/25 annual workplan.

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

- Board Risk and Sustainability Committee integrated governance report
- Risk management and compliance programme
- Counterparty limits review
- Africa portfolio limits
- Business Continuity Management Policy
- Anti-financial-crime Compliance Policy
- Combined assurance report
- Risk appetite framework and updated industry limits methodology
- Impairment and Valuation Policy
- ESRG Risk Policy
- Listed investments review report
- Continental Strategy and investment guidelines to support the Strategy.

In addition, the committee reviewed and noted the IDC rating and pricing approach, sanctions position paper, BRICS participation, combined assurance report, CRO risk profile report, compliance overview and roadmap, compliance risk profile, records management inspection by the national archives, combined assurance plan and IDC liquidity crisis simulation exercise report.

Oversight formed a major part of the committee's work during FY 2024/25. The Corporation's strategic risks and their potential impact on the achievement of strategic goals were assessed, as was the adequacy of action plans and strategies to mitigate identified risks through the combined assurance model. The committee also focused on the top 20 non-performing loans and the status of the IDC portfolio under management, the status and adequacy of the information technology ecosystem and the status of compliance with Financial Intelligence Centre Act (FICA) provisions.

The committee, including Board members and management, participated in a liquidity crisis simulation exercise delivered by Deloitte on the IDC's blackout response plan and state of readiness given a total power grid failure, including scenarios of higher stages of loadshedding. This exercise aimed to assess management's ability to manage a possible liquidity crisis event and prevent a runaway situation (a bank run) that may lead to significant disruptions to IDC operations and threaten its continued existence.

Future focus

In FY 2025/26, the committee plans to embed its sustainability responsibility and focus strongly on regulatory compliance. It will keep a watching brief on the top 20 investments, assisting the Corporation to attain a balance on portfolio concentrations. Progress on the implementation of digitalisation and data management plans will be monitored closely.

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

Chairperson

15 August 2025

Chief Financial Officer's report

Performance overview

The Corporation's performance for 2024/25 was strongly influenced by an economic environment that remained under pressure, weighed down by weak global demand, declining commodity prices, and an ongoing logistical inefficiency that hampered South Africa's export capabilities.

Sectoral performance, where the IDC has significant exposure, resulted in the following headwinds:

- **Manufacturing:** The sector experienced marked slowdowns driven by persistent local constraints, including input cost pressures, compounded by broader global economic headwinds.
- **Mining:** Performance was negatively affected by inefficiencies in the rail and port infrastructure, declining commodity prices and subdued international demand.

IDC Group financial performance highlights – 2024/25

R329 million
(2023/24: R7.5 billion)
95.6%
Group profit

R21.7 billion
(2023/24: R23.4 billion)
7.3%
Group revenue

R16.3 billion
(2023/24: R15.9 billion)
2.5%
Disbursements

R134.5 billion
(2023/24: R154.6 billion)
13%
Group total assets

R21.3 billion
(2023/24: R19.5 billion)
9.2%
Impairments

52 %
(2023/24: 46%)
13.0%
Debt-to-equity ratio

The IDC Group reported a significant decline in profit to R329 million for 2024/25, compared to R7.5 billion in the previous financial year (2023/24). This decline in Group profit was mainly driven by:

- A R1.8 billion reduction in revenue, largely due to lower dividend income from investment companies, stemming from material unrealised dividends.
- A notable increase in impairments of R2.2 billion, reflecting heightened financial distress among business partners and a rise in non-performing loans.
- A R2.5 billion decrease in the share of profit from associates, stemming from ongoing operational challenges, weaker commodity prices and persistent logistical constraints that limited their export capacity and production volumes.

Despite these challenges, it is pleasing to report that the value of our disbursements increased by 2.5% to R16.3 billion, underscoring the Corporation's continued commitment to driving development impact. The Corporation remains focused on job creation initiatives, while contributing to inclusive growth and empowerment with targeted funding directed towards black-owned and black-empowered businesses, black industrialists, as well as women- and youth-owned enterprises.

The IDC Group assets decreased by 13.0% in 2024/25. This is primarily attributed to a fair value movement of R16.4 billion of our equity investments, both listed and unlisted. The key contributors include Kumba Iron Ore, Sasol, BHP Billiton and others. The performance of these entities was driven mainly by the headwinds in the commodity markets and operational challenges.

IDC performance indicators for the year emphasise effective execution and support for key developmental outcomes while upholding financial sustainability, organisational capabilities and market credibility. More information can be found on pages 34 to 37 of the Integrated Report (IR).

Statements of financial position

	Group restated		Company restated	
Figures in Rand million	**2025**	**2024**	**2025**	**2024**
Assets				
Cash and cash equivalents	**7 649**	12 548	**7 470**	8 016
Short-dated investments	**559**	1 100	**559**	1 100
Derivative assets	**1**	3	**–**	–
Trade and other receivables	**2 765**	2 989	**494**	841
Inventories	**2 429**	2 249	**2**	2
Current tax receivable	**16**	734	**16**	677
Lease receivable	**338**	436	**–**	–
Loans and advances	**43 546**	41 329	**49 181**	46 596
Investment securities	**34 023**	50 470	**32 107**	41 992
Non-current assets held for sale	**2 176**	–	**724**	–
Investments in subsidiaries	**–**	–	**22 447**	24 155
Investments in associates	**25 545**	27 824	**25 313**	26 944
Deferred tax asset	**7 902**	8 036	**5 683**	5 665
Investment property	**123**	308	**25**	26
Property, plant and equipment	**7 377**	6 444	**42**	39
Right of use assets	**25**	60	**222**	272
Intangible assets	**33**	33	**15**	23
Total assets	**134 507**	154 563	**144 300**	156 348
Equity and liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital	**1 393**	1 393	**1 393**	1 393
Reserves	**37 725**	49 851	**48 822**	61 597
Retained income	**56 418**	57 122	**39 846**	36 880
Non-controlling interest	**(96)**	(136)	**–**	–
Total equity	**95 440**	108 230	**90 061**	99 870
Liabilities				
Bank overdraft	**169**	202	**–**	–
Derivative liabilities	**7**	6	**–**	–
Trade and other payables	**2 576**	8 005	**595**	819
Lease liabilities	**39**	76	**324**	370
Current tax payable	**262**	–	**259**	–
Borrowings	**31 066**	28 513	**46 733**	45 689
Retirement benefit obligation	**349**	330	**199**	186
Deferred tax liability	**3 733**	8 586	**5 428**	9 078
Financial guarantees	**249**	216	**341**	299
Provisions	**617**	399	**360**	37
Total liabilities	**39 067**	46 333	**54 239**	56 478
Total equity and liabilities	**134 507**	154 563	**144 300**	156 348

Statements of profit or loss and other comprehensive income

	Group restated		Company restated	
Figures in Rand million	**2025**	**2024**	**2025**	**2024**
Continuing operations				
Revenue	**14 215**	16 593	**4 303**	6 229
Interest income	**7 451**	6 855	**7 430**	7 007
Total revenue	**21 666**	23 448	**11 733**	13 236
Finance costs	**(4 095)**	(3 141)	**(3 359)**	(3 054)
Other income	**518**	580	**–**	–
Loss on financial assets classified as amortised cost	**–**	(4)	**–**	(4)
Profit/(loss) on financial assets classified as FVTPL	**184**	(102)	**734**	(236)
Expected credit gains/(losses) on financial assets	**(3 171)**	(1 008)	**(3 303)**	1 475
Financial assets written off	**(728)**	(1 594)	**(508)**	(1 594)
Operating expenses	**(13 842)**	(14 419)	**(3 071)**	(2 679)
Operating profit	**532**	3 760	**2 226**	7 144
Income from associates	**6**	2 553	**–**	–
Profit before taxation	**538**	6 313	**2 226**	7 144
Taxation	**(363)**	100	**(432)**	(108)
Profit for the year from continuing operations	**175**	6 413	**1 794**	7 036
Profit from discontinued operations	**154**	68	**–**	–
Profit on loss of control	**–**	1 010	**–**	–
(Loss)/profit for the year	**329**	7 491	**1 794**	7 036
Other comprehensive income/(loss):				
Items that will not be reclassified to profit or loss:				
Retirement benefit obligation	**7**	14	**10**	15
Fair value movements on equity instruments	**(13 583)**	(4 741)	**(14 293)**	(10 574)
Share of comprehensive income/(losses) of equity accounted investments	**7**	(1 220)	**–**	–
Movements on property valuation	**252**	–	**–**	–
Income tax relating to items that will not be reclassified	**2 688**	645	**2 730**	1 821
Total items that will not be reclassified to profit or loss:	**(10 629)**	(5 302)	**(11 553)**	(8 738)
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	**165**	(1 201)	**–**	–
Total items that may be reclassified to profit or loss	**165**	(1 201)	**–**	–
Other comprehensive loss for the year net of taxation	**(10 464)**	(6 503)	**(11 553)**	(8 738)
Total comprehensive income/(loss) for the year	**(10 135)**	988	**(9 759)**	(1 702)
Profit for the year attributable to:				
Owners of the parent	**294**	7 403	**1 794**	7 036
Non-controlling interest	**35**	88	**–**	–
	329	7 491	**1 794**	7 036
Total comprehensive (loss)/income for the year attributable to:				
Owners of the parent	**(10 175)**	900	**(9 759)**	(1 702)
Non-controlling interest	**40**	88	**–**	–
	(10 135)	988	**(9 759)**	(1 702)

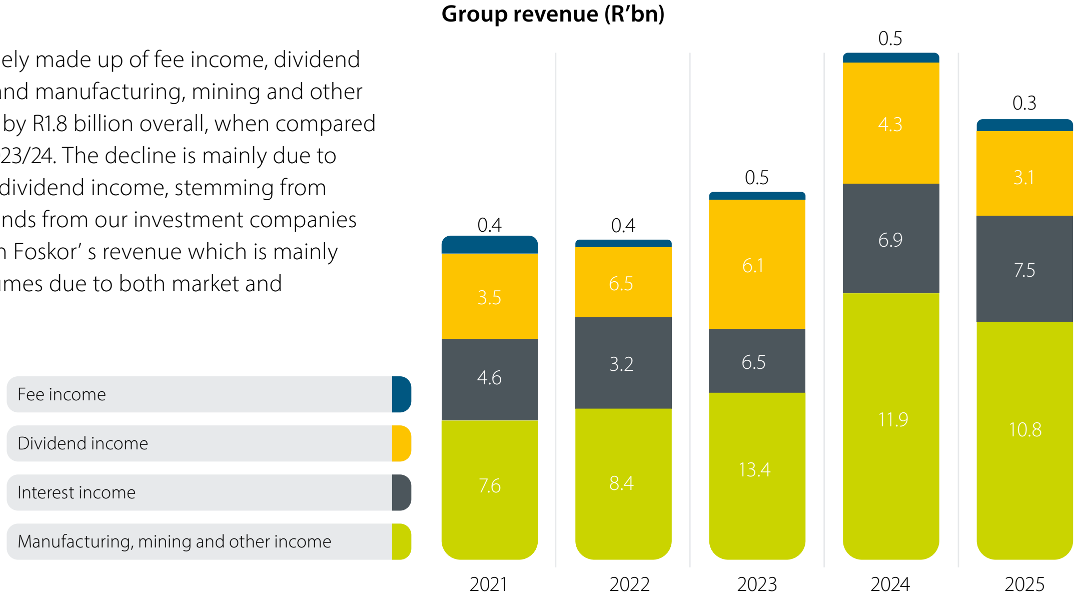
Statements of cashflows

	Group		Company	
Figures in Rand million	**2025**	**2024**	**2025**	**2024**
Cash flows from operating activities				
Cash used in operations	**(3 828)**	(3 609)	**(4 178)**	(4 512)
Interest received	**3 547**	3 599	**3 665**	4 007
Dividend received	**4 118**	5 974	**4 118**	5 335
Interest paid	**(2 471)**	(2 647)	**(2 437)**	(2 045)
Tax paid	**(523)**	(1 449)	**(565)**	(1 421)
Net cash from operating activities	**843**	1 868	**603**	1 364
Cash flows from investing activities				
Purchase of property, plant and equipment	**(1 164)**	(693)	**(26)**	(28)
Purchase of intangible assets	**(19)**	(7)	**(5)**	(5)
Purchase of financial assets	**(1)**	–	**–**	–
Acquisition of investments	**(312)**	(42)	**(312)**	(187)
Proceeds on realisation of investments	**200**	588	**196**	581
Deconsolidation due to loss of control	**(4 911)**	–	**(1 477)**	–
Acquisition of short-dated investments	**(2 163)**	(2 323)	**(2 163)**	(2 323)
Proceeds on realisation of short-dated investments	**2 705**	1 473	**2 705**	1 473
Net cash from investing activities	**(5 665)**	(1 004)	**(1 082)**	(489)
Cash flows from financing activities				
Repayments of lease liabilities	**(41)**	(32)	**(10)**	(66)
Dividend paid	**(50)**	–	**(50)**	–
Net cash from financing activities	**(91)**	(32)	**(60)**	(66)
Effects of exchange rate changes on cash and cash equivalents	**50**	–	**(6)**	–
Total cash movement for the year	**(4 863)**	832	**(544)**	809
Cash at the beginning of the year	**12 345**	11 524	**8 016**	7 218
Expected credit loss on cash and cash equivalents	**(2)**	(11)	**(2)**	(11)
Cash as disclosed per note	**7 480**	12 345	**7 470**	8 016

Group revenue

The Group revenue is largely made up of fee income, dividend income, interest income and manufacturing, mining and other income, and has reduced by R1.8 billion overall, when compared to revenue achieved in 2023/24. The decline is mainly due to a R1.2 billion reduction in dividend income, stemming from material unrealised dividends from our investment companies and R412 million decline in Foskor' s revenue which is mainly driven by lower sales volumes due to both market and operational factors.

Group revenue (R'bn)



Subsidiary and associate performance

The performance of IDC's subsidiaries and associates reflected the challenges of a difficult economic environment, with lower export volumes and operational cost pressures.

Foskor experienced a notable decline, turning a R367 million profit in 2023/24 into a loss of R277 million for 2024/25, mainly driven by high operating expenses as a result of aging infrastructure that demands frequent and costly maintenance, as well as energy-intensive operations made worse by escalating Eskom tariffs and load shedding, amongst other factors. The past financial year has been a period of continuous and intersecting global volatility and disruptions. During this time, the primary focus of the business was ensuring compliance with the new atmospheric emissions standards. For the first time in Foskor's history, all three sulphuric acid plants were simultaneously down which had a negative impact on production and sales. Both sefa and Prilla showed improvement.

sefa posted R154 million in profit in 2024/25, an increase from a loss of R41 million realised in 2023/24, while Prilla reduced its losses by more than 50%.

On 23 July 2024, the President signed the amendment to the National Small Enterprise Amendment Act of 1996 ("the Act") to establish a new entity, Sedfa, which incorporated sefa, the Small Enterprise Development Agency (Seda) and the Cooperative Banks Development Agency (CBDA). The Act provided that, as of 1 October 2024, all assets, liabilities, rights and obligations of sefa, including the unexpended balance of appropriations, authorisations, allocations and other funds employed, held or used in connection with the furtherance of its objectives and functions, pass to Sedfa. sefa has since transferred its assets and liabilities to Sedfa for no consideration effective 1 October 2024. On that date, sefa's Net Asset Value (NAV) amounts to R2.6 billion.

The income from associates was subdued at R6 million in 2024/25 (R2.6 billion in 2023/24) reflecting the inefficiencies in the rail and port infrastructure, declining commodity prices and subdued international demand. The IDC Group continues to monitor these investments closely, focusing on restructuring and sustainable support.

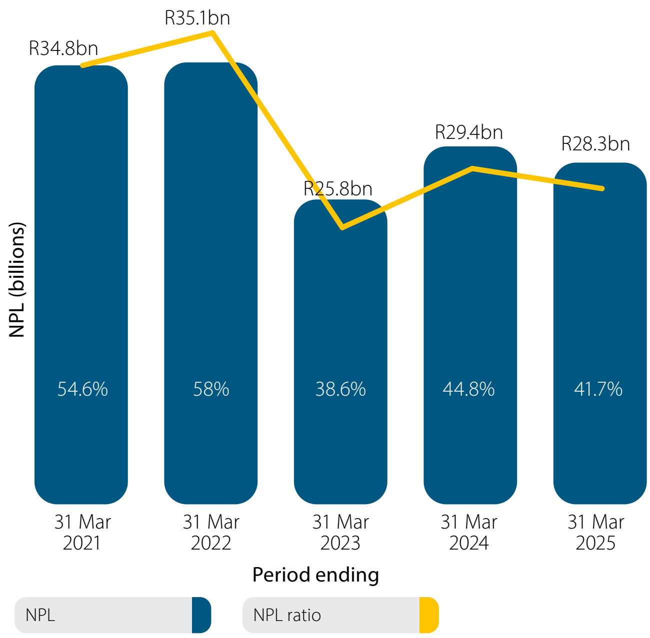
Non-performing loans, impairments and write offs (Company)

The Corporation continued to address the quality of loans on the book, to lower impairments and write offs and to attract good-quality loans that will be repaid.

Despite management efforts to continuously reduce impairment risk and optimise the balance sheet, impairments remained elevated at R21.3 billion in 2024/25 compared to R19.5 billion in 2023/24. The impairment ratio as a percentage of the total book is 30.6% (2023/24: 36.3%) while the IFRS NPL ratio is 41.7% (2023/24: 44.8%), which represents the loan book classified under stage 3.

Difficult economic and trading conditions facing our business partners are leading to defaults and breaches, despite the approval and implementation of interventions (e.g., partial settlements, payment plans and partial write off). The IDC has intensified its interventions to manage distressed assets and to improve overall assets quality.

NPL five-year trend analysis



Group asset base

The IDC Group saw a reduction of 13.0% in total assets from R154.6 billion in 2023/24 to R134.5 billion in 2024/25, largely due to fair value decline across listed and unlisted IDC investments which amounted to a net fair value of R16.4 billion. Key equity investments by companies like Kumba Iron Ore, Sasol and BHP experienced a significant markdown in 2024/25 due to commodity price volatility, weak global demand and rising operational costs among other factors.

The decline in the fair value of our top three listed investments for 2024/25 were:

- **Kumba Iron Ore** (R6.2 billion) fair value was affected by a combination of factors, including declining iron ore prices. In addition to weak iron ore prices, Kumba has been impacted by reduced sales volumes following its decision to reconfigure its business to a lower production profile from 2024 to 2026 in line with Transnet rail capacity.
- **Sasol** (R3.7 billion) share price continues to underperform on the back of weak international petrochemical prices, operational challenges at its coal mines (e.g. poor-quality coal, etc.) as well as concerns over its ability to generate free cash flows required to reduce its high debt levels and pay dividends to shareholders.
- **BHP** (R2.5 billion) has been impacted mainly by the weakness in iron ore prices partially offset by a marginal increase in copper prices and increased sales volumes due to a strong operational performance relative to prior years.

The Corporation is actively pursuing reallocation strategies to stabilise its investment base and shield performance from cyclical downturns in the resources sector.

More information on our financial sustainability can be found on page 46 of the IR.

Borrowings and funding model

The IDC primarily funds its activities through a combination of domestic and international borrowings, divestment from mature equity holdings, and income generated from its lending and investment activities.

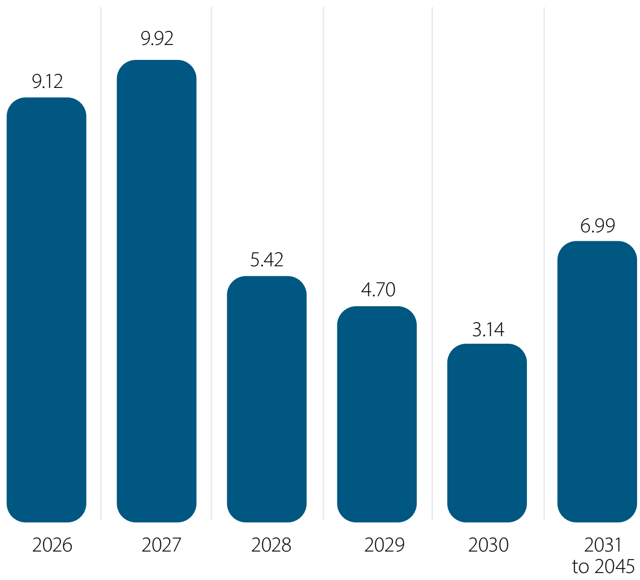
The Company's total borrowing increased modestly by 2.2% in 2024/25, supported by strong liquidity access and capital market participation. The Corporation raised R8.3 billion in new funding, of which R2 billion was raised through the inaugural Sustainability bond issuance. More details on the Sustainable bond framework can be found on our website.

The Corporation's debt to equity ratio has remained resilient at 52% (2023/24: 46%). At a mini-group* level the debt-to-equity ratio is 33.4% (2023/24: 29.2%). This is well below the Group's sustainability guideline of 60%. The Group continues to exercise diligence in managing its gearing to maintain financial flexibility while fulfilling its developmental obligations.

The Corporation is expecting a smooth debt maturity profile with a notable redemption spike in 2026/27.

* *Mini-group consists of IDC company and three wholly owned subsidiaries*

Debt maturity (R'bn)



Irregular expenditure

Reconciliation of irregular expenditure

	Group		Company	
Figures in R'000	**2024/25**	**2023/24**	**2024/25**	**2023/24**
Opening balance	**27 574 813**	21 634 300	**33 062**	26 550
Add: Irregular expenditure confirmed	**4 463 171**	5 940 513	**227**	6 512
Closing balance	**32 037 984**	27 574 813	**33 289**	33 062

a) Reconciling notes to the annual financial statement disclosure

	Group		Company	
Figures in R'000	**2024/25**	**2023/24**	**2024/25**	**2023/24**
Irregular expenditure for the current year	**4 463 171**	5 940 513	**227**	6 512
Total	**4 463 171**	5 940 513	**227**	6 512

b) Details of current and previous year irregular expenditure (under assessment, determination and investigation)

	Group		Company	
Figures in R'000	**2024/25**	**2023/24**	**2024/25**	**2023/24**
Irregular expenditure under assessment	**–**	231	**–**	231
Total	**–**	231	**–**	231

During 2024/25, the IDC Group reported R4.5 billion of irregular expenditure, an improvement against irregular expenditure of R5.9 billion reported in 2023/24. This improvement is attributable to Foskor, which had been the largest contributor in the previous year. In 2024/25, Foskor accounted for R4.4 billion in irregular expenditure, mainly due to procurement of goods, works or service which was not done in line with the PFMA and Treasury Regulations requirements. The remaining irregular expenditure of R51 million is attributed to other subsidiaries, Lodox and Prilla.

The IDC Company reported R227 000 irregular expenditure declared in 2024/25, a significant improvement from prior years' irregular expenditure of R6.5 million. These results reflect IDC's strengthened internal controls, governance and commitment to compliance.

Outlook

As we look forward, we remain focused on creating sustainable, long term value through strategic investments that drive industrialisation, job creation and inclusive growth.

The Corporation continues to focus on the following strategic areas

- **Driving diversification and jobs-rich industrialisation**
  The Corporation supports businesses in upgrading along value chains and managing production complexities to enhance local value addition and employment creation.
- **Supporting green growth and low-carbon transitions**
  The IDC prioritises investment in green growth sectors such as renewable energy, green hydrogen, battery manufacturing and critical minerals to accelerate South Africa's transition to a low-carbon economy.
- **Deepening regional value chains for Africa's prosperity**
  Through its critical minerals game plan, the IDC aims to establish regional value chains essential for the global energy transition, including renewables, EVs, hydrogen, battery storage and digital technologies.
- **Promoting economic enablers of sustainable industrial development**
  The IDC targets industrial infrastructure, especially in transport and logistics, to unlock industrial growth and support broader development goals.

To sustain and enhance our value creation, we will continue to refine our investment strategies, ensuring alignment with our risk appetite and developmental mandate. Greater focus will be placed on portfolio optimisation, leveraging balance sheet strength and divesting from underperforming assets where necessary. The Corporation will expand co-investment partnerships to amplify developmental impact while mitigating funding and concentration risk.

Basis of presentation

This report is based on the audited annual financial results of the IDC Group for the year ended 31 March 2025. The figures are presented in South African rand (R million) and conform to IFRS accounting standards. Comparative figures for 2023/24 have been restated where necessary. Key financial ratios and balances reflect the Group's consolidated performance.

All efforts have been made to ensure the report reflects the true and fair view of IDC's financial position and operational context.

Appreciation

I acknowledge the sterling contribution of the financial management team and our colleagues across the organisation, whose dedication and hard work in the year under review has enabled us to deliver commendable results despite the complex and challenging operating environment. My sincere gratitude and appreciation go to the Chairperson of the Board, the Board Audit Committee and all Board members for their unwavering support, strategic oversight and valuable guidance throughout the year.

Isaac Malevu
Chief Financial Officer

INDEPENDENT AUDITORS' SUSTAINABILITY ASSURANCE REPORT

Independent assurance practitioner's report

Independent assurance practitioner's limited assurance report on selected sustainability key performance indicators of the Industrial Development Corporation of South Africa Limited

To the Directors of the Industrial Development Corporation of South Africa Limited

Report on selected key performance indicators

We have undertaken a limited assurance engagement on selected sustainability key performance indicators (selected sustainability KPIs), as described below and presented in the Annual Integrated Report of the Industrial Development Corporation of South Africa Limited (IDC) for the year ended 31 March 2025 (the Report). This engagement was conducted by a multidisciplinary team including specialists with relevant experience in sustainability reporting.

Subject matter

We have been engaged to provide a limited assurance conclusion on the selected sustainability KPIs in the table and marked with a "LA" in the Report. The selected sustainability KPIs below have been prepared in accordance with the IDC Reporting guidelines (Reporting Criteria), which are set out on pages 3 to 5.

Material matter	Key performance indicator	Unit of measurement	Boundary
Human capital	Talent Retention (voluntary turnover rate of individuals in critical roles)	%	IDC Ltd
	Leadership index (360 leadership survey)	Number	IDC Ltd
Socioeconomic development	Number and Value of Social and Solidarity economic enterprises and initiatives funded	Number	IDC Ltd
	Number of workers' and community funds	Number	IDC Ltd
Socioeconomic development	Scope 1 carbon emissions	tCO_2e	IDC Sandton Office
	Scope 2 carbon emissions	tCO_2e	IDC Sandton Office
	Scope 3 Carbon emissions (Financed emissions)	tCO_2e	IDC Ltd
Client expectations	Customer satisfaction index (scale of 1–10)	Number	IDC Ltd
	Percentage of application where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions and 180 days for complex transactions (excluding projects, time waiting for client and days between ECIC approval and BIC/Board submissions)	%	IDC Ltd
Partnerships	Leadership index (360 leadership survey)	Rand	IDC Ltd
Governance, risk and compliance	Percentage of employees who completed the annual on-line staff declarations	%	IDC Ltd
	Percentage of employees who completed the communication and training on anti-corruption policies and procedures	%	IDC Ltd

Directors' responsibilities

The Directors are responsible for the selection, preparation, and presentation of the selected KPI's in accordance with the accompanying IDC reporting criteria. This responsibility includes the identification of stakeholder and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPI's and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling, or estimating such data. Qualitative interpretations of relevance, materiality, and the accuracy of data are subject to individual assumptions and judgments. We will not conduct any work outside of the agreed scope and therefore restrict our conclusion to the assurance objectives set out herein.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management 1: Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion that the selected sustainability KPIs are prepared, in all material respects, in accordance with the IDC reporting criteria. Our engagement will be performed in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. ISAE 3000 is an overarching assurance standard which addresses all assurance engagements (both reasonable and limited) other than audits or reviews of historical financial information. The ISAE 3000 Standard requires us to plan and perform our engagement to obtain limited assurance about whether the selected sustainability KPIs are free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of the selected sustainability KPIs and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected sustainability KPIs, whether due to fraud or error.

A limited assurance is a lower level of assurance, conducted in accordance with ISAEs, but is not a guarantee that it will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the subject matter information.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

In a limited assurance engagement, our engagement does not constitute an audit or review performed in accordance with the International Standards on Auditing or International Standards on Review Engagements and consequently an audit opinion or review conclusion will not be expressed. We shall not be responsible for reporting on any transactions beyond those covered by our limited assurance engagement. As part of an assurance engagement in accordance with ISAEs, we exercise professional scepticism throughout the engagement.

Given the purpose of the engagement, in performing the procedures listed above, we:

- Made enquiries with management to obtain an understanding on how the subject matter information was prepared, the internal controls environment, and information systems relevant to the sustainability reporting process.
- Performed walkthroughs of the systems, processes, and controls to collate, aggregate, validate and reported data.
- Reviewed information provided by third parties where applicable and make additional enquiries where necessary.
- Inspected supporting documentation on a sample basis and performed procedures to verify management's reporting processes against the reporting criteria.
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by management in the preparation of the selected sustainability information.
- Evaluated whether the selected sustainability KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the IDC.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express any reasonable assurance opinion about whether the IDC's selected sustainability KPIs have been prepared, in all material respects, in accordance with the accompanying IDC reporting criteria.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out the Subject Matter paragraph above for the year ended 31 March 2025 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matters

Our report includes the provision of limited assurance on scope 1, scope 2 and scope 3 – financed emissions and spend on corporate sponsorships. These selected sustainability KPIs were previously not required to provide assurance on. The reputation survey score KPI scoped for assurance in the prior year was not scoped for assurance. The definitions of the previously assured KPIs, communication and training on anti-corruption policies and procedures, and a process is in place for annual online staff declarations and analysis of results have been changed to percentage of employees who completed training on anti-corruption policies and procedures and percentage of employees who completed the annual on-line staff declarations respectively. All relevant changes to the selected sustainability KPIs are indicated in the subject matter table above.

The maintenance and integrity of the IDC website is the responsibility of IDC management. Our engagement and procedure did not involve the consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Integrated Report or our independent limited assurance report that may have occurred since the initial date of presentation on the IDC website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability KPIs to the Directors of the IDC in accordance with the terms of our engagement and for no other purpose. We do not accept or assume liability to any party other than the IDC, for our work for this report, or for the conclusion we have reached.

BDO South Africa Incorporated
Registered Auditors

C Mashishi
Director

Registered Auditor

28 August 2025

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Perspective	Performance indicator	Achieved
Organisational capabilities	Customer satisfaction index (Scale 1-10)	8.3
	Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions and 180 business days for complex transactions (excluding projects, time waiting for client and days between	Complex transactions – 65% Non-complex transactions – 41.54%
Strategic positioning and stakeholder alignment	Corporate sponsorships spend	R17 014 570.66
Socioeconomic development	Number and value of social and solidarity economy enterprises and initiatives funded	15 totalling R69 million
	Number of worker's and community trusts	6
	Scope 1 carbon emissions (tCO_2e)	209
	Scope 2 carbon emissions (tCO_2e)	3720
	Scope 3 financed emissions ($ktCO_2e$)	16 070
Human capital	Talent retention (voluntary turnover rate of individuals in critical roles)	4.80
	Leadership index (360 leadership survey)	Average 4
Governance risk and compliance	Percentage of employees who completed the annual on-line staff declarations	54%
	Percentage of employees who completed the communication and training on anti-corruption policies and procedures	39%

List of abbreviations and acronyms

AfCFTA	African Continental Free Trade Area
AGSA	Auditor-General South Africa
BEE	Black Economic Empowerment
B-BBEE	Broad-based Black Economic Empowerment
BRSC	Board Risk and Sustainability Committee
BSEC	Board Social and Ethics Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGISA	Chartered Governance Institute of Southern Africa
CO_2e	Carbon dioxide equivalent
COO	Chief Operations Officer
COP29	29th Conference of the Parties to the United Nations Framework Convention on Climate Change
COVID-19	Coronavirus disease 2019
CRAD	Compliance and Regulatory Affairs Department
CRO	Chief Risk Officer
CSI	corporate social investment
CSIR	Council for Scientific and Industrial Research
CTFL	Clothing, textile, footwear and leather
DFI	Development finance institution
ESG	environmental, social and governance
ESRG	environmental, social, resilience and governance
EU	European Union
ExCo	Executive Committee
FICA	Financial Intelligence Centre Act 38 of 2001
FVTPL	fair value through profit or loss
FY	Financial year
GDP	Gross domestic product
GHG	Greenhouse gas
GNU	Government of National Unity
GRI	Global Reporting Initiatives
ICE	Internal combustion engine
ICMA	International Capital Markets Association
IDC	Industrial Development Corporation
IDC Act	Industrial Development Corporation Act 22 of 1940, as amended
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors in South Africa
ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
IT	Information Technology
km	kilometres
King IV	King Report on Corporate Governance for South Africa
KPI	key performance indicators
MBA	Master of Business Administration
MoU	memorandum of understanding
MTDP	Medium-term Development Plan
NDP	National Development Plan
NGOs	non-governmental organisations
NPO	non profit organisations
PCAF	Partnership for Carbon Accounting Financials
PFMA	Public Finance Management Act No. 1 of 1999
PGM	platinum group metals
SADC	Southern African Development Community
SBF	Sustainability Bond Framework
SDG	Sustainable Development Goals
SEF	Social Employment Fund
SME	small and medium enterprises
SOE	state-owned enterprise
SPO	Second Party Opinion
tCO_2eq	tonnes of CO2 equivalent
the dtic	Department of Trade, Industry and Competition
US	United States
WWF	Worldwide Fund for Nature

Contact information

Head office

Gauteng

19 Fredman Drive, Sandown 2196
PO Box 784055, Sandton 2146
Tel: 011 269 3000 | Fax: 011 269 3116
Email: callcentre@idc.co.za

Regional offices

Eastern Cape

East London
2nd Floor Block B, Chesswood Office Park,
Winkley Street, Berea, East London
PO Box 19048, Tecoma 5214
Tel: 043 721 0733/4 | Fax: 043 721 0735
Email: eceast@idc.co.za

Gqeberha
Southern Life Gardens,
Block A (Ground) 70 2nd Avenue,
Newton Park, Gqeberha
PO Box 27848, Greenacres, Gqeberha 6057
Tel: 041 363 1640 | Fax: 041 363 2349
Email: ecwest@idc.co.za

Free State

Bloemfontein
No 10 Barnes Street, 2nd floor,
Westdene, Bloemfontein
Private Bag X11, Suite 25, B hof 9324
Tel: 051 411 1450 | Fax: 051 447 4895
Email: fs@idc.co.za

KwaZulu-Natal

Durban
Suite 2101, 21st Floor,
The Embassy Building,
199 Anton Lembede Street, Durban
PO Box 2411, Durban 4000
Tel: 031 337 4455 | Fax: 031 337 4790
Email: kzn@idc.co.za

Limpopo

Polokwane
1st Floor, Baobab Office Park,
Cnr Munnik Avenue and Range Entrance Road,
Polokwane 0699
Tel: 015 299 4080/4099 | Fax: 015 295 4521
Email: polokwane@idc.co.za

Mpumalanga

Mbombela
Maxsa Building, 15 Ferreira Street, Suite 702,
7th Floor, Mbombela
PO Box 3724, Mbombela 1200
Tel: 013 752 7724 | Fax: 013 752 8139
Email: mp@idc.co.za

Emalahleni
Room 304, 3rd Floor, Smokey Mountain Office Park,
Route N4 Business Park, Ben Fleur X11,
Witbank, 1035
Tel: 013 658 2960
Email: mp@idc.co.za

Northern Cape

Kimberley
Sanlam Business Complex,
13 Bishops Avenue,
Kimberley 8301
PO Box 808, Kimberley 8300
Tel: 053 807 1050 | Fax: 053 832 7395
Email: kimberley@idc.co.za

North West

Rustenburg
Suite 16, New Heights Office Park,
67 Brink Street,
Rustenburg
Postnet Suite 290,
Private Bag X82245,
Rustenburg 0030
Tel: 014 591 9660/1 | Fax: 014 592 4485
Email: nw@idc.co.za

Brits
Suite 108, Safari Centre,
28 Van Velden Street,
Brits 0250
Tel: 012 252 0008 | Fax: 012 252 4657
Email: nw@idc.co.za

Mahikeng
1B Mikro Plaza, Cnr First Str/Bessemer Str,
Industrial Sites,
Mafikeng 2791
Tel: 018 397 9942
Email: nw@idc.co.za

Western Cape

Cape Town
Grand Parade House, 5th Floor,
33 on Heerengracht Street, Foreshore,
Cape Town 8001
Tel: 021 421 4794 | Fax: 021 419 3570
Email: wc@idc.co.za

Administration

Directors

Executives

M Lekhethe*
D Jarvis**

* *M Lekhethe was appointed CEO on 1 February 2025*

** *D Jarvis was interim CEO until 31 January 2025*

Non-executive

Busisiwe Mabuza (Chairperson)
Brian Dames
Bobby Godsell
André Kriel
Dr Sizeka Magwentshu-Rensburg
Susan Mangole*
Nomavuso Mnxasana
Philisiwe Mthethwa
Adv Thandi Orleyn

* *Susan Mangole (appointed to the Board 1 June 2024)*

Auditors

Deloitte (Johannesburg)
BDO (Johannesburg)

Registered office

IDC
19 Fredman Drive
Sandown 2196
PO Box 784055
Sandton 2146

Telephone +27 (11) 269 3000
Fax: +27 (11) 269 3116 Email: callcentre@idc.co.za

Email: service@idc.co.za
Call centre contact number: 0860 693 888

Website: www.idc.co.za

Group Company Secretary

Adv Maseapo Kganedi

Registration number

1940/014201/06

Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa

19 Fredman Drive
Sandown 2196

PO Box 784055
Sandton 2146

Telephone +27 (11) 269 3000
Fax: +27 (11) 269 3116

Email: callcentre@idc.co.za
Email: service@idc.co.za

Call centre contact number: 0860 693 888