AP MALINGA (52)
Divisional Executive: Mining and Metals Industries
BSc (Geology) (UCT), MBL (UNISA)

L MATSHEKGA (43)
Divisional Executive: Agro, Infrastructure and New Industries
BCom General (UWC), BCom Hons Financial Analysis and Portfolio Management (UCT), Masters in Development Finance (USB), Global Executive Development Programme (GIBS)

SAU MEER (55)
Divisional Executive: Chemicals and Textiles Industries
BSc (Mechanical Engineering) (Natal), MBL (UNISA), Advanced Management Programme (Insead), Executive Development Programme (GIBS)

WH SMITH (56)
Divisional Executive: High Impact and Regions
Pr Eng, BEng (Civil) (Stell), GDE (Civil) (Wits)

Gender split
- 04 – Female
- 08 – Male

Population group split
- 09 – Black
- 03 – White
PERFORMANCE OVERVIEW

**Value of funding approvals**

- 2017: R13.1bn
- 2016: R11.5bn
- 2015: R14.5bn
- 2014: R15.3bn
- 2013: R13.8bn

**Value of funding disbursed**

- 2017: R16.0bn
- 2016: R11.2bn
- 2015: R10.9bn
- 2014: R11.4bn
- 2013: R11.0bn

**Number of jobs expected to be created and saved**

- 2017: 22,900
- 2016: 23,000
- 2015: 20,400
- 2014: 15,300
- 2013: 20,900

**Value of funding for black-empowered and black-owned companies**

- 2017: R10.1bn
- 2016: R4.9bn
- 2015: R5.9bn
- 2014: R5.4bn
- 2013: R1.6bn

**Value approved and number of approvals for youth-empowered enterprises**

- 2017: R2.3bn
- 2016: R1.2bn
- 2015: R0.3bn
- 2014: R0.3bn
- 2013: R0.1bn

**Value approved and number of approvals for women-empowered enterprises**

- 2017: R3.4bn
- 2016: R3.2bn
- 2015: R2.6bn
- 2014: R2.4bn
- 2013: R2.3bn
**Value approved by sectoral focus area (2017)**

- **R498m** Metals & mining value chain
- **R55m** Agro-processing & agriculture value chain
- **R2 051m** Chemicals & pharmaceuticals value chain
- **R1 840m** Industrial infrastructure
- **R1 840m** Clothing, textiles, leather & footwear
- **R1 614m** Media & motion pictures
- **R2 237m** New industries
- **R2 024m** Other manufacturing, tourism & services

**Number of transactions approved by sectoral focus area (2017)**

- **54** Metals & mining value chain
- **7** Agro-processing & agriculture value chain
- **25** Chemicals & pharmaceuticals value chain
- **13** Industrial infrastructure
- **23** Clothing, textiles, leather & footwear
- **5** Media & motion pictures
- **14** New industries
- **34** Other manufacturing, tourism & services

**Value approved by region (2017)**

- **R2 065m** Eastern Cape
- **R300m** Free State
- **R4 932m** Gauteng
- **R1 896m** KwaZulu-Natal
- **R1 031m** Limpopo
- **R1 771m** Western Cape
- **R85m** Rest of Africa

**Number of jobs expected to be created and saved by region (2017)**

- **2 423** Eastern Cape
- **363** Free State
- **6 345** Gauteng
- **2 419** KwaZulu-Natal
- **3 478** Limpopo
- **4 060** Western Cape
- **641** Northern Cape
- **829** Eastern Cape

**Funding approved for SMEs**

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**Utilisation of funds approved (2017)**

- **29%** Capacity expansions
- **46%** Projects & new start-ups
- **10%** Ownership changes
- **13%** Distressed businesses
- **2%** Expansionary ownership changes

*Excluding funding from sefa*
LEADING INDUSTRIAL CAPACITY DEVELOPMENT

METALS AND MINING VALUE CHAIN
This value chain includes mining and the manufacturing of basic metals, metal products, machinery, motor vehicles and components, and other transport equipment.

With global demand and prices for commodities and basic metals subdued over a large part of the year, mainly as a result of lower input requirements in China, the mining and metals processing industries have been under pressure. This is evident in the mining industry’s value add contracting by 4.7% during 2016 following the rebound experienced in 2015. The domestic steel industry has also been severely impacted, with ArcelorMittal SA continuing to post losses and Evraz Highveld Steel still under business rescue. A drop in capital expenditure by the private sector and public corporations as well as reduced consumer spending impacted downstream industries negatively.

Our activities in this value chain are aimed at ensuring a globally competitive downstream metals industry. We achieve this through direct intervention in value-adding industries and by developing basic metals industries so that competitively priced inputs can be supplied.

The mining industry, as a key supplier of raw materials to the metals and other downstream industries throughout the economy, is also an important consideration in our strategies for this value chain. Apart from the potential benefits that a competitive mining sector can bestow on downstream industries, it assists with the development of rural communities where projects are implemented in a sustainable manner.

FUNDING ACTIVITY
The gross value of funding approved in 2017 for this value chain increased by 41.7% to R8.5 billion (2016: R6.0 billion). Funding for both downstream and upstream industries increased, although despite this increase in funding approved, funding disbursed declined by 28.5%.

In support of our drive to develop downstream sectors, the motor vehicle industry saw a R1.6 billion boost in funding approved. Our proactive activities to attract investment by OEMs resulted in the partnership with Chinese vehicle manufacturer BAIC Group to establish a new car plant in Port Elizabeth. The benefits of this investment will be further leveraged through commitments to increase local content during the construction and operational phases of the plant.

The R0.9 billion increase in funding for the fabricated metals industry was largely driven by continued support for Scaw Metals. During the year, we were able to complete negotiations for the restructuring and introduction of strategic partners into this subsidiary, which recorded a loss of R787 million during 2017 (2016: R1.1 billion). The proposed transaction is awaiting regulatory approval. We envisage that, when implemented, this will result in significant improvements in the business and a turnaround in its financial performance. We also continued to support Scaw to comply with environmental regulations and perform remedial work.

Levels of funding for the industry were also boosted with the approval of funds for a new aluminium beverage can factory to be built in Germiston by a Black Industrialist.

Funding for the mining industry increased by R1.3 billion. This resulted from the restructuring of existing facilities and additional funding for the Kalagadi Manganese project in the Northern Cape. Full operation of the mine was hampered by delays, but construction of the mine, plant, and connecting infrastructure has now been completed and the project is ready to start operation in full.

With the unwinding of Exxaro’s BEE transaction, we approved funding for the replacement BEE transaction to ensure that Exxaro maintains a significant level of black shareholding. In support of our strategy to ensure security of supply for energy minerals, we continued to provide funding for a number of coal projects that will supply Eskom.

The momentum in levels of funding for the machinery and other transport equipment sector could not be maintained, with a R0.8 billion decline in the funds approved for these industries. Despite the decline, we continued our support for the industry with funding approved for several projects. This included funding for Black Industrialists to acquire an engineering firm specialising in the design and manufacture of pneumatic cylinders and the manufacturing of valves, electric transformers, electrical and solar geysers and rolling stock components in support of infrastructure programmes.

STAKEHOLDER ENGAGEMENT
In response to the crisis experienced in the steel industry, government established the Steel Industry Task Team in 2015. We are active participants on this team, which is seeking ways to improve competitiveness in this industry.

We also continued engagements with Eskom, Transnet and the Passenger Rail Agency of South Africa (PRASA) to increase levels of local content in their capital investment programmes, and with automotive assemblers to increase the local manufacturing of components for motor vehicles.

DEVELOPMENT OUTCOMES
The employment impact of the transactions that were approved during the year will be felt through an expected 8 982 jobs to be created (2016: 6 881) and 268 jobs to be saved (2016: 1 000). Our commitment towards transformation in the industry is evident, with 54% of the value of funding aimed at black-empowered companies (2016: 42%). This is further illustrated through levels of funding for Black Industrialists and women- and youth-empowered businesses increasing in comparison with 2016 by R1.7 billion, R1.9 billion, and R94.7 million respectively.

OUTLOOK
Despite the challenges experienced in segments of the value chain, our role as a countercyclical and long-term funder allows us to find ways to address these. In addition, we continue to identify various opportunities in the value chain that can lead to new investment (see page 34).

Given this, we are targeting the provision of R6.6 billion in funding for these industries in 2018. While we expect to reduce funding for capital-intensive sectors to some extent, we are aiming to increase funding for the more labour-intensive sections of the value chain.
CASE STUDY

BAIC AUTOMOBILE SA

As the first new car plant to be built in South Africa in 40 years, the BAIC project is evidence of international investors’ confidence in basing their off-shore manufacturing capacity in South Africa. The first phase of the plant, to be built in Port Elizabeth, Eastern Cape, will have the capacity to make 50 000 cars per annum.

One of the strategies that we have been pursuing over a number of years to further develop the local motor vehicle industry concerned the establishment of a plant to manufacture vehicles for a number of original equipment manufacturers (OEMs). While engaging foreign companies as potential partners for this multi-OEM project, we were able to convince BAIC, a Chinese OEM, of the merits of establishing a plant in South Africa as part of its expansion into foreign markets.

The first phase of the factory will consist of a body shop, paint shop, and a trim and assembly plant. Later phases of the project could result in the development of a supplier park next to the plant and capacity being doubled to produce 100 000 vehicles per year.

Components that will be sourced locally include interior and exterior trim, plastic and rubber components, wiring harnesses, air-conditioning systems, rims, tyres, windscreens, body panels, chassis components and assemblies, and some engine component parts. Local materials will also be used during the construction of the plant.

The motor vehicle industry has strong linkages to the rest of manufacturing and other sectors of the economy. The project itself will support 784 jobs during operation, but through these linkages, up to 18 100 jobs will be supported throughout the economy.

The Minister of Economic Development along with officials from the IDC and BAIC at the sod turning ceremony.
METALS AND MINING VALUE CHAIN

**FOCUS AREA**

- **MINING**
  - Development of viable mining projects contributing to sustainable communities
  - Security of supply of energy minerals

- **BASIC METALS**
  - Development of competitive base metals industries
  - Improve competitiveness of primary steel industry

- **FABRICATED METALS**
  - Production of metal products such as coil, pipes, tubes, rods, wire, cables etc. including aluminium body sheets and aluminium rod

- **MACHINERY AND EQUIPMENT**
  - Manufacture of power generation, transmission and distribution equipment (including renewable energy)
  - Manufacture of equipment for mining, quarrying and construction
  - Manufacture of equipment for bulk handling and heavy lifting
  - Manufacture of equipment for oil and gas, water handling, storage and distribution

- **MOTOR VEHICLES, PARTS AND ACCESSORIES**
  - Increasing motor vehicle and medium and commercial heavy vehicle assembly capacity
  - Manufacture of automotive parts and components (e.g. catalytic converters)

- **OTHER TRANSPORT EQUIPMENT**
  - Manufacture or assembly of rail and rolling stock, as well as parts and components (including forged train wheels)
  - Manufacture or assembly of boats and aircraft, as well as parts and components (including support for fishing recapitalisation programme)

**INDUSTRY RESEARCH COMPLETED**

- Analysis of the uranium value chain
- Analysis of the vanadium value chain with strategic assessment of redox flow battery technology
- Analysis of the automotive components value chain
- The potential to attract yellow metal OEMs
- The shipbuilding industry
- An analysis of the South African gas cylinder value chain
- The mining and construction machinery and equipment value chain
- The motor vehicles, parts and accessories value chain
- South Africa’s chrome value chain – a strategic perspective
- Global solar photovoltaic industry, focusing on South Africa
- Export potential of South Africa’s capital goods industry

**OPPORTUNITIES**

**INDUSTRY SPECIFIC RISKS AND CHALLENGES**

- South Africa losing its position as a top investment destination for mining
- Low commodity prices and currency volatility
- Legacy of environmental problems
- Long lead times for regulatory approvals
- Slow transformation due to the significant barriers to entry in some sectors including economies of scale, technology, capital requirements and routes to market
- Significant over-capacity in global steel supply chain
- Highly concentrated sector
- Increased protectionism by some trading partners resulting in automotive manufacturers reviewing location of new manufacturing capacity

**INDUSTRY SPECIFIC STAKEHOLDERS AND STRATEGIC ENGAGEMENTS**

- Economic Development Department
- Department of Mineral Resources
- Participation in Steel Industry Task Team
- Eskom, Transnet, PRASA and Rand Water (as purchasers of machinery and equipment)
- Department of Trade and Industry
- CSIR and other research institutions
- Automotive OEMs
- Industry bodies (e.g. SEFSA, SAISI, NAAMSA, VAMCOSA)
- Organised labour (e.g. NUM, NUMSA)

**HUMAN CAPITAL**

**STAFF PROFILE OF UNITS SERVICING THE VALUE CHAIN**

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*2015, 2016 and 2017
In addition to the above, in 2017, R304.4 million was approved (2016: R8.5 million net cancellations) and R167.7 million disbursed (2016: R175.9 million) which do not form part of IDC funding, but are from funds managed by IDC. This is predominantly made up of funds from MCEP managed on behalf of the dti.
AGRO-PROCESSING AND AGRICULTURE VALUE CHAIN
Primary industries such as agriculture, forestry, and fishing, as well as the manufacturing of food products and beverages form part of this value chain.

South Africa’s agricultural production has been severely affected by the worst drought on record, with most summer crops having recorded sharply lower output levels in 2016 compared to 2015.

The adverse effects of this have been felt in downstream sectors, with production growth in the food processing sectors underperforming the average for manufacturing as a whole. In contrast, the beverages industry has been outperforming, recording high rates of production capacity utilisation as well as the highest level of business confidence of all manufacturing sub-sectors.

OUR APPROACH
Our approach to this value chain is to focus on the development of downstream industries. This not only adds value to primary agricultural produce, but also increases demand in the more labour-intensive primary sector, thereby stimulating employment. We do fund projects in the primary sector where there is a shortage of inputs into the processing industry, or where a new high-value crop is being introduced in the country.

FUNDING ACTIVITY
During the year under review, we approved R203.4 million for projects in this value chain utilising the IDC’s own funds (2016: R632.4 million) before cancellations. An additional R79.1 million was approved utilising funds under management by the Corporation (2016: R15.7 million), predominantly the Agro-Processing Competitiveness Fund (APCF). Cancellations of funding that had previously been approved resulted in a reduction of 79% in the net amount of funding for this value chain compared to 2016. Despite the lower levels of funding approvals in 2017, the disbursement of funds, including funds approved for projects in previous years, increased by 5% to R542.5 million.

In support of our aquaculture strategy we approved funding for a project to set up a commercial fresh water aquaculture operation utilising local catfish species near Graaff-Reinet in the Eastern Cape. We have been involved in the development of this project from an early stage, a demonstration of how our proactive industry development approach is resulting in bankable funding opportunities.

Participation by Black Industrialists in the meat products industry is increasing, with funding approved during the year expected to enable the expansion of operations of a black-owned abattoir in Klerksdorp in the North West.

In another transaction, we are assisting with the diversification of the agro-processing industry by funding the establishment of a black youth-owned company that will be producing pet treats in Sebenza, Gauteng, particularly for export markets.

The year saw us continuing support for several projects in the horticulture industry that produce nuts and berries.

STAKEHOLDER ENGAGEMENT
Apart from the drought conditions, there were other major challenges experienced by some parts of the value chain, in particular the poultry industry, during the year. Beset by increased competition from imports, the industry has been facing cut-backs in production as well as job losses. We are participating in the joint public and private sectors’ Poultry Industry Task Team, identifying opportunities to increase competitiveness in the industry.

The year also saw the launch of another leg of government’s Operation Phakisa, focusing on the agricultural sector. We are participating in some of the initiatives, particularly in those focusing on the integration of small-scale cattle farmers in formal beef value chains, soybean and oilcake production, and the participation of small-scale producers in formal white maize value chain and horticulture.

DEVELOPMENT OUTCOMES
Transactions that were concluded during the year are expected to create 585 jobs (2016: 1 379 created) and save 438 (2016: 519 saved). This was significantly lower than the expectations that we had for this value chain and was in line with the lower levels of funding activity experienced during the year. This had an impact on our transformation activities in the industry, with the value of funding for black-empowered and women-empowered enterprises and for Black Industrialists declining, compared with 2016. Funding for youth-empowered enterprises increased to R78.5 million (2016: R20.1 million).

We view the agro-processing and agriculture value chain as playing an important role in the South African economy and acknowledge the need to realise its full potential in alleviating the high levels of unemployment in the country.

We are expanding our internal capacity to increase our levels of funding in the value chain to a targeted R2.1 billion and to further develop the opportunities that we have identified.
CASE STUDY

MANELI PETS

Maneli Pets is a business initiative of the Maneli Group, a newly established agro-processing holding company with initiatives aimed at exploring other business ventures. The company is being established to produce ostrich- and venison-based treats for dogs, branded under the label Roam, to be sold in retail stores in the United States. The treats will be sold in over 100 regional pet speciality chain stores in high-end suburban areas across the country.

The funding secured from the IDC to establish a processing facility in Sebenza, Johannesburg, will create 39 jobs, and with the company sourcing its raw materials from the Karoo and Limpopo, it will also assist in the development of rural areas.

Maneli Pets has developed a strong relationship with its suppliers, which began in 2015 when the company was initially producing trial samples for the US market. An exclusive supply agreement was concluded as a result of this relationship.

In addition to the funding being supplied by the IDC, Maneli Pets also received grant funding through the dti’s Black Industrialist Scheme.

DIRECT JOBS

39

IDC’s funding for Maneli Pets went towards establishing a processing facility in Sebenza, Johannesburg.

MANELI PETS

Maneli Pets is a black youth-owned pet treat manufacturer, and the first South African pet treat company to secure access to the United States market.
AGRO-PROCESSING AND AGRICULTURE VALUE CHAIN

OPPORTUNITIES

FIELD CROP PROCESSING
- Enhanced utilisation of existing soybean crushing facilities, establish new processing facilities for grains, oils and vegetables, and integrate emerging farmers in the processing chain
- Small-to-medium scale grain processing activities milling at Agri-parks
- Improving SA bio-economy
- Hemp as a crop for textile production
- Preserving and processing of vegetables (canning, bottling etc.)
- Production of malted barley and the growing of barley from emerging farmers

HORTICULTURE
- Adding value to/ formulation of new products
- Replacing ageing orchards/vineyards
- Establish new cultivar orchards and fruit products in global demand
- Advanced processing capacity
- Utilisation of under-utilised community land
- High value additives
- Improve efficiencies and competitiveness
- Improve infrastructure (dams, irrigation schemes)
- New and/or improved preservation and packaging technologies

RED MEAT AND DAIRY PRODUCTS
- Integrate rural cattle into formal value chain
- Adding value in the dairy products industry
- Transformation of dairy products industry
- Development opportunities for game/crocodile products
- Introduce improved preservation and packaging technologies
- Export sector development

POULTRY PRODUCTS
- Enhance competitiveness and encourage transformation in key segments
- Reduce feed costs
- Value addition
- Contribute to export sector development and import replacement
- Improved preservation and packing technologies

FISH AND SEAFOOD PRODUCTS
- Aquaculture:
  - Expansion of exports, build upon successful abalone export industry
  - Develop and establish viable finfish aquaculture operations, permitting import replacement
  - Production to replace harvesting fish and other aquatic organisms from the wild
- Improved competitiveness by, for example, lowering feed costs and improving efficiencies
- Utilisation of existing fish processing facilities

INDUSTRY SPECIFIC RISKS AND CHALLENGES

- Climate conditions affecting agricultural output
- Water availability, quality, and infrastructure
- Other infrastructure constraints
- Skills, including training and development of young farmers
- High barriers to entry with high land and capital equipment costs
- Increasing levels of mechanisation reducing employment opportunities
- Unfair trading practices resulting in high import penetration
- Increasing input costs e.g. energy, animal feed
- Complex process to develop rural-based projects with various stakeholders, permits, and other bureaucratic hurdles
- Low levels of transformation

INDUSTRY SPECIFIC STAKEHOLDERS AND STRATEGIC ENGAGEMENTS

- Economic Development Department
- Department of Agriculture, Forestry and Fishing
- Department of Rural Development and Land Reform
- The dti
- Participation in Poultry Industry Task Team
- Operation Phakisa – Agriculture, land reform and rural development
- The Land Bank
- Large agri-business
- Emerging farmers
- Trade unions
- Industry bodies (e.g. Grain SA, Citrus Growers Association, SA Poultry Association, Aquaculture Association of SA, Forestry SA, SA Sugar Association, Subtrop, Hortgro, SA Table Grape Industry Association, Aquaculture Association of SA)
- Research institutions (e.g. CSIR; universities; Agricultural Research Council)
- Food retailers

HUMAN CAPITAL

STAFF PROFILE OF UNITS SERVICING THE VALUE CHAIN

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INDUSTRY RESEARCH COMPLETED*

- An analysis of South Africa’s citrus value chain
- The livestock value chain in South Africa
- The poultry value chain in South Africa

*2015, 2016 and 2017
In addition to the above, in 2017, R79.1 million was approved (2016: R15.7 million) and R20.6 million disbursed (2016: R56.4 million) which do not form part of IDC funding, but are from funds managed by IDC. This is predominantly made up of funds from the APCF managed on behalf of the EDD.
CHEMICALS AND PHARMACEUTICALS VALUE CHAIN

The manufacturing of petroleum, basic chemicals, fertilisers, agro-chemicals, paints, pharmaceuticals and other medical products, soaps and detergents, plastic products, and other related products is covered in this value chain. We also include storage and distribution of oil and gas as part of the value chain’s activities.

Compared with most other manufacturing industries, the chemicals industry showed good performance in 2016, with the volume of production increasing by 3.9% compared with 2015 levels. An upward trend in production levels was evident in all sectors of the value chain except for downstream plastic products.

Our goal in the development of the value chain is to enhance the competitiveness of downstream industries, including pharmaceuticals and other consumer products. In doing this we also consider the importance of the basic chemicals industry in the development of other sectors such as the agriculture and metals industries.

FUNDING ACTIVITY

We approved R2.9 billion in 2017 for the funding of businesses in this value chain compared with R4.8 billion in 2016. This reduction should be viewed in light of the R4.0 billion that was approved for the recapitalisation of our subsidiary Foskor in 2016. Funding for all segments of the value chain, except for fertilisers, increased significantly. The net value of funding approved, after cancellations, was R2.1 billion.

We have been supporting this sector for a number of years as a means of diversifying South Africa’s energy mix and the largest portion of the new funding approved was for storage and transport of oil and gas, with R1 015.9 million approved (2016: R107.6 million) for such activities. Two significant projects have been approved in this sector with the first involving the establishment of a black-owned crude oil storage facility at Saldanha Bay. This, as well as other local facilities and the recently completed Sunrise Energy Liquefied Petroleum Gas (LPG) import and storage terminal, also funded by the IDC, is positioning Saldanha Bay as an energy minerals transportation hub. The second significant project that we funded in this sector in 2017 entails the establishment of a pipeline and compression infrastructure to distribute natural gas from wells in the Free State to industrial users.

As part of our strategy to develop more labour-intensive downstream industries, we provided funding for a company manufacturing plastic solar geysers. This innovative product previously received assistance from government in the form of grants from the Support Programme for Industrial Innovation as well as funding from the Technology Venture Capital Fund. We are also continuing our support for the development of a technology that processes waste plastic in landfill sites to produce high grade chemical fluids.

Our strategy to increase local manufacturing and to support local brand development in the consumer products market was further enhanced through funding for a young black woman who produces hair products.

Although we did not approve additional funding for Foskor in 2017, we have been working with the company to develop plans to improve efficiencies so as to return the business to profitability. As a result of weak phosphoric acid prices, currency volatility, as well as outdated plant and equipment, Foskor posted a loss of R902 million for the year (2016: loss of R568 million). Due to these continued tough trading conditions for Foskor, we had to increase our impairment in the company, resulting in impairments in our chemicals portfolio increasing from 10.0% at the end of 2016 to 24.3%.

STAKEHOLDER ENGAGEMENT

Our team played a significant role in assisting with the development of the latest iteration of the Industrial Policy Action Plan relating to chemicals industries. We continue to engage with both the private sector and other public sector players to improve the environment for the development of the industry and to identify growth opportunities.

DEVELOPMENT OUTCOMES

There was a substantial increase in development outcomes achieved in the year, with funding approved expected to create 1 148 jobs (2016: 738) and save 21 (2016: 569). R1 109.8 million of the funding that we approved was for companies with at least 25% black shareholding, assisting with black economic empowerment in the industry. The funding approved for Black Industrialists increased to R383.9 million (2016: R217.8 million), for women-empowered businesses to R218.6 million (2016: R106.8 million), and for youth-empowered businesses to R110.1 million (2016: R3.9 million), further supporting transformation in the industry.

OUTLOOK

Our strategies for the development of the upstream portion of the value chain focus on establishing capacity that enhances the competitiveness of the economy through linkages with other value chains. The agricultural value chain is targeted through our support for the fertiliser industry. The focus on gas as an energy source can have benefits for a wide range of industries.

We are also targeting the competitiveness enhancements in the downstream chemicals industries by localising production of inputs for these consumer goods. Our downstream activities aim to increase the local production of these goods and localising the production of pharmaceuticals. We are targeting R3.2 billion in investment in the value chain in the 2018 financial year.
Case Study

Tetra4

Our support of JSE-listed Renergen’s subsidiary, Tetra4, is in line with our strategy to diversify energy resources.

Direct Jobs

15

Tetra4 is currently South Africa’s first and only onshore production-right holder for natural gas. The company provides a sustainable, clean energy solution to large-scale users in the Free State Goldfields region.

Tetra4 beneficiates natural gas to offer Compressed Natural Gas (CNG) solutions for the transport, mining and industrial markets. CNG is a fossil fuel substitute for petrol, diesel and propane (LPG). It is considered to be a more cost-effective and environmentally friendly alternative to traditional liquid fuels, as it produces less pollutant emissions.

IDC assisted Tetra4 with funding for the first phase of a project to construct a pipeline linking up 13 existing gas wells to the mother-station compressor and dispenser. Gas emanating from a specific well can only be used if that well is piped to an appropriate processing point. With the project, Tetra4 aims to reticulate the existing 13 wells to a central processing facility or mother-station compressors and dispensers.

The company aims to expand the project in multiple phases, which will include further construction, linking up 26 additional gas wells to increase the gas production volumes to take CNG to market. These phases will also include power production with heat recapture for customers in the area.

With full field development anticipated at 260 interconnected gas wells, the pipeline network will stretch over 500 km.

Tetra4 currently has a total of 16 employees, with an additional 15 new permanent jobs to be created through IDC’s funding.

Tetra4’s production rights, granted by the Petroleum Agency of South Africa, span 187 000 hectares in the Free State near Virginia, Theunissen and Welkom, surrounded by a further 98 000 hectares of exploration rights in the same area.

A second field is located in Evander, Mpumalanga, consisting of exploration rights spanning roughly a further 52 000 hectares.

The company has entered into development agreements with bus organisations to provide their fleet in the Free State with CNG, as well as with gas retailers, who then supply minibuses with gas. Tetra4 has also signed a memorandum of understanding with a gold mining company to convert a locomotive from diesel to CNG to reduce its diesel particulate matter in their underground gold mines.

A life-of-plant offtake agreement is in place with Linde Global Helium for all of the helium contained in the gas stream to be commissioned in 2019 as development progresses.

Tetra4 is currently the only onshore production-right holder for natural gas in South Africa.
CHEMICALS AND PHARMACEUTICALS VALUE CHAIN

FOCUS AREA

FERTILISERS
• Fertilisers import replacement and increased local value add
• Reduced cost of fertilisers as a key input to the agriculture sector

ENERGY
• Increased gas usage as an energy source
• Increased liquid fuels energy security

BASIC AND SPECIALITY CHEMICALS
• Increase local production of green and other new chemicals
• Local manufacturing of chemicals for inputs into consumer goods

PLASTICS
• Competitiveness improvements for the plastics industry

CONSUMER GOODS
• Local manufacturing of consumer goods focusing on personal care products

PHARMACEUTICALS AND MEDICAL PRODUCTS
• Production of radio-pharmaceuticals for nuclear imaging
• New capacity for telemedicine and traditional medicine as well as targeted pharmaceutical products for priority diseases including tuberculosis, HIV/AIDS and malaria

INDUSTRY RESEARCH COMPLETED*
• Analysis of the fertilisers value chain
• An analysis of South Africa’s pharmaceutical value chain
• The chemicals-based consumer products value chain in South Africa
• The global natural gas industry landscape focusing on Africa and South Africa in particular
• An investigation of localisation opportunities in the South African crop protection chemicals industry
• An overview of the oil and gas industry in South Africa focusing on shale gas and suppliers of related inputs
• Development opportunities and challenges in SA’s medical devices value chain

INDUSTRY SPECIFIC RISKS AND CHALLENGES
• Low commodity prices and currency volatility
• Insufficient cohesion in respect of gas industrialisation strategy and future clean fuels programme
• Low levels of youth participation in the industry, especially with respect to large projects
• Cost competitiveness in the downstream chemicals industry is constrained due to high raw material costs
• Regulatory registration for pharmaceutical products
• Long lead times for Environmental Impact Assessments
• Need for access to international technologies

INDUSTRY SPECIFIC STAKEHOLDERS AND STRATEGIC ENGAGEMENTS
• Economic Development Department
• Department of Energy
• The dti
• Chemical Industry Association
• Transnet National Ports Authority
• PetroSA
• Durban Chemicals Cluster
• Technology Innovation Agency
• Trade unions
• CSIR

HUMAN CAPITAL

<table>
<thead>
<tr>
<th>STAFF PROFILE OF UNITS SERVICING THE VALUE CHAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACK</td>
</tr>
<tr>
<td>2017 25</td>
</tr>
<tr>
<td>2016: 23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MALE</th>
<th>FEMALE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 17</td>
<td>2017 16</td>
<td>2017 33</td>
</tr>
<tr>
<td>2016: 14</td>
<td>2016: 16</td>
<td>2016: 30</td>
</tr>
</tbody>
</table>

*2015, 2016 and 2017
In addition to the above, in 2017, R282.5 million was approved (2016: R33.0 million net cancellations) and R114.7 million disbursed (2016: R20.7 million) which do not form part of IDC funding, but are from funds managed by IDC. This is predominantly made up of funds from the MCEP managed on behalf of the dti.

**FUNDING ACTIVITY**

**DEVELOPMENT OUTCOMES**

**JOBS EXPECTED TO BE CREATED AND SAVED IN SOUTH AFRICA**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs created</td>
<td>1 307</td>
<td>1 169</td>
</tr>
<tr>
<td>Jobs saved</td>
<td>0.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

**FUNDING TO BLACK-EMPowered COMPANIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>R0.2 bn</td>
<td>R1.1 bn</td>
</tr>
</tbody>
</table>

**FUNDING TO WOMEN ENTREPRENEURS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>R107 m</td>
<td>R219 m</td>
</tr>
</tbody>
</table>

**FUNDING TO YOUTH ENTREPRENEURS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>R4 m</td>
<td>R110 m</td>
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</tbody>
</table>

**FINANCIAL OUTCOMES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment as a percentage of portfolio at cost</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>Size of portfolio valued at cost</td>
<td>R7.1 bn</td>
<td>R8.6 bn</td>
</tr>
</tbody>
</table>

**PROJECTS UNDER DEVELOPMENT**

- Further phosphate rock beneficiation
- Establishing a potash recovery facility in a neighbouring country
- Development of phosphate resources outside SA
- Establishment of a urea manufacturing facility
- Development of local natural gas resources
- Establishment of a liquid natural gas terminal at Richards Bay
- Complete implementation of LPG storage project
- Local oil refinery project
- Conversion of refinery
- Local crude oil storage facility
- Micro-algae production plant
- Beneficiation of cobalt, nickel, copper and lithium into specialty chemicals
- Beneficiation of magnetite into chemicals
- Contract manufacturing of personal care products
INDUSTRIAL INFRASTRUCTURE

Infrastructure plays a critical role in the development of a competitive economic industrial sector. To address this, we provide funding for economic infrastructure that unlocks industrial development.

FUNDING ACTIVITY
The value of funding approved for infrastructure development, before cancellations, reached R2.1 billion in 2017, similar to the value approved in 2016.

The bulk of the funding is for the electricity generation sector, with financing approved for two coal-fired independent power stations to contribute to South Africa’s energy generation mix. One of these will be constructed in the Waterberg area of Limpopo and the other in Mpumalanga.

Although implementation of the REIPPPP is being delayed, funding has been approved for four projects seeking to participate in the second round of the Small Projects Renewable Energy Procurement Programme. This programme provides opportunities for smaller companies with the focus on South African companies generating less than 5MW to participate in South Africa’s energy generation sector. Preferred bidders have not yet been announced and the funding approved for these projects is not included in the figures provided in this report.

Funding for transport and logistics was allocated predominantly to a black-owned company that provides rail maintenance services for Transnet. We have further made strides in supporting a black woman-owned construction company that is supporting the execution of a transmission line. In addition, we have supported a 100% black youth-owned company servicing the rollout of fibre to homes.

DEVELOPMENT OUTCOMES
Although infrastructure developments do not typically create many direct jobs during the operational phase, construction of these projects can create jobs in the short to medium term. Projects for which funding was approved during the year are expected to create 2 846 full-time equivalent jobs, a marked increase over the 1 591 for 2016. Of the funding that was approved in this sector 95% was for black-empowered companies, with our funding for the participation of youth and women in the sector also increasing.

OUTLOOK
We are taking a more focussed approach to our support for industrial infrastructure projects, with expectations that funding for this sector will reduce to a targeted R2.5 billion in the 2018 financial year.

CASE STUDY
DELTA ZERO CORPORATION
Our funding for Delta Zero Corporation, a manufacturer and operator of slurry pump stations, is in support of initiatives that ensure the security of water supply as a scarce resource.

DIRECT JOBS
5

Delta Zero Corporation is a newly-formed company that acquired 100% of Erls Mining, which owns the Intellectual Property of the Delta Zero slurry pumping systems.

Delta Zero Corporation slurry pumps are an innovative way of pumping large volumes of slurry at high pressure that significantly reduces the load on the environment.

Its pumping systems use less than 70% of the energy required by conventional systems and require no gland seal water. In addition, conventional system energy efficiency reduces rapidly as wear takes place on rotating impellers in direct contact with abrasive slurries. The rotating impellers in Delta Zero systems operate in non-abrasive clean water with minimal wear rates, thus maintaining high energy-efficiencies over the life of the system.

Delta Zero’s patented technology is locally developed and 80% of the components supporting it are locally produced, with the potential of being exported. The technology supports the mining value chain by reducing the cost of production through lower water and energy consumption, of which slurry pumping is a large component. In addition, maintenance costs are significantly lower than those of conventional systems.

IDC has a call option in Delta Zero Corporation and provided development funding towards completing units to be tested at Harmony Gold and another mining company for six months respectively. The company aims to manufacture and rent the units commercially to the mining industry.

The funding has created five jobs, with three additional jobs expected to be created for every 10 pumps installed. In addition, 37 indirect jobs were created through the associated supply companies, who manufacture the units.
**DEVELOPMENT OUTCOMES**

**JOBS EXPECTED TO BE CREATED AND SAVED IN SOUTH AFRICA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Created</th>
<th>Saved</th>
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<tbody>
<tr>
<td>2016</td>
<td>1 594</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2 864</td>
<td></td>
</tr>
</tbody>
</table>

**FUNDING ACTIVITY**

**JOBS CREATED AND SAVED PER R'M APPROVED IN SOUTH AFRICA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Created</th>
<th>Saved</th>
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<tr>
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<td>1.1</td>
<td>1.5</td>
</tr>
<tr>
<td>2017</td>
<td>1.4</td>
<td>1.1</td>
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**FUNDING TO BLACK-EMPOWERED COMPANIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>R1.0 bn</td>
</tr>
<tr>
<td>2017</td>
<td>R2.0 bn</td>
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**FUNDING TO BLACK INDUSTRIALISTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
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<td>R404 m</td>
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<tr>
<td>2017</td>
<td>-R9 m*</td>
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**FUNDING TO WOMEN ENTREPRENEURS**

<table>
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<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>R181 m</td>
</tr>
<tr>
<td>2017</td>
<td>R297 m</td>
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**FUNDING TO YOUTH ENTREPRENEURS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
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<td>2016</td>
<td>R438 m</td>
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<tr>
<td>2017</td>
<td>R948 m</td>
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**FINANCIAL OUTCOMES**

**IMPAIRMENT AS A PERCENTAGE OF PORTFOLIO AT COST**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tr>
<td>2016</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>6%</td>
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</tbody>
</table>

**SIZE OF PORTFOLIO VALUED AT COST**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>R13.4 bn</td>
</tr>
<tr>
<td>2017</td>
<td>R13.7 bn</td>
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**HUMAN CAPITAL**

**STAFF PROFILE OF UNITS SERVICING THE VALUE CHAIN**

<table>
<thead>
<tr>
<th>Year</th>
<th>Black</th>
<th>White</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>2017</td>
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**MALE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>15</td>
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</table>

**FEMALE**

<table>
<thead>
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<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7</td>
</tr>
<tr>
<td>2017</td>
<td>7</td>
</tr>
</tbody>
</table>

* Cancellations of previously approved funding exceeded new transactions approved during the year in this category.
CLOTHING, TEXTILES, LEATHER AND FOOTWEAR

The clothing, textiles, leather and footwear industries remain significant employers in manufacturing. We remain committed to supporting these industries despite the challenges that most of its segments have experienced for many years.

Our support includes close cooperation not only with the industries themselves, but with government, labour and retailers to build competitiveness in this sector.

FUNDING ACTIVITY

Our net funding approved for businesses operating in the clothing, textiles, leather and footwear industries in the year under review declined by 22% to R433.5 million (2016: R553.7 million). A large portion of approvals in this industry is in the form of payment guarantees, which means that disbursements are typically significantly lower than approvals.

Of the total funds approved in the clothing, textiles, leather and footwear industries, 72% (R311.0 million) was for companies operating in the textiles industry. Considering that we are one of the larger funders of the industry, most of the new funding approved was for existing clients, including funding for a business operating from Zwelitsha, Eastern Cape, that we helped to establish in the 1940s. Other niche textile companies that we supported included manufacturers of nylon webbing and inner curtains.

In 2017, R89.5 million was approved for the clothing industry, one of the most labour-intensive sectors in the economy. We continue to assist distressed companies that show a high likelihood of a successful turnaround.

DEVELOPMENT OUTCOMES

The funding approved for the clothing, textiles, leather and footwear industries during the year is expected to create 852 jobs, 40% more than the 608 of 2016. Despite lower levels of overall funding, our funding for black-empowered companies, Black Industrialists, and youth-empowered companies increased by 25%, 49% and 43% respectively.

OUTLOOK

For 2018, we are aiming to increase levels of investment in this industry to more than R700 million in order to support the creation of sustainable employment and continued improvement in competitiveness in these industries.

CASE STUDY

POLYFABRICS UNLIMITED

Polyfabrics Unlimited, a youth-owned enterprise, manufactures webbing from synthetic fibres such as polypropylene, nylon and polyester. This is predominantly used in packaging for the agricultural, chemical, mining and construction industries.

DIRECT JOBS

47

The business was acquired in 2015 by a Black Industrialist. Prior to that it had been in operation for 10 years.

Polyfabrics has been operating successfully due to its lean operations, allowing it to cater to clients’ needs with short lead times and competitive pricing. Due to its success, the company has been facing capacity constraints at its plant in KwaZulu-Natal.

In order to meet rising demand, the company has identified a need to move to larger premises. During the move, the company will replace some of their ageing machines and some other additional equipment.

The company has also identified an opportunity to purchase a raw material manufacturing plant, which will allow it to backward integrate its operations, improve reliability of its raw material supply, and increase its competitiveness.

Our funding for these business improvements will help this young entrepreneur create 47 new jobs.
In addition to the above, in 2017, R11 million was approved and R5 million disbursed, which do not form part of IDC funding, but are from funds managed by IDC.
MEDIA AND MOTION PICTURES

Since IDC started to provide funding for the media industry in 2001, we have been instrumental in the revival of the South African film industry. In addition to financing film production, we also provide funding for studio infrastructure, as well as radio and television broadcasting.

Film production employs numerous people across a wide spread of skill sets. These include make-up artists, set-builders, camera operators and others during production, with an even wider range of skilled individuals employed during post-production. To build sustainable employment opportunities for these individuals, a continuous stream of movies needs to be in production.

FUNDING ACTIVITY

During the year we approved R207.6 million in new funding for this sector before cancellations (2016: R266.5 million), with the largest portion being for film and video production. An amount of R350.3 million, including funds for transactions approved in previous years, was disbursed in 2017 (2016: R54.8 million).

The funds approved for film and video production are for the production of a television series, a full-length 3D animated film, and three lower-budget films that will be licensed for broadcast by pay television. We also continued to support a black-owned broadcasting group that has interests in a number of radio stations in Gauteng, Limpopo, the Free State and the Eastern Cape.

DEVELOPMENT OUTCOMES

The funding approved in 2017 will create 126 new jobs (2016: 546 new jobs). These numbers have been adjusted as the production of individual films does not create permanent employment opportunities. Although levels of funding for black-empowered companies, Black Industrialists, and youth entrepreneurs have declined compared to 2016, we continue to have an impact on transformation in the industry. Funding for businesses in which women have a significant interest has increased.

OUTLOOK

We are planning to maintain similar levels of funding in this industry to those recorded over the past two years, with an investment target of R252 million set for 2018.

CASE STUDY

OCTOPUS VISION

Funding young emerging black film-makers to enter the film production sector, is one of our key developmental areas in establishing and growing a sustainable local film industry.

Breaking into the local film production sector remains a challenge for young film-makers, especially since production companies typically require production equipment such as cameras, computers and editing suites. In addition, because broadcasters usually only make their buying decisions once they have seen finished productions, seed capital is required to fund start-up losses.

Octopus Vision, which is fully owned by two young aspiring black entrepreneurs, approached us to fund the purchase of film equipment and working capital to produce content, mainly for television, and to provide production services for music artists. The company produces TV shows that are based on local stories and films in Sebokeng, Gauteng, using local actors. Over and above the film market, Octopus Vision has developed networks with local upcoming musicians who want to break into the mass market and promote their material on video channels such as Vuzu, DSTV’s Channel 116.

Our funding for Octopus Vision will create ten jobs and is in support of the aggressive drive by South Africa’s three broadcasters, namely SABC, M-Net and e.tv, to promote local content.
MEDIA AND MOTION PICTURES

FUNDING ACTIVITY

DEVELOPMENT OUTCOMES

JOBS EXPECTED TO BE CREATED AND SAVED IN SOUTH AFRICA

2017 126
2016: 546

JOBS CREATED AND SAVED PER R'M APPROVED IN SOUTH AFRICA

2017 1.2
2016: Created 2.2

FUNDING TO BLACK-EMPOWERED COMPANIES

2017 R80 m
2016: R224 m

FUNDING TO BLACK INDUSTRIALISTS

2017 R79 m
2016: R224 m

FUNDING TO WOMEN ENTREPRENEURS

2017 R59 m
2016: R32 m

FUNDING TO YOUTH ENTREPRENEURS

2017 R62 m
2016: R215 m

FINANCIAL OUTCOMES

IMPAIRMENT AS A PERCENTAGE OF PORTFOLIO AT COST

2017 21%
2016: 34%

SIZE OF PORTFOLIO VALUED AT COST

2017 R729 m
2016: R414 m

HUMAN CAPITAL

STAFF PROFILE OF UNITS SERVING THE VALUE CHAIN

<table>
<thead>
<tr>
<th></th>
<th>BLACK</th>
<th>WHITE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>MALE</th>
<th>FEMALE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>
NEW INDUSTRIES
The largest portion of IDC’s funding activities is aimed at establishing new capacity or upgrading capacity in existing sectors.

In our New Industries unit, we promote the establishment of industries that are new or emerging to South Africa so as to ensure that the economy is ready to absorb work seekers in the future.

FUNDING ACTIVITY
During the year we approved R227.2 million before cancellations in funding for new industries, 52% higher than in 2016. Disbursements increased by 10% to R110.9 million.

Significant transactions included funding for:
- A company that produces light-emitting electronic devices using standard silicon-based manufacturing processes
- The commercialisation of a valve for toilet cisterns that is less prone to leaking
- A company that will produce metal-mould tooling using additive manufacturing.

In addition, we have allocated funding to support several of our existing clients in the medical equipment and other industries.

DEVELOPMENT OUTCOMES
The businesses that we have supported to date are typically start-ups focusing on the commercialisation of new technologies and have not yet entered a significant growth phase. As a result, the number of jobs being created during this early stage of development is fairly low, with 478 new jobs being created in the businesses that we funded in 2017 (2016: 39 new jobs). We have also been assisting Black Industrialists, providing R31.4 million in funding, with youth entrepreneurs receiving R107.9 million.

OUTLOOK
As with the value chains, there are several sectors in this area that we are proactively targeting. These are:
- Additive manufacturing
- Fuel cells
- Inputs for renewable energy generation
- Energy storage
- Medical devices
- Nanotechnology
- Machinery and components for purifying natural gas.

We are reviewing our approach to the development of new industries to ensure that we can keep pace with the requirements of innovators and entrepreneurs. We aim to approve R345 million in this area in 2018.

CASE STUDY
WAGIENIENCE
As part of our focus on promoting young entrepreneurs, we funded Wagienience, a 100% black youth-owned company founded by technopreneur Paseka Lesolang.

DIRECT JOBS
462

Wagienience, based in Gauteng, developed a unique patented product, the WHC Leak-less Valve™. This is a water-control mechanism that is placed in toilet cisterns to stop the influx of water at a pre-determined level, thereby reducing water loss due to outlet valve leaks. This technology is patented in South Africa, and has the potential to become a low-cost industry standard with a significant positive environmental impact.

IDC provided funding which enables the company to pilot projects with municipalities and public-private partnership projects that target water savings. Development of moulds for the product was made possible in part from grant funding received through the Massmart Supplier Development Fund, an initiative that was established as a result of conditions imposed by competition authorities as part of the Walmart buy-out. Through the funding, Wagienience can further execute client orders and increase the supply of its products directly to wholesalers. In addition, we assisted the company in formulating a strategy to commercialise and promote this locally designed, patented and manufactured product.

The company has significant job-creation and export potential and the business is well underway in establishing itself as a manufacturing entity for its own products. The installation of its products throughout South Africa is also creating additional jobs.
NEW INDUSTRIES

FUNDING ACTIVITY

DEVELOPMENT OUTCOMES

JOBS EXPECTED TO BE CREATED AND SAVED IN SOUTH AFRICA

2017

482

2016: 39

JOBS CREATED AND SAVED PER R'M APPROVED IN SOUTH AFRICA

2017

 Created 2.2

2016: 0.3

FUNDING TO BLACK-EMPOWERED COMPANIES

2017

R31 m

2016: R0

FUNDING TO BLACK INDUSTRIALISTS

2017

R31 m

2016: R0

FUNDING TO WOMEN ENTREPRENEURS

2017

-R3 m*

2016: R6 m

FUNDING TO YOUTH ENTREPRENEURS

2017

R108 m

2016: R0

FINANCIAL OUTCOMES

IMPAIRMENT AS A PERCENTAGE OF PORTFOLIO AT COST

2017

32%

2016: 38%

SIZE OF PORTFOLIO VALUED AT COST

2017

R876 m

2016: R811 m

HUMAN CAPITAL

STAFF PROFILE OF UNITS SERVICING THE VALUE CHAIN

<table>
<thead>
<tr>
<th></th>
<th>BLACK</th>
<th>WHITE</th>
<th>TOTAL</th>
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<tbody>
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<td>10</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>2016</td>
<td>9</td>
<td>4</td>
<td>13</td>
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</table>

* Cancellations of previously approved funding exceeded new transactions approved during the year in this category.
OTHER MANUFACTURING INDUSTRIES, TOURISM AND OTHER SERVICES

In addition to the support for industries covered in previous sections, we also provide funding for other manufacturing industries, tourism, construction, and ICT.

FUNDING ACTIVITY

The value of new funding approved during the year increased by 69% to R2.2 billion (2016: R1.3 billion). The value of funding disbursed increased from R1.2 billion to R1.3 billion.

The tourism industry was supported with funding for a new luxury hotel in Umhlanga Village in KwaZulu-Natal and a mid-market hotel in Mthatha in the Eastern Cape. ICT, another services industry that holds potential to create large amounts of jobs, was supported with funding for a large local IT company to allow it to execute contracts.

In the manufacturing sector, funding was approved for the expansion of a porcelain tile manufacturer in Bronkhorstspruit, Gauteng, contributing to investment in the non-metallic mineral industry. Other contributions to manufacturing include funding for establishment of a new tissue paper mill, and for modernisation of production equipment at a leading paper sack manufacturer.

Funding was also approved for the establishment of a materials recovery and waste transfer station, as well as for a number of smaller start-up waste treatment centres.

The construction industry was supported with funding for, inter alia, initiation of a new innovative roof manufacturing facility.

DEVELOPMENT OUTCOMES

Funding approved during the year is expected to create 3 185 jobs (2016: projects cancelled that would have created 725 jobs) and save 1 930 jobs (2016: 762 jobs saved). The higher level of jobs is also being achieved at a lower cost than previously.

Funding for black-empowered companies, Black Industrialists, women entrepreneurs and youth entrepreneurs increased significantly as we ramped up funding for economic transformation.

OUTLOOK

We are targeting to keep the value of funding for these industries at similar levels in 2018.

CASE STUDY

MTHEMBU TISSUE CONVERTING

Mthembu Tissue Converting, a 100% black-owned company, has received funding to purchase energy-efficient, modern equipment to expand its production capacity.

DIRECT JOBS

11

Mthembu converts paper wadding into 1-ply and 2-ply toilet paper, serviettes, paper towels and wipes for its industrial and retail clients, as well as its own brand, Cloud Nine™. Its array of SABS-approved products appeals to both the high-end and low-end markets.

The company was established in 2005 by a Black Industrialist, who started his career at Nampak as a packer, working his way up to become the converting plant manager and later the owner of his own company.

Since 2013, Mthembu Tissue Converting started manufacturing products for its industrial and retail clients and developed and registered its own brand.

We are part-funding a loan to purchase new equipment to enable this Phoenix-based company to increase its production capacity to serve the KwaZulu-Natal tissue product market.

Although the tissue paper industry is highly competitive, the company has proven to be resilient since its inception due to consistent guaranteed sales, technical expertise, product innovation and quality.
In addition to the above, in 2017, R250.8 million was approved (2016: R1.3 million) and R139.1 million disbursed (2016: R13.5 million), which do not form part of IDC funding, but are from funds managed by IDC. This is predominantly made up of funds from the MCEP managed on behalf of the dti.
COMMITTED TO GOOD GOVERNANCE

INTRODUCTION
Good corporate governance is at the heart of our business and, as such, defines and directs the structure and responsibilities of our Board and its committees, the Executive Management, and the systems and processes applied by our employees on a daily basis.

KEY GOVERNANCE INITIATIVES FOR 2017

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updated Board Charter</td>
<td>The Board Charter was revised and updated. Particulars are provided on page 54.</td>
</tr>
<tr>
<td>Revised Board Committees’ terms of reference</td>
<td>The terms of reference of the Board Committees were revised with the emphasis on dealing with conflicts of interest, decision-making by consensus as far as possible and strengthening voting mechanisms where consensus cannot be achieved.</td>
</tr>
<tr>
<td>Conflict of Interest Policy</td>
<td>A Conflict of Interest Policy was adopted which prohibits directors of the IDC from doing business with the Corporation from 1 April 2017.</td>
</tr>
<tr>
<td>Directors’ Training</td>
<td>The IDC-customised directors’ training course, which was implemented during the previous financial year, continued with training provided to a further 93 employees and independent directors.</td>
</tr>
<tr>
<td>Compulsory FICA training</td>
<td>Training on compliance with the Financial Intelligence Centre Act (FICA) was extended to the employees of the IDC. More details are provided on page 57.</td>
</tr>
<tr>
<td>Corporate Governance Assessments of Investee Companies</td>
<td>The corporate governance practices of more than 60 IDC business partners/investee companies were assessed and support, where necessary, was provided.</td>
</tr>
</tbody>
</table>

GOVERNANCE FRAMEWORK

LEGISLATION, CODES OF BEST PRACTICE AND POLICIES
Our governance framework comprises:
- The Industrial Development Corporation Act 22 of 1940 (IDC Act)
- The PFMA
- Treasury Regulations
- The Companies Act 71 of 2008
- King III
- The Board Charter
- Various other policies, and internal systems and procedures.

BOARD OF DIRECTORS

COMPOSITION
Our Board of Directors guides the strategy of the Corporation and carries the ultimate responsibility for its performance. The Board is constituted to ensure the wide range of skills and knowledge required to meet the Corporation’s strategic objectives.

The size of the Board is determined by the IDC Act, which permits a minimum of five and a maximum of 15 directors to be appointed by the shareholder. A unitary board structure is applied, with the shareholder for setting strategic objectives and key policies, major plans of action, a risk policy, annual budgets and business plans.

As at 31 March 2017, the Board comprised one executive and 11 non-executive members and a gender composition of seven female and four male directors. The positions of Chairperson and Chief Executive Officer are separately held to ensure a clear separation of responsibilities. The Chairperson of the IDC Board is a non-executive director, in line with the recommendations of King III.

The Board retains full and effective control and is responsible to the shareholder for setting strategic objectives and key policies, major plans of action, a risk policy, annual budgets and business plans. It ensures that the performance objectives set by the shareholder are achieved through performance monitoring systems and reporting.

Directors have complete access to senior management through the Chairperson, CEO or Company Secretary at any time. In addition to regular presentations by senior management at Board meetings, directors may seek briefings from senior management on specific matters.

INDUCTION
All new directors participate in a formal induction process coordinated by the Company Secretary. The induction process includes briefings on financials, strategic, operational and risk management policies and processes, governance framework, culture and values, and key developments at the IDC and in the sectors and environments in which the IDC operates.

BOARD MEETINGS AND ATTENDANCE
The IDC Board meets at least six times a year and holds a strategy session at least once a year. Special Board meetings are convened when necessary. During the reporting period the Board met a total of 11 times and in addition, a Board strategy session was held over two days during September 2016.

CHANGES TO THE BOARD
In line with our normal practice, all non-executive directors of the IDC Board will retire and make themselves available for re-appointment at the Corporation’s next AGM. Mr Brian Molefe resigned his position with effect from 25 January 2017.

BOARD CHARTER
The Board has a charter which sets out its responsibilities, including the adoption of strategic plans, the development of a clear definition of materiality, the monitoring of operational performance and management, and the determination of policy processes to ensure the integrity of the Corporation’s risk management and internal controls, communication policy, and director selection, orientation and evaluations.

After the revision that was reported on in last year’s report, a further revision of the Board Charter was completed. This revision was deemed appropriate in order to take into account changing circumstances and feedback received from stakeholders. The Board Charter was accordingly amended to provide for changes to the rotation policy and refinement of processes for arriving at decisions.

KEY GOVERNANCE INITIATIVES FOR THE YEAR
In 2017, the focus was on enhanced transparency and taking positive steps to manage conflicts of interest. The main initiatives are summarised in the table below.
BOARD COMMITTEES
The Board has established five standing committees to assist it in exercising its authority – the Board Investment Committee, the Board Human Capital and Nominations Committee, the Board Audit Committee, the Board Risk and Sustainability Committee, and the Board Social and Ethics Committee. All Board committees operate under Board-approved terms of reference which are regularly updated to stay abreast of developments in corporate law and governance best practice.

The chairperson of each Board Committee is a non-executive director. The members of each Board committee are appointed by the Board of Directors, except for Audit Committee members who are appointed by the shareholder at the AGM. At a Board meeting following each committee meeting, the Board receives a report on deliberations, conclusions and recommendations. The reports of the various Board committees appear on pages 65 to 68 of this report.

ETHICS AND MANAGING DIRECTORS’ CONFLICTS OF INTERESTS
At every meeting involving Board members, subsidiary directors and executive management, members are required to disclose any potential conflicts and if required, to withdraw from the proceedings. Declarations of conflict are also made to the Company Secretary as and when necessary. This is done in compliance with the Companies Act, the IDC Guidelines on Conflict of Interest and the Conflict of Interest Policy. The declarations are made at each Board meeting and at meetings of the Board committees responsible for considering transactions.

A NEW DIRECTORS’ CONFLICT OF INTEREST POLICY
During February 2017 the Board approved a new Directors’ Conflict of Interest Policy, effective from 1 April 2017, which:
• Prohibits directors of the IDC from doing business with the IDC
• Provides for a process to ensure that directors are not provided with Board papers, and do not participate in matters in which they are regarded as being conflicted.

COMPANY SECRETARY
The Company Secretary plays a pivotal role in the corporate governance of the Corporation. The Company Secretary is responsible to the Board for, inter alia, acting as a central source of information and advice to the Board on matters of ethics, adherence to good corporate governance principles, and compliance with procedures and applicable statutes and regulations.

The Company Secretary is not a director of the Corporation and acts independently from the Board. In line with good governance practice, the appointment and removal of the Company Secretary is a matter for the Board.

The Company Secretary fulfils a dual role in that he is also the General Counsel of the Corporation.

STRUCTURE
All members of Board Committees are non-executive directors. The IDC’s Board structure is depicted in the diagram on page 56.

REMUNERATION REPORT
Remuneration Philosophy
Our employees are integral to achieving our corporate objectives. We therefore strive to keep them engaged, motivated and appreciated. We endeavour to attract and retain high-calibre, high-performing individuals who subscribe to the values and culture of the organisation.

Performance management and development are key enablers in establishing and reinforcing employee behaviours and outputs that will help achieve our business goals and objectives. This requires continuous formal and informal feedback as part of an ongoing performance improvement process.

The Corporation’s remuneration philosophy is designed to ensure that employees are remunerated fairly, equitably and consistently based on individual performance, market remuneration trends and the relative value of each position within the business. The principle of performance-based remuneration is one of the cornerstones of the remuneration policy and it is underpinned by sound governance principles which are reviewed periodically in order to drive alignment with changes in remuneration trends and practices.

Employee Remuneration
The Board and shareholder have directed that the outcomes of performance should reward increased efforts and sustainable successes and that incentives should only be payable for exceptional performance. Targets for certain strategic indicators must be met for incentives to be considered, in particular those indicators related to job creation/saving, disbursements and impairments.

Incentives
The short-term incentive (STI) is aligned to recognise and reward performance which exceeds expectations in terms of short-term corporate indicators, and team and individual performance indicators. The on-target STI amounts are aligned to those of other SOEs as provided for by the remuneration guidelines for SOEs. An annual non-pensionable allowance (NPA) is payable to employees with acceptable performance ratings in terms of the Corporation’s performance management process.

The long-term incentive (LTI) is based on performance against the IDC’s long-term objectives. In line with emerging local and international trends, the incentive vests in three years and is paid over three years from the year of vesting. The amounts for the subsequent two years will be paid provided that performance against long-term objectives does not drop below the target performance level in any of the years.

The allocation of awards is discretionary and the Board has the authority to change or withdraw the awards. The Board also has the discretion to withdraw a vested incentive on the basis of a material event occurring. In respect of the LTI, the overall on-target incentive over the three-year vesting cycle has been aligned with the remuneration guidelines for SOEs.

Board Remuneration
The Board Human Capital and Nominations Committee plays an advisory role on the remuneration of IDC staff employees and non-executive directors. The directors are remunerated for the meetings they attend at rates approved by the shareholder. No performance-based remuneration or retainer fees are paid to directors.

During the reporting period IDC directors were remunerated as per the table on page 56.
COMMITTED TO GOOD GOVERNANCE (continued)

Name of director | 2017 R’000 | 2016 R’000
--- | --- | ---
BA Mabuza | 1 057 | 690
LI Bethlehem | 364 | 301
BA Dames | 416 | 322
RM Godsell | 206 | 178
A Kriel | 208 | –
SM Magwentshu-Rensburg | 414 | 326
NP Mnxasana | 546 | 441
B Molefe | – | 64
M More | 271 | –
PM Mthethwa | 365 | 304
ND Orleyn | 400 | 340
NE Zalk | – | –

1. These directors do not derive direct financial benefit from services rendered to the IDC. Their fees are paid directly to their employers.
2. Mr A Kriel and Ms M More were appointed to the IDC’s Board on 1 April 2016 and did not receive any fees for 2016.
3. Mr NE Zalk is employed by the dti and does not earn directors’ fees for services rendered to the IDC nor are fees paid to his employer.

BOARD STRUCTURE AND COMPOSITION

<table>
<thead>
<tr>
<th>Committee</th>
<th>IDC Board</th>
<th>Board Investment Committee</th>
<th>Board Human Capital and Nominations Committee</th>
<th>Board Audit Committee</th>
<th>Board Risk and Sustainability Committee</th>
<th>Social and Ethics Board Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Responsible for the performance of the Corporation while retaining full and effective control</td>
<td>Considers transactions mandated to it by the Board and reviews related party transactions. Particulars of approval thresholds are provided on page 58</td>
<td>Develops compensation policies, resourcing plans and performance goals</td>
<td>Monitors the adequacy of financial controls and reporting</td>
<td>Governs risk and ensures responsible stewardship of sustainability</td>
<td>Promotes the ideals of corporate fairness and transparency, social and economic development and good corporate citizenship, and manages the Corporation’s exposure to reputational risk</td>
</tr>
</tbody>
</table>

Committee membership and number of meetings attended

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BA Mabuza (Chairperson)</td>
<td>11*</td>
<td>13</td>
</tr>
<tr>
<td>LI Bethlehem</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>BA Dames</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>RM Godsell</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>A Kriel</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>SM Magwentshu-Rensburg</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>NP Mnxasana</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>N More</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>PM Mthethwa</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>ND Orleyn</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>NE Zalk</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>B Molefe (resigned January 2017)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG Qhena**</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

* Chairperson of the respective committee
** Not a member of any sub-committee
DELEGATED LEVEL OF AUTHORITY
While the Board has the authority to delegate powers to Executive Management and Board Committees, it remains accountable to the shareholder. A Delegation of Authority is in place, which is updated on a regular basis.

DELEGATION OF CREDIT APPROVAL
As depicted in the diagram on the next page, specific powers and authority have been delegated to those Board and Executive Committees responsible for credit approvals. Each of these committees has a clearly defined mandate outlined in written terms of reference. The management of day-to-day operations is delegated by the Board to the CEO, who is assisted by the Executive Management Committee and its subcommittees.

COMPLIANCE
The IDC recognises its accountability to all its stakeholders under the regulatory requirements applicable to the Corporation.

Our compliance philosophy recognises the importance of ensuring continual adherence to regulatory requirements as a critical part of effective regulatory compliance risk management.

Whereas the ultimate responsibility for ensuring that the Corporation complies with all the applicable regulatory requirements as stipulated in the PFMA remains with the IDC Board, the Compliance and Regulatory Affairs department assists the Board in mitigating the risk of non-compliance with these requirements. The compliance function also assists business units/departments in identifying and assessing regulatory risks, and developing compliance risk management plans to mitigate and control them. Regulatory risks are monitored and reported to the relevant stakeholders.

During the year under review, the process of compliance awareness training to IDC employees which was embarked upon during the previous year continued, with compulsory FICA training provided to 683 employees. Anti-Money Laundering and Terrorist Financing Control policies were adopted, replacing the FICA Manual. The implementation of the anti-money laundering programme is currently our particular area of focus.

During the reporting period, there were no contraventions, penalties, sanctions or fines imposed on the IDC due to non-compliance with regulatory requirements.

GOVERNANCE AT SUBSIDIARIES

GOVERNANCE STRUCTURES AND FRAMEWORKS
A formal governance framework for IDC subsidiaries and investee companies is in place. This framework enables the IDC, as an institutional investor, to have an awareness of the material risks and issues that affect our investee companies and the industries in which they operate. Through this framework, we are able to exercise adequate oversight over our subsidiaries and investee companies.

The governance framework will be reviewed during the current financial year to bring it up to date with changes required in terms of King IV.

The extent of our influence on subsidiaries and other companies in which we have an ownership share is determined by the size of our shareholding in the various companies. We have a large measure of influence over wholly-owned subsidiaries and less influence over companies where our investment is limited to a minority shareholding or a loan. Care is taken to ensure that all our clients and investee companies have effective and fit-for-purpose governance structures in place.

HUMAN CAPITAL
BACKGROUND
As a leader in industrial development finance operating in a competitive environment, we recognise the need for employees with appropriate skill sets who are driven by a high-performance culture. Our initiatives in this regard have been met with positive results and in the year under review, the IDC was accredited by the Top Employers’ Institute as a Top Employer for the second consecutive year.
Delegation of credit approval

| Board | • Considers transactions where the transaction is R1.5 billion or more or counterparty exposure is R7 billion or above  
• There might be conflict of interest through an IDC director’s involvement in a transaction (after taking advice from the Social and Ethics Committee, Board Investment Committee (BIC) and/or Special Credit Committee)  
• Deviation from any policy relating to a finance transaction (where Board approval is required)  
• Counterparty limits of above R7 billion per counterparty at cumulative market value (including undrawn commitments)  |

| Board Investment Committee | • Considers transactions where IDC’s transaction exposure (new money plus old if within a rolling 12 month period) is R250 million or more but less than R1.5 billion and the counterparty exposure is between R1 billion and R7 billion  
• Also reviews transactions where the transaction/counterparty limits are breached, but recommends to the Board for consideration  
• Decides on whether a finance transaction is of strategic nature, in which case the transaction will be reviewed by the BIC, and recommended to the Board for consideration  
• A sector and/or regional limit is breached  |

| Special Credit Committee | • Considers transactions where IDC’s transaction exposure (new money plus old if within a rolling 12 month period) is R25 million or more but less than R250 million and the counterparty exposure is below R1 billion  
• Considers additions/changes to the Delinquent Register  |

| Credit Committee | • Considers transactions where the IDC’s transaction exposure (new money plus old if within a rolling 12 month period) is less than R25 million and the counterparty exposure is below R250 million  |

STRATEGY
Our strategy of attracting and retaining top employees is based on the following:
• Building capacity  
• Ensuring an enabling working environment  
• Providing the necessary development and growth opportunities  
• Supporting broader skills development in our country  
• Enabling customer-centric values-based service delivery to internal and external stakeholders.

LEADERSHIP FRAMEWORK
We are building our unique leadership brand. A leadership framework was developed to define the critical leadership competencies required to take our business forward. To this end, we have assessed all our executives against the framework and in the next financial year we will assess all our senior managers and potential successors for critical roles. In this way, we are meeting our objectives of enhancing the IDC’s leadership capability and ensuring continuity by building leadership bench strength for our future needs.

The IDC’s definition of leadership is: “To lead, influence and inspire oneself and others to achieve the IDC’s vision by being accountable and responsive in the way leaders deliver and lead selflessly.”

The diagram on page 59 represents our defined leadership framework and competencies.

TALENT
Through our talent management strategy, we have identified all critical roles in the Corporation that require ongoing and focused attention to ensure the retention of individuals in these roles. Over the reporting period the voluntary turnover of individuals in critical roles has increased from 5.6% to 6.7%. In ensuring the Corporation is continuously capacitated to deliver on its strategy a comprehensive talent review process was undertaken to identify potential successors for critical roles. As a corporation we have determined the coverage ratio (i.e. percentage of potential successors identified at different readiness levels for all critical roles). Currently we have an overall 76% coverage ratio for all critical roles, excluding executives, across all readiness levels. In the immediate readiness level we have a 69% coverage ratio, in the 1-3 years readiness level the ratio is 89% and in the 3+ years readiness level, 72% of roles are covered with identified potential successors. The focus is on ensuring that a plan is developed to fast-track development and capability building in respect of gaps that have been identified for potential successors, which will be informed by the leadership assessment process.

PEOPLE DEVELOPMENT
Customer-centricity training was made available to all employees as part of our aim of ensuring that employees are skilled in customer service through being accountable, adhering to service commitments and effective communication. Commitments made by
employees during the training will be used to measure customer satisfaction on an ongoing basis.

The development of leadership competencies through building and developing the IDC's leadership DNA is undertaken in order to deliver on our strategic objectives and positively impact the desired culture of the IDC. This is achieved by way of:

- Executive and leadership coaching, to assist with the transition into leadership roles, address leadership challenges and unlock potential
- Mentorship training for operations divisions, to build capability and create a conducive environment for the effective transfer of critical skills.

Particulars of training provided to employees during the reporting period are set out in the graphs on page 60.

The total staff cost during the year under review was R998 million. The training expenditure, expressed as a percentage of staff costs remained the same at 2% (2016: R1 011 million, 2%). A comparative summary of investment in staff training is available online.

AN ENABLING CULTURE

Since the implementation of the Project Evolve initiative reported on in our last two Integrated Reports, we have focused on building an enabling culture, and an environment within which our people can thrive. To enable our culture vision, we have been driving the required culture shift with an approach based on performance and consequence management, engagement, customer-centricity and promoting greater accountability, trust and decision-making.

In order to ensure that our people are change-agile, a change forum network was established, with the focus for the year ahead on ensuring that all our people are appropriately and effectively engaged on changes that impact both them and the IDC’s business, and to ensure that we are responsive to it. As a business, we aim to improve the functioning of the forum and build change-agile staff.

REWARD AND RECOGNITION

Our Remuneration and Benefits Philosophy is designed to attract and retain high performing employees. Total Remuneration consists of the following:

- A guaranteed package based on cost to company consisting of a cash portion and compulsory benefits such as retirement funding and medical aid
- Short-term incentives are made up of two components, a non-pensionable allowance payable at a performance score of 3 and a performance bonus at a performance score of 3.5 and above are awarded on the achievement of predetermined performance objectives and targets. All permanent employees irrespective of level are eligible to participate
- Our long-term incentive scheme vests over a period of three years and supports to facilitate retention of individuals in critical leadership, management and professional roles. Administrative and support bands are excluded from the long-term incentive.

In addition, to recognise our people the "IDC Star Awards" function was held in November 2016 whereby we pay tribute to our “Star” performers as identified and nominated by fellow employees and adjudicated by a panel. Understanding that teams are also critical to business success we recognise teams who have made a difference in projects involved in the business which directly supported the IDC objectives.

Our tailored recognition programme (e-Wards) shows our appreciation for staff who go the extra mile to serve our clients, both internal and external. This platform has grown year-on-year and remains a positive way for staff to recognise their colleagues.
STAFF COMPLEMENT
In ensuring that we are properly resourced and capacitated, our staff complement remained relatively constant at 839 employees (2016: 848). Of the 839 employees, 818 were permanent employees and 21 were on three-year fixed-term contracts, of whom 9 were trainee accountants on a chartered accountant learnership and 12 were employed in the Presidential Infrastructure Co-ordinating Commission’s technical unit.

Of the 21 fixed-term contractors, 38% were female and 62% male. Furthermore, 86% of the fixed-term contract employees were from designated groups. A comprehensive breakdown of staffing numbers by level is provided in the online section of this report.

DIVERSITY
Diversity is a critical enabler. Being a proudly South African state-owned entity, we continuously strive to ensure that our staffing profile is representative of the broader society. Our overall equity representation of designated groups increased by 1% to 92% (2016: 91%).

Gender diversity is an imperative, and to this end 54% of all employees are female and 46% male. The composition of people with disabilities decreased slightly from 1.5% to 1.4% over the past year.

Training investment

HEALTH AND SAFETY
We continue to drive our commitment to minimising work-related injuries and illness through the IDC’s Occupational Health and Safety structures, such as the Occupational Health and Safety Committee and the Emergency Response Team, and Employee Wellness programmes, in compliance with the Occupational Health and Safety Act, 1993.

Only one Lost Time Injury and two Medical Aid Incidents were recorded during the financial year under review, which required management intervention and enhancement of Occupational Health and Safety activities. This approach will ensure that the health and safety of employees and visitors continue to be a key focus.

A company-wide safety awareness campaign will be rolled out. The Occupational Health and Safety programme will be benchmarked against similar institutions to ensure a focused approach in improving the performance of the Occupational Health and Safety Committee and reduction of health and safety incidents.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees trained</td>
<td>708</td>
<td>673</td>
</tr>
<tr>
<td>Total number of days training: female</td>
<td>597</td>
<td>542</td>
</tr>
<tr>
<td>Total number of days training: male</td>
<td>493</td>
<td>517</td>
</tr>
<tr>
<td>Average number of hours training: female</td>
<td>12.0</td>
<td>12.5</td>
</tr>
<tr>
<td>Average number of hours training: male</td>
<td>12.6</td>
<td>12.7</td>
</tr>
</tbody>
</table>

Excluded from these statistics are:
- On-boarding
- Online training

For the purpose of this report, training has been defined as interventions that:
- Cover internal permanent staff and CA Trainees
- Have a duration of 1 day or more
- Were offered by external providers (including conferences and short courses)
- Included internal IDC Operations Training
- Included customised programmes delivered in-house
LEARNERSHIPS
During the reporting period the Corporation prioritised supporting our existing graduates on our Graduate Development Programme to obtain suitable employment. The number of people enrolled on the programme in 2016 was 40, being initially placed across all the IDC offices nationally. The main objective of this programme is to expose our graduates to practical work experience and equip them with the required skills in preparing for the world of work and ultimately being employed.

The IDC has facilitated the employment of 25 individuals through various opportunities (IDC, IDC subsidiaries and the external market). The year ahead will focus on continuing to provide remaining learners with work-based exposure and assist to secure employment.

The size of our Chartered Accountant Learnership programme remained stable with 12 trainees at different levels of the 3-year programme (3 of these have since joined IDC’s operations training programme).

Our partnership with Scaw Metals has seen us continuing to support 30 young people on an apprenticeship programme in various trades. This programme started in 2014 and will continue until 2018.

Our external bursary programme supports talented students from previously disadvantaged backgrounds who cannot afford tertiary fees. In the 2016 academic year, we supported 221 (2016:223). The Corporation is also supporting three learners with disabilities to undertake their studies.

ENVIRONMENTAL AND SOCIAL GOVERNANCE
ENVIRONMENTAL AND SOCIAL POLICY
We recognise that sustainable economic growth is integrally connected to the sustainability of the environment and society. As the IDC, we are committed to investing in activities that enhance environmental protection measures, in compliance with occupational health and safety regulations, and that avoid negative social impact on communities, while promoting the sustainable use of natural resources. The IDC has adopted five principles to promote environmental and social protection in all its investments and activities:

1. All activities must be environmentally and socially responsible
2. All investments must comply with national legislation and international environmental protection conventions
3. All investments must respect local communities and people
4. Investee companies must create favourable working conditions that are not harmful to employee health and well-being
5. Investee companies shall develop and implement environmental management systems in line with international best practice

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE FRAMEWORK
Our Environmental and Social Due-Diligence Framework governs our approach to environmental and social due diligence in the funding request process. Investments are categorised in terms of inherent industry risk, as Category A (high risk), Category B (medium risk) and Category C (low risk), which enables risk-based due diligence procedures. In addition to the risk category, the Credit Committees’ investment decisions are informed by a company’s Environmental and Social Risk Rating, or ESRR, which reflects how well the company manages environmental and social risk exposure.

The Environmental and Social Risk Categories and ESRR are set out in the table on page 62.

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<th>AFRICAN</th>
<th>WHITE</th>
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<tr>
<td>BY POPULATION GROUP</td>
<td>68%</td>
<td>16%</td>
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<tr>
<td>46% – Male</td>
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<td>54% – Female</td>
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</table>
**ENVIRONMENTAL AND SOCIAL RISK MONITORING**

77% of the clients analysed are classified as Category B projects which are “those with potential limited adverse environmental or social impacts that are few in number, site specific, largely reversible and readily addressed through mitigation measures”. This category encompasses the manufacturing sector, therefore in the context of the IDC, most of the business partners fall into this category.

Of the clients assessed, 30 maintained the same rating as per their previous assessment, while 10 showed an improvement in their E&S risk category and 4 deteriorated. An additional 21 clients were assessed for the first time.

In the past year, IDC re-assessed 100% of the ESRR4 clients identified in the previous year. Engagements with these clients are assisting them to quantify and cost the corrective measures needed to improve their performance. Two further ESRR4 clients were identified this year and are being engaged to ensure that poor performance is addressed.

**CARBON FOOTPRINT**

Information on our carbon footprint is available online.

We include selected subsidiaries in the annual scope 1 greenhouse gas emissions calculations. Subsidiaries contribute 15% to IDC’s scope 1 emissions. Of the six subsidiaries included, only two make a material contribution to IDC’s scope 1 emissions. We continue to engage these companies on carbon-tax readiness.

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**ENGAGING SUBSIDIARIES ON ENVIRONMENTAL AND SOCIAL ASPECTS**

**Dedicated Company Compliance Engagements**

**Scaw**

The IDC assisted Scaw South Africa with more than R201 million to implement corrective action of non-compliances issues identified through monitoring programmes (including non-compliance notices and directives issued by authorities) to ensure compliance with relevant statutory and regulatory requirements. To this end Scaw has secured most of the mandatory operational licences/permits, registrations and certificates.

**African Chrome**

During the past year IDC spent a further R2.8 million on care and maintenance activities on this legacy remediation project.

**Columbus JV**

We contribute, along with Samancor, toward the effective management of the Columbus landfill site in Middelburg. R6.4 million was spent on this during the year.

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**INTERNAL AUDIT FUNCTION**

**BACKGROUND**

The purpose, authority and responsibilities of our Internal Audit department are set out and formally defined in a charter approved by the Board Audit Committee.

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**Combined risk assurance model**

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**COMMITTED TO GOOD GOVERNANCE** (continued)
Internal Audit forms part of the Corporation’s Enterprise Risk Management Framework (ERM), as a third line of defence. ERM facilitates our objective to effectively govern and manage the Corporation’s approach to risk management and to create sustainable value for our stakeholders through business objectives. These are defined in terms of achieving developmental outcomes and ensuring financial sustainability and satisfactory customer service.

Our operating environment is dynamic and is influenced by factors such as adverse economic conditions and social and political dynamics which require proactive action to address risks and ensure that we achieve our developmental mandate.

Effective ERM involves the strategic implementation of three lines of defence as set out in the figure on page 62.

ROLE OF INTERNAL AUDIT
The primary objective of the Internal Audit function is to provide independent, objective assurance to the Board that the IDC’s governance processes, management of risk and systems of internal control are adequate and effective in mitigating the most significant risks that threaten the achievement of the group’s objectives and, in so doing, help to improve the control culture of the Corporation.

MANAGEMENT’S RESPONSIBILITY FOR RISK MANAGEMENT AND FRAUD
Whereas management is responsible for the development, revision and implementation of our systems and procedures, the Internal Audit department provides support and advises management on the adequacy and effectiveness, or otherwise, of developed or revised systems and procedures.

During the reporting period, Internal Audit conducted face-to-face fraud awareness training and education to 29 of the Corporation’s strategic business units and departments, 10 regional offices and 8 members of Executive Management (67%), covering a total of 345 staff members (40% of all employees). All 12 members of Executive Management (100%) received communication with regards to financial crime policies. Training was also extended to some of the major subsidiaries (Seda, Scaw and Foskor) and a number of business partners. All active business partners received communication on financial crime policies.

We have distributed our Financial Crime Awareness brochure on Social Engineering to 864 individuals, and we continued with other initiatives to enhance financial crime awareness, which included the hosting of a Fraud Awareness Week. Awareness initiatives were also extended to business partners through bulk SMS and regular website and email updates.

Key operational areas are investigated for corruption risks. Eight out of 16 high risk areas were assessed during the year. High risk areas include all operational units (12 SBUs), and the Financial Management, Procurement, Human Capital and Post-Investment Management departments. During this risk identification process, the significant risks identified are fed back into Internal Audit’s fraud and corruption training activities. These include:

• Clients: Fraudulent audit certificates; non-compliance with drawdown procedures; overstated revenue; dishonest clients; fraudulent BEE certificates
• Other: Falsified invoicing; related party transactions; falsified IDC documentation/letters
• General: Offering gratification to an IDC employee to unduly influence an official decision.

ASSISTANCE TO SUBSIDIARIES
Our Internal Audit department worked very closely with some of our key subsidiaries to provide support and oversight during the year. Amongst others, we shared some of the audit programmes, reviewed some of the work performed by subsidiaries and deployed IDC Internal Audit staff to perform audits in the subsidiaries where capacity or skills needed to be supplemented.

COMBINED ASSURANCE
During the reporting period, a Combined Assurance Policy was approved by the Board Audit Committee and Board Risk and Sustainability Committee. The policy clearly sets out the responsibilities of each assurance provider and the nature of assurance to be provided. On implementation, the combined assurance approach will ensure that all risk areas are adequately covered and that assurance is provided in an optimal manner whilst avoiding duplication.

FORENSIC INVESTIGATIONS
As a result of the extended crime awareness programmes and education provided to employees and business partners, we have seen a reduction in the number of cases reported during the current year as compared with the prior year.

A total of 26 cases were reported for investigation, of which 17 were client-related. This compares favourably with the total of 36 matters during the previous year, of which 7 were internal cases and 29 external. This reduction is attributed to improvement in the control environment as well as vigilance in our employees and business partners in deterring and preventing fraudulent activities.

RISK MANAGEMENT
RISK STRATEGY
Our approach to risk management is that the Corporation is fully aware, at all times of the existing and future material risks that impact the attainment of its strategic objectives. Therefore, our risk management processes are fully integrated with our strategic planning process, guided by an Enterprise-wide Risk Management Framework that is applied uniformly throughout the organisation.

Our Risk Appetite Statement clearly sets out the levels of risk that the Corporation is willing to accept in order to achieve its strategic goals. For more details on our ERM process, refer to page 64.

RISK CULTURE AND GOVERNANCE
The IDC has strong risk management culture, this is enforced by setting the right tone at the top and by having clearly defined risk governance structures and an independent and adequately resourced risk management function. The Corporation has zero tolerance for non-compliance with laws and regulations and promotes ethical behaviour.

ENTERPRISE-WIDE VIEW OF RISK
The Corporation assesses and manages its risks on an enterprise-wide basis, taking a holistic view of risks across the organisation. We identify our risks at a material strategic level as well as at an operating business unit level. All our employees, regardless of level, have a responsibility for the management of risks. The responsibilities are clearly set out in line with the three lines of defence model.

In terms of the three lines of defence model as applied by the Corporation, all business units are the first line of defence in the identification, assessment and management of risks emanating from their operations. The Risk Management and Compliance departments are the second line of defence. They provide oversight, establish limits, frameworks and policies under which the first line activities are to be performed. Internal Audit comprise the third line of defence and they provide independent assurance to the Board and executive management over the effectiveness of controls and processes employed by the first and second line of defence.
THE IDC’S MATERIAL RISKS

In accordance with our risk management framework and process, we assessed (identified, analysed and evaluated) existing and emerging material risks that could hamper the attainment of our strategic objectives.

These risks were captured in the Corporation’s Risk Register that is formally approved by the Board. Once so approved, the risks are managed within approved appetite levels by their respective risk owners.

Risks that migrate beyond the Corporation’s desired appetite levels are escalated and reported in accordance with our approved matrix so as to ensure that necessary remedial actions are taken.

Taking into account the mitigating actions and controls implemented by the organisation, we are satisfied that the material risks will be managed within the Corporation’s tolerable levels.

The Risk Assessment process identified several major risks that could have a material impact on the Corporation achieving its objectives. The list of material risks are shown on pages 10 and 11.

The IDC’s risk assessment process

Enterprise risk management process

RISK APPETITE

We define risk appetite as the level of risk that the Corporation is prepared to accept in pursuit of its strategy. Our risk appetite is articulated in a set of statements, limits, thresholds and guidelines that are captured in our risk appetite statement that is formally approved by the Board.

The risk appetite metrics are reviewed annually in accordance with our dynamic strategy and changing risk landscape. Our risk appetite is prudent, whilst not being overly conservative and is in sync with our mandate as development finance institution. The risk appetite statement is communicated and cascaded down to the operating units and actively monitored and reported by the Risk Management department to the appropriate governance structures in the Corporation.

OPERATIONAL RISK MANAGEMENT

Given the changing risk landscape and adoption of Project Evolve, all departments’ Risk and Control Self-Assessments (RCSAs) were reviewed. RCSAs are a key component of the Operational Risk Management framework and enable a dynamic and iterative process for identifying and assessing key operational risks and controls. Mitigating actions were also put in place to proactively address control weaknesses and identified deficiencies.

The key operational risks attendant to a majority of our operations are:

- Internal and external fraud
- Data accuracy and integrity
- Retention of adequate skills

Another key focus area for the Corporation during the year under review was the implementation of the Loss Data Collection (LDC) policy. LDC provides an overview of the operational risk environment in terms of the risks that are actually materialising (losses incurred) and the adequacy of controls. Through LDC, operational losses and near-miss events are collected and analysed. Action plans are then developed to address control weaknesses and prevent further losses from recurring.
BUSINESS CONTINUITY MANAGEMENT (BCM)
During the financial year, critical plans were tested at the IDC work area recovery site. A crisis management table-top simulation training exercise was conducted for the Crisis Management Team (CMT). The main objective of the exercise was to test the BCM plans and IT infrastructure as well as the CMT’s readiness to respond to a crisis. The outcome demonstrated that the organisation is well prepared to recover in the event of a disaster.

BOARD COMMITTEE REPORTS

BOARD INVESTMENT COMMITTEE (BIC)
The purpose of the BIC is to consider transactions mandated to it by the Board which would, prior to the creation of the committee, vest with the Board. The BIC considers transactions as per the Delegation of Authority which is summarised on page 58 of this report, and it makes recommendations to the Board.

The BIC contributed significantly to the overall funding approvals, with new funding of R7.8 billion approved by the committee in 14 transactions. Details of these and other transactions are provided in the Impacting on Industrial Development section of this report.

In order to align itself further with the IDC’s development mandate, and to assess the catalytic role that the Corporation plays in the development of the country, the Committee instituted measures to assess the economy-wide impact of investment proposals that it is considering. This will ensure that investments are not only assessed on their direct economic impact, but consideration is now also given to other development aspects of transactions.

Dr S Magwentshu-Rensburg
Chairperson of the Board Investment Committee
28 June 2017

HUMAN CAPITAL AND NOMINATIONS COMMITTEE (HCNC)
The Committee annually manages the Board’s evaluation of the performance of the Chief Executive Officer and supports the Board in fulfilling its oversight responsibilities relating to succession planning as well as overall compensation and human capital policies for all IDC employees.

The specific responsibilities of the HCNC, as set out in the Board-approved terms of reference, includes:
- Recommending the appointment of directors to the boards of key subsidiaries and investee companies for consideration by the Board
- Recommending the appointment of the CEO to the Board
- Setting the criteria to evaluate the performance of the CEO
- In consultation with the CEO, setting the criteria for evaluating the performance of executives
- Determining the CEO’s salary based on the evaluation of his/her performance together with relative market benchmarks
- Overseeing the setting and implementation of remuneration policies and programmes at all levels of the Corporation, including the payment of performance incentives
- Ensuring that human capital expertise and capacity facilitate the achievement of the business objectives
- Ensuring development of strategies to retain key IDC personnel and playing an integral part in the succession planning, especially of the CEO and executive management
- Supporting the Board in defining corporate performance indicators as well as the evaluation of the performance thereof

For more information on remuneration and incentives, refer to page 55.

During the past financial year, the Committee ensured that the performance objectives of the Corporation, the CEO and that of executives were aligned to achieve the strategic imperatives of the Corporation from both a short- and long-term perspective. The Board’s oversight role included the evaluation of corporate and individual executive performance. On the basis of the achieved performance, the Committee recommended the payment of applicable incentives for the year under review.

In support of the corporate strategy and to drive a culture of high performance, the Committee provided oversight in the implementation of the Corporation’s revised Remuneration Philosophy and Policy which was approved by the Board during the previous year.

The Committee also considered a report and provided guidance on the Corporation’s Employment Equity Plan, reports on the Review of Talent Retention Strategies and the Implementation of Talent Management and Succession Strategy of the business, and approved the Succession Plan for Critical Leadership Roles including that of the CEO.

In Board deliberations the facilitation and embedding of a conducive culture was highlighted as a key imperative. Through the Board Human Capital and Nominations Committee, direction, guidance and input was provided into the culture transformation proposal that was presented for implementation. Furthermore, in order to successfully drive the IDC strategy as envisioned through Project Evolve, the committee provided guidance and input in the articulation of the leadership framework and capabilities required by leaders for the IDC. All leaders will be assessed in line with the leadership requirements and the committee will consider and evaluate the existing leadership bench-strength and how the capabilities can be further enhanced to execute the IDC mandate.

Mr B Dames
Chairperson of the Board Human Capital and Nominations Committee
28 June 2017

BOARD AUDIT COMMITTEE (BAC)
The BAC assists the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, risk management and financial reporting processes. In addition, the BAC assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

Responsibilities, Composition and Functions of the Committee
The Committee’s roles and responsibilities include its statutory duties as per the PFMA, the requirements of the King III Codes of Governance, the Companies Act and the responsibilities assigned to it by the Board.

The Committee therefore reports that it has adopted appropriate formal terms of reference as approved by the Board, and is satisfied that it has discharged its responsibilities as per the Companies Act, King III and the PFMA.

The Committee has carried out its functions through attendance at BAC meetings and discussions with Executive Management, Internal Audit and external advisers where appropriate. The BAC meets at least four times per annum, with authority to convene additional meetings as circumstances require.

Inviteses to the meetings of the Committee include the CEO, Chief Financial Officer (CFO), Chief Risk Officer and internal and external auditors, as well as the Head of Information Technology, and any other executives as may be required.
To execute its key functions and discharge its responsibilities as outlined in its terms of reference during the period under review, the Committee:

- Assisted the Board in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems, risk management and auditing processes applied within the Corporation in the day-to-day management of its business.
- Facilitated and promoted communication between the Board, management, the external auditors and Internal Audit department on matters which are the responsibility of the Committee.
- Introduced measures that, in the opinion of the Committee, may enhance the credibility and objectivity of the financial statements and reports prepared with reference to the affairs of the Corporation (and the IDC Group).
- Nominated and recommended for appointment as external auditors the firms of registered auditors KPMG, SNG and Ngubane & Co who, in the opinion of the Committee, are independent of the IDC.
- Determined the fees to be paid to the external auditors as well as the auditors’ terms of engagement.
- Ensured that the appointment of the external auditors complied with the Companies Act and any other legislation relating to the appointment of auditors.

Internal Control

The BAC monitored the effectiveness of the IDC’s internal controls and compliance with the Enterprise-wide Risk Management Framework (ERMF). The emphasis on risk governance is based on three lines of defence and the BAC uses the regular reports received from the three lines of defence (process owners and department heads, Risk and Compliance departments, management, and the Internal Audit department) to evaluate the effectiveness of the internal controls (for more on the three lines of defence and risk assessment, refer to page 62).

The ERMF places weight on accountability, responsibility, independence, reporting, communication and transparency, both internally and with all the IDC’s key external stakeholders.

No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the financial year under review. The Committee is of the opinion that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the consolidated Annual Financial Statements, that accountability for assets and liabilities is maintained, and that this is based on sound accounting policies which are supported by reasonable and prudent judgements and estimates. The BAC is further of the opinion that the internal controls of the Corporation have been effective in all material aspects throughout the year under review.

This opinion is based on the information and explanations given by management regarding various processes and initiatives aimed at improving the internal control environment and the integrity of information, discussions with internal audit, and with the independent external auditors, on the results of their audits.

To formulate its opinion, the Committee:

- Monitored the identification and correction of weaknesses and breakdowns of systems and internal controls.
- Monitored the adequacy and reliability of management information and the efficiency of management information systems.
- Reviewed quarterly, interim and final financial results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information.
- Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting practice and overall accounting standards as well as any changes thereto.
- Discussed and resolved any significant or unusual accounting issues.
- Reviewed reports supplied by management regarding the effectiveness and efficiency of the credit monitoring process, exposures and related impairments, and the adequacy of impairment provisions, to discharge its obligations satisfactorily.
- Reviewed and monitored all key financial performance indicators (KPIs) to ensure that they are appropriate and that decision-making capabilities are maintained at high levels.
- Reported to the Board on the effectiveness of the Corporation’s internal reporting controls.

External Auditors

The IDC’s external auditors are KPMG, SNG and Ngubane & Co. Ngubane & Co were introduced as a third firm of auditors as part of an effort to contribute to transformation by offering an emerging black-owned audit firm an opportunity to gain auditing experience in respect of a Corporation of the size of the IDC.

The BAC has a well-established policy on auditors’ independence and audit effectiveness. The committee has satisfied itself that the external auditors, KPMG, SNG and Ngubane & Co were independent of the Company as set out in sections 90(2)(c) and 94(8) of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

Requisite assurance was sought and provided by the external auditors that their claim to independence was supported and demonstrated by internal governance processes within their entities. The Committee, in consultation with Executive Management, agreed to the engagement letter, terms, audit plan and audit fees for the financial year ended 31 March 2017.

The Committee:

- Approved the external auditors’ annual plan and related scope of work.
- Monitored the effectiveness of the external auditors in terms of their skills, independence, execution of the audit plan, reporting and overall performance.
- Considered whether the extent of reliance placed on internal audit by the external auditors was appropriate and whether there were any significant gaps between the internal and external audits.
- Approved the Non-audit Services Policy, which stipulates that the external auditors are precluded from engaging in non-audit related services.

Financial Statements

The Committee has reviewed the financial statements of the Corporation and the IDC Group and is satisfied that they comply in all material respects with IFRS and the requirements of the Companies Act and PFMA. During the period under review the Committee:

- Reviewed and discussed the audited Annual Financial Statements included in this Integrated Report with the external auditors, the Chief Executive and the Chief Financial Officer.
- Reviewed the external auditors’ report and management’s response to it.
- Reviewed any significant adjustments resulting from external audit queries and accepted unadjusted audit differences.
- Reviewed areas of significant judgements and estimates in the Annual Financial Statements.
- Received and considered reports from the internal auditors.

Expertise and Experience of the Finance Function

The Committee has considered, and has satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the IDC’s finance function and the experience of the senior members of management responsible for the financial function.
Duties Assigned by the Board

Integrated and Sustainability Reporting
The BAC fulfills an oversight role regarding the Company’s Integrated Report and the reporting process, and considers the level of assurance coverage obtained from management and internal and external assurance providers, in making its recommendation to the Board.

The Committee considered the Company’s information as disclosed in the Integrated Report and has assessed its consistency with operational and other information known to Committee members, and for consistency with the Annual Financial Statements. The Committee discussed the information with management and has considered the conclusions of the external assurance provider.

The BAC is satisfied that the sustainability information is, in all material respects, reliable and consistent with the financial results. Nothing has come to the attention of the Committee to indicate any material deficiencies in this regard.

Combined Assurance
The BAC is responsible for monitoring the combined assurance model detailing significant processes, line management monitoring, Internal Audit and external assurances. This model is used to assess the appropriateness of assurance over risks/controls provided to the Board.

Engagement regarding the extent to which the various assurance providers rely on each other’s work take place continuously and the Committee is of the view that a better coordination between External and Internal Audit has been achieved.

During the year, a Combined Assurance Policy was approved by the BAC which includes a coordinated assurance effort with other assurance providers such as Risk Management and the Compliance function. This will assist in averting assurance gaps or duplication of efforts, and ensuring efficiency across various assurance services.

Going Concern
After having reviewed a documented assessment by management of the going concern premise of the Corporation and the IDC Group, the Committee concurs that the adoption of the going concern assumption in the preparation of the consolidated Annual Financial Statements is appropriate and sound.

Governance of Risk
The Board has assigned oversight of the Corporation’s risk management function to a separate Board Risk and Sustainability Committee (the BR&SC). The Chairperson of the BAC attends meetings of the BR&SC as an ex officio member to ensure that information relevant to these Committees is shared regularly.

The Committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting. The BAC is satisfied that appropriate and effective risk management processes are in place.

Internal Audit
The Internal Audit department has a functional reporting line to the Committee Chairperson and an operational reporting line to the CEO. The BAC, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from Internal Audit on a quarterly basis, assesses the effectiveness of the internal audit function, and reviews and approves the Internal Audit department’s Audit Plan.

The BAC is responsible for ensuring that the Corporation’s Internal Audit function is independent and has the necessary resources, standing and authority within the Corporation to enable it to discharge its duties. The Internal Audit function’s Annual Audit Plan was approved by the BAC. The Committee monitored and challenged, where appropriate, the action taken by management with regard to adverse Internal Audit findings.

The Committee has overseen a process by which Internal Audit has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Board in reporting on the effectiveness of internal controls. The Committee is satisfied with the independence and effectiveness of the internal audit function.

Conclusion
Having considered, analysed, reviewed and debated information provided by management, Internal Audit and External Audit, the Committee confirmed that:

• The internal controls of the Group were effective in all material aspects throughout the year under review
• These controls ensured that the group’s assets had been safeguarded
• Proper accounting records had been maintained
• Resources had been utilised efficiently
• The skills, independence, audit plan, reporting and overall performance of the external auditors were acceptable.

Following its review of the financial statements for the year ended 31 March 2017, the BAC is of the opinion that they comply with the relevant provisions of the PFMA, as amended, and IFRS, and that they fairly present the results of the operations, cash flow and financial position of the Corporation.

The BAC has complied with all the King III principles, with the inclusion of integrated reporting, evidenced by the Corporation’s sixth issue of its Integrated Report 2017. The Committee is satisfied that it has complied in all material respects with its legal, regulatory and other responsibilities.

This Integrated Report was recommended by the BAC to the Board for approval.

On behalf of the Board Audit Committee

Ms NP Mnxasana
Chairperson of the Board Audit Committee
28 June 2017

BOARD RISK AND SUSTAINABILITY COMMITTEE (BR&SC)
The primary duty of the BR&SC is the governance of risk and oversight of risk management within the Corporation.

The Committee also assists the Board in determining the maximum mandate levels for the various investment and credit approval committees. The Committee assists management with the responsible stewardship of sustainability, including stakeholder impact, management of material issues, sustainability governance and reporting. During the year under review work done by the BR&SC included the following activities, which are of critical importance to the risk management process:

Implementation of the Project Risk Framework
In light of the increased focus on project development and project risk management, it was necessary to establish a formalised project development process as well as appropriate project governance structures for managing IDC projects going forward. Project risk management is an essential management tool to support overall project management and ensures that risks are identified and effectively managed through mitigating factors.

A Project Risk Management Framework (PRMF) was established to provide guidelines for the management of risk in IDC projects.
In addition to the PRMF, a Project Risk Matrix or risk register was introduced to record and monitor identified risks and tools for their mitigation in specific projects.

**Implementation of Rating and Pricing Models**
The new models promote transparency in respect of the risk profile of a new business partner and migration of the credit risk of existing IDC business partners. They follow best practice, and assist in quantifying the level of subsidisation granted for risk in order to ensure that the IDC’s developmental role is achieved.

**Implementation of a Risk Appetite Framework (RAF) and Limits**
An effective RAF helps to reinforce a strong risk culture, which in turn is critical to sound risk management.

The IDC RAF is aligned to the Corporation’s strategy and capital planning. It includes a Risk Appetite Statement (RAS), risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. It also explicitly defines the boundaries within which management is expected to operate when pursuing the organisation’s business strategy, and, including an appropriate combination of policies, processes, controls, systems and procedures, it is considered adaptable to changing business and market conditions.

A Risk Limits and Thresholds exercise was undertaken to manage concentration risk, which is defined as the risk posed by any single exposure or group of exposures, having the potential to produce losses large enough to threaten the sustainability of the organisation.

Concentration risk arises in credit and investment portfolios due to uneven credit distribution among borrowers, industries or regions. Limits were set for single name losses and exposures, counterparty losses and exposures, industry exposure and Africa portfolio – regional exposure. Thresholds were approved for the Africa portfolio country exposure.

**Credit Risk Policy**
The Credit Risk Policy provides a framework for maximising the IDC’s risk-adjusted rate of return by maintaining credit risk exposures within acceptable parameters and appetite levels. This objective can be achieved and fulfils the requirements of proper risk management in line with the Corporation’s Risk Management Strategy, sound principles of corporate governance and fulfilment of the National Treasury guidelines on proper risk management (for more on risk management and governance refer to pages 63 and 64).

The BR&SC provided guidance and input to enhance the policy to ensure that financial and credit risks are adequately managed whilst providing opportunities to improve business.

Ms LI Bethlehem
Chairperson of the Board Risk and Sustainability Committee
28 June 2017
ENSURING FINANCIAL SUSTAINABILITY

The IDC is a going concern. Due to the current state of the economy, we expect profitability to be under pressure in the short- to medium-term. Our efforts to ensure sustainable development in the South African economy require that the Corporation remains financially sustainable.

We have sufficient liquidity to meet our current obligations and are confident that, for the foreseeable future, we can raise enough funding through a combination of new debt and internally generated funds (profits, repayments on existing facilities or equity divestments) to invest in new advances into the economy.

Managing impairments is key to ensuring our financial sustainability. We have and will continue to implement initiatives to ensure that impairments remain within acceptable levels.

FIVE-YEAR OVERVIEW EXTRACT FROM THE COMPANY’S ANNUAL FINANCIAL STATEMENTS

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<td>122 425</td>
<td>125 149</td>
<td>137 605</td>
<td>125 763</td>
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<td>125 149</td>
<td>137 605</td>
<td>125 763</td>
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<td>Statement of comprehensive income</td>
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<td></td>
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<tr>
<td>Operating profit/(loss)</td>
<td>1 601</td>
<td>152</td>
<td>1 718</td>
<td>1 953</td>
<td>1 704</td>
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<td>Income from equity-accounted investments</td>
<td>–</td>
<td>–</td>
<td>3</td>
<td>2</td>
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<td>Profit before taxation</td>
<td>1 601</td>
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<td>1 721</td>
<td>1 955</td>
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<td>Taxation</td>
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<td>(54)</td>
<td>(551)</td>
<td>(183)</td>
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<td>177</td>
<td>1 667</td>
<td>1 404</td>
<td>1 520</td>
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ENSURING FINANCIAL SUSTAINABILITY (continued)

FIVE-YEAR OVERVIEW – EXTRACT FROM THE GROUP’S ANNUAL FINANCIAL STATEMENTS

Figures in rand million

<table>
<thead>
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<td>Loans and advances</td>
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<td>23 928</td>
<td>22 412</td>
<td>20 818</td>
<td>18 666</td>
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<tr>
<td>Investments</td>
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<td>71 586</td>
<td>73 114</td>
<td>92 337</td>
<td>84 116</td>
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<td>Property, plant and equipment</td>
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<td>10 626</td>
<td>9 921</td>
<td>9 012</td>
<td>7 913</td>
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<td>Other assets</td>
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<td>8 343</td>
<td>8 585</td>
<td>8 549</td>
<td>7 181</td>
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<td><strong>Total assets</strong></td>
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<td>121 348</td>
<td>122 289</td>
<td>138 593</td>
<td>126 885</td>
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<td>84 715</td>
<td>89 797</td>
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<td>96 766</td>
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<td>Non-controlling interest</td>
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<td>102</td>
<td>125</td>
<td>215</td>
<td>174</td>
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<tr>
<td>Other financial liabilities</td>
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<td>27 984</td>
<td>24 005</td>
<td>21 350</td>
<td>19 025</td>
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<tr>
<td>Other liabilities</td>
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<td>8 547</td>
<td>8 362</td>
<td>10 259</td>
<td>10 920</td>
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<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>129 836</td>
<td>121 348</td>
<td>122 289</td>
<td>138 593</td>
<td>126 885</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/(loss)</td>
<td>616</td>
<td>(494)</td>
<td>1 011</td>
<td>2 513</td>
<td>2 447</td>
</tr>
<tr>
<td>Income from equity-accounted investments</td>
<td>963</td>
<td>557</td>
<td>656</td>
<td>(310)</td>
<td>(466)</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>1 579</td>
<td>63</td>
<td>1 667</td>
<td>2 203</td>
<td>1 981</td>
</tr>
<tr>
<td>Taxation</td>
<td>621</td>
<td>160</td>
<td>(14)</td>
<td>(560)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year</strong></td>
<td>2 200</td>
<td>223</td>
<td>1 653</td>
<td>1 643</td>
<td>1 978</td>
</tr>
</tbody>
</table>

**REVIEW OF FINANCIAL PERFORMANCE**

The 2017 financial year was a challenging year for the global economy, South Africa and the IDC Group. Most of our subsidiaries and certain associated companies are feeling the strain of the unfavourable economic environment. Notwithstanding, the Group made a consolidated profit of R2 200 million compared to a profit of R223 million in 2016.

**GROUP REVENUE**

Group revenue for the year decreased by 10.5% to R17.4 billion from R19.4 billion, in 2016.

Interest income for the Group of R4.3 billion was 84% above the previous year due to an increase in loans and advances during the year and a higher interest rate environment.

Dividends received were 35% lower compared to the previous financial year. In 2016, the IDC received a dividend in-specie from BHP Billiton upon the unbundling of South32 Limited. Shareholders retained their BHP Billiton shareholdings and received an in-specie distribution of shares in South32 on a pro-rata, 1:1 basis for no consideration. A dividend of R684 million was included in 2016 and not repeated in 2017. This was partially offset by Sasol declaring dividends to the IDC to the value of R1 billion. Mozal also paid a dividend of R450 million.

Scaw’s full year revenue, including that of the discontinued operations, of R5.5 billion is 3% lower than the previous financial year (R5.7 billion) due to continuing difficult trading conditions within the steel sector and slower growth in China (which is the largest consumer of steel), increasing cost of electricity, low spending by the mining sector due to falling commodity prices and subdued growth in the local economy. Management has initiated several interventions aimed at improving performance. Some of these include: improving efficiency through process reviews; focus on core business and selling non-core assets; restructuring the company’s balance sheet; proposed further reduction of its workforce, which the company is currently discussing with trade unions, as well as repositioning the company as the main exporter to the African continent. Significant cost savings are expected from these initiatives, with more benefits expected to flow from the Strategic Equity Partner implementation. Scaw has applied IFRS 5 non-current assets held for sale and

discontinued operations in 2017. On 30 November 2016, management committed to a plan to dispose of the grinding media and cast products divisions of Scaw. At year-end, management is in negotiations with potential buyers and the sale is expected to be finalised within the next financial year. A net loss of R362 million has been recognised in profit or loss.

Revenue from Foskor was down 5% from the previous year to R5.9 billion, mainly due to lower market prices, a strong exchange rate, high cost of production and plant inefficiencies. The lower commodity prices and the stronger than expected rand continue to have a significant impact on the revenue of Foskor. A number of cost interventions have been identified for the reduction of production costs, as reflected in the decrease in the cost of production.

**GROUP OPERATING PROFIT/(LOSS)**

The operating profit for the year was R616 million (2016: R494 million loss) mainly due to an increase in Net Capital gains combined with a reduction in the impairment charge and a decrease in dividends as indicated above.
Impact for the Group decreased significantly by R2.207 billion, from R3.161 billion to R3.954 billion, mainly driven by initiatives implemented, the focus on investee companies and the difficult trading conditions persisting in the South African economy.

In response to the higher risk of the IDC book, the Corporation has embarked on various initiatives to contain any further increases in impairments. The Corporation is confident that these interventions will be effective in curbing the growth in impairments, whilst continuing to play its counter-cyclical role in the economy.

The impairments in the current financial year (R954 million) were attributed to the adverse macroeconomic environment and the protracted slump in commodities prices. The impact of the weakening rand, interest rate hikes and the drought also had a negative impact on some exposures.

Financing costs for the Group increased to R2.607 billion (2016: R1.317 billion) mainly due to exchange rate losses during the year. Operating expenses (excluding impairments) increased from R4.540 billion to R5.348 billion.

The Group made a capital profit of R1.10 billion in new loans, advances and certain listed and unlisted investments during the year, compared to R4.53 billion in the previous year. The main contributor to the capital gain was the derecognition of the IDC’s investment in Main Street 333.

During the 2017 financial year, we received R2.13 billion from the South African Government to fund the Small Enterprise Finance Agency (sefa) (2016: R4.06 billion).

The IDC advanced R11.0 billion in new loans, advances and investments during the year, down from R11.4 billion in 2016. This resulted in loans and advances growing to R25.8 billion (net of repayments), from R23.5 billion and investments increasing from R33.0 billion to R38.3 billion (net of disposals and preference share redemptions).

The revaluation of investments to fair value increased from R38.6 billion to R40.0 billion, mainly due to the increase in the value of listed equities following some recovery in oil, platinum, manganese, steel and iron ore prices. The largest declines in market values were as a result of Sasol.

The IDC is committed to diversifying its portfolio over the medium term to minimise the current concentration risk towards commodities by investing in a diverse portfolio, with more stable growth prospects.

GROUP BORROWINGS

The growth in our borrowings portfolio was aligned with our strategy to fund growth in the loans and advances book, predominantly from borrowings. Borrowings for the year grew to R30.4 billion, from R28.0 billion in 2016.

Borrowing activity during the year amounted to R12.6 billion with repayments of R3.7 billion. A large portion of the borrowings was raised mainly from local lenders, while foreign commercial banks showed great appetite for IDC credit by providing more funding support. These funds were offered in both short- and long-tenure through bilateral arrangements. We continued to utilise the IDC Domestic Medium-term Note (DMTN) programme to issue public bonds amounting to R722 million in November 2016. To date, the DMTN programme capacity to issue more bonds is R28.1 billion.

The demand and pricing of the bond issuances reflected investors’ confidence in the IDC’s creditworthiness and financial standing. We will continue our bond issuance programme as part of our strategy to diversify funding sources. This strategy will also be informed by local and international market conditions, pricing and liquidity available in these financial markets. Traditional sources, namely commercial banks (both local and international) and Development Financial Institutions (DFIs) will also be explored as part of our funding sources. The DFIs that we have bilateral agreements with are Kreditanstalt für Wiederaufbau (KfW), African Development Bank (AfDB), Agence Française de Développement (AFD)/Proparco, European Investment Bank (EIB), China Development Bank (CDB) and China Construction Bank (CCB).

The Public Investment Corporation (PIC), acting on behalf of the Government Employee Pension Fund supported the green efficiency strategy to providing a longer tenure private placement bond. The Unemployment Insurance Fund (UIF), in their quest to reduce unemployment, partnered with the IDC to provide funding to assist companies which would save and create new jobs. This was facilitated by the PIC.

This diversified pool of funding provides the IDC with the flexibility to raise borrowings when required, depending on market volatility at
ENSURING FINANCIAL SUSTAINABILITY (continued)

The IDC continues to meet its financial obligations emanating from these funding sources whilst maintaining excellent relationships with its lenders and investors.

**TOTAL ASSETS, CAPITAL AND RESERVES AND DEBT/EQUITY**

Total assets increased from R121.3 billion in 2016 to R129.8 billion during the review period, mainly as a result of the increase in the fair value of BHP Billiton and Kumba Iron Ore Limited (largely due to higher iron ore prices). Our borrowings rose in line with the growth in loans and advances, resulting in an increase in the debt/equity ratio from 33% in 2016 to 34.5% in 2017.

**IMPAIRMENTS (IDC COMPANY)**

The impairments level has increased steadily over the past five years in value terms, from R8.6 billion in 2013 to R12.3 billion in 2017. A 5% increase occurred in cumulative impairments between the 2016 and 2017 financial years. As a ratio of the total outstanding financing book at cost, however, impairment levels decreased from 16.9% in the previous year to 16.7% during the period under review. The impairment level remains within the threshold of 20% as set by the Board.

The current impairment levels are aligned with our risk appetite and role in supporting high-risk sectors and businesses that may be unattractive to commercial financiers. The trend also reflects our focus on funding early-stage projects and start-up operations. The impairment charge to the income statement of R954 million for the year ended 31 March 2017 was 70% lower than the charge reported at financial year-end in 2016.

We compiled a comprehensive list of impairment initiatives to mitigate the rising trend of impairments. This was approved by the IDC Board’s Risk and Sustainability Committee and implemented during the 2017 financial year.

The IDC Executive Management and Board Risk and Sustainability Committee receive quarterly reports on impairments and credit risk measures.

**WRITE-OFFS (IDC COMPANY)**

The IDC writes off investments only after, inter alia, viable turnaround and restructuring options have been exhausted fully and the exposure is regarded as unrecoverable.

During the year under review, R1.3 billion was written off (2016: R2 billion), a decrease of 35% compared to the previous year.

Funding for businesses operating in the industrial infrastructure and construction industries accounted for 38% of the write-offs. The reasons related mainly to poor management and market penetration, as well as fraud and mismanagement of funds. Written-off businesses have a low probability of recovery, while in some instances we recoup already written-off amounts.
Liquidity risk refers to an inability by the Group to meet its obligations promptly for all maturing liabilities, increase in financing assets, including commitments and any other financial obligations (funding liquidity risk), or to do so at materially disadvantageous terms (market liquidity risk).

Liquidity risk is governed by the Asset and Liability Management Policy. The Asset and Liability Committee (ALCO) provides the objective oversight and makes delegated decisions related to liquidity risk exposures.

Sources of liquidity risk include:
- Unpredicted accelerated drawdowns on approved financing or call-ups of guarantee obligations
- Inability to roll and/or access new funding
- Unforeseen inability to collect what is contractually due to the Group
- Liquidity stress at subsidiaries and/or other SOEs
- A recall without due notice of on-balance sheet funds managed by the Group on behalf of third-parties
- A breach of covenant(s), resulting in the forced maturity of borrowing(s)
- Inability to liquidate assets in a timely manner with minimal risk of capital losses.

Corporate Treasury manages liquidity on a day-to-day basis within Board-approved treasury limits to ensure that:
- Sufficient, readily-available liquidity to meet probable operational cash flow requirements for a rolling three-month period is available at all times
- Excess liquidity is minimised to limit the consequential drag on profitability.

Liquidity coverage ratios aim to ensure that suitable levels of unencumbered high-quality liquid assets are held to protect against unexpected, yet plausible, liquidity stress events. Two separate liquidity stresses are considered. Firstly, an acute three-month liquidity stress that impacts strongly on both funding and market liquidity and secondly, a protracted twelve-month liquidity stress with a moderate effect on both funding and market liquidity.

Approved high-quality liquid assets include cash, near-cash, committed facilities, as well as a portion of the Group’s listed equity investments after applying forced-sale discounts.

Market risk
Market risk is the risk that the value of a financial position or portfolio will decline due to adverse movements in market rates. In respect of market risk, the Group is exposed to interest rate risk, exchange rate risk and equity price risk. Market risk is governed by the Asset and Liability Management Policy and ALCO provides the objective oversight and makes delegated decisions related to market risk exposures.

Interest rate risk
Interest rate risk is the risk that adverse changes in market interest rates may cause a reduction in the IDC’s future net interest income and/or economic value of its shareholders’ equity. The IDC’s interest rate risk is a function of its interest-bearing assets and liabilities.

The primary sources of interest rate risk include:
- Repricing risk: as a result of interest-bearing assets and liabilities that reprice within different periods. This includes the endowment effect due to an overall quantum difference between interest-bearing assets and liabilities
- Basis risk: as a result of the imperfect correlation between interest rate changes (spread volatility) on interest-bearing assets and liabilities that reprice within the same period
- Yield curve risk: as a result of unanticipated yield curve shifts (i.e. twists and pivots)
- Optionality: as a result of embedded options in assets (i.e. prepayment) and liabilities (i.e. early settlement), which may be exercised based on interest rate considerations.

The sensitivity to interest rate shocks and/or changes in interest-bearing balances is measured by means of earnings and economic value approaches. The former quantifies the impact on net interest income over the next twelve months and the latter gauges the impact on the fair market value of assets, liabilities and equity.

EXCHANGE RATE RISK
Exchange rate risk is the risk that adverse changes in exchange rates may cause a reduction in the IDC’s future earnings and/or its shareholders equity.

In the normal course of business, the IDC is exposed to exchange rate risk through its trade finance book and exposure to investments in and outside Africa. The risk is divided into:
- Translation risk, which refers to the exchange rate risk associated with the consolidation of offshore assets and liabilities or the financial statements of foreign subsidiaries for financial reporting purposes
- Transaction risk, which arises where the IDC has cash flows/transactions (i.e. a monetary asset or liability, off-balance sheet commitment or forecasted exposure) denominated in foreign currencies whose values are subject to unanticipated changes in exchange rates.

Any open (unhedged) position in a particular currency gives rise to exchange rate risk. Open positions can be short (we need to buy foreign currency to close the position) or long (we need to sell foreign currency to close the position) with the net open foreign currency position referring to the sum of all open positions (spot and

<table>
<thead>
<tr>
<th>Write-offs</th>
<th>R’m</th>
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<tr>
<td>2013</td>
<td>470</td>
</tr>
<tr>
<td>2014</td>
<td>519</td>
</tr>
<tr>
<td>2015</td>
<td>362</td>
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<tr>
<td>2016</td>
<td>2,045</td>
</tr>
<tr>
<td>2017</td>
<td>328</td>
</tr>
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</table>

ASSET AND LIABILITY MANAGEMENT

Liquidity risk
Liquidity risk refers to an inability by the Group to meet its obligations promptly for all maturing liabilities, increase in financing assets, including commitments and any other financial obligations (funding liquidity risk), or to do so at materially disadvantageous terms (market liquidity risk).

Liquidity risk is governed by the Asset and Liability Management Policy. The Asset and Liability Committee (ALCO) provides the objective oversight and makes delegated decisions related to liquidity risk exposures.

Sources of liquidity risk include:
- Unpredicted accelerated drawdowns on approved financing or call-ups of guarantee obligations
- Inability to roll and/or access new funding
- Unforeseen inability to collect what is contractually due to the Group
- Liquidity stress at subsidiaries and/or other SOEs
- A recall without due notice of on-balance sheet funds managed by the Group on behalf of third-parties
- A breach of covenant(s), resulting in the forced maturity of borrowing(s)
- Inability to liquidate assets in a timely manner with minimal risk of capital losses.

Corporate Treasury manages liquidity on a day-to-day basis within Board-approved treasury limits to ensure that:
- Sufficient, readily-available liquidity to meet probable operational cash flow requirements for a rolling three-month period is available at all times
- Excess liquidity is minimised to limit the consequential drag on profitability.

Liquidity coverage ratios aim to ensure that suitable levels of unencumbered high-quality liquid assets are held to protect against unexpected, yet plausible, liquidity stress events. Two separate liquidity stresses are considered. Firstly, an acute three-month liquidity stress that impacts strongly on both funding and market liquidity and secondly, a protracted twelve-month liquidity stress with a moderate effect on both funding and market liquidity. Approved high-quality liquid assets include cash, near-cash, committed facilities, as well as a portion of the Group’s listed equity investments after applying forced-sale discounts.
ENSURING FINANCIAL SUSTAINABILITY (continued)

forward) in a particular currency. For purposes of hedging, net open foreign currency positions are segmented into the following components:

• All exposures related to foreign currency denominated lending and borrowing
• All foreign currency denominated payables in the form of operating and capital expenditure, as well as foreign currency denominated receivables in the form of dividends and fees.

Equity price risk
Equity price risk is the risk that adverse movements in equity prices may cause a reduction in the value of the Group’s investments in listed and/or unlisted equity investments and therefore includes future earnings and/or value of shareholders’ equity.

Sources of equity price risk include:

• Systematic risk or volatility in relation to the market as a whole
• Unsystematic risk or company-specific risk factors.

The investment portfolio’s beta is used as an indication of systematic, non-diversifiable risk. Due to the long-term nature of the Group’s investments, unsystematic risk is managed through diversification. Sensitivity analyses were performed on the Group’s equity portfolio to determine the possible effect on the fair value should a range of variables change, such as cash flow, earnings and net asset values. These assumptions were built into the applicable valuation models.

Our Asset and Liability Management and Risk Management practices, together with regular scenario planning, assist Management to ensure that this objective is achieved.

FUTURE PERFORMANCE
We expect 2018 to be another challenging year as a result of a difficult set of conditions in the South African economy and modest growth globally.

Profitability could be impacted significantly in the year ahead mainly due to lower dividend income forecasts. Our balance sheet remains strong and we intend growing it further during the next five years, with advances of between R96 billion and R123 billion in total over that period. This will be funded from borrowings of between R58 billion and R62 billion, with the balance funded through internally generated funds. Gearing levels are expected to increase over the next few years in line with the strategy to utilise more debt funding.

VALUE ADDED STATEMENT (IDC COMPANY)

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<tr>
<th>Figures in Rand million</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td><strong>Value created</strong></td>
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<tr>
<td>Net interest income</td>
<td>2 143</td>
<td>1 779</td>
</tr>
<tr>
<td>Impairment losses on loans, advances and investments</td>
<td>(2 086)</td>
<td>(3 644)</td>
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<tr>
<td>Other income from lending activities</td>
<td>578</td>
<td>786</td>
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<tr>
<td>Other investment income</td>
<td>2 960</td>
<td>1 886</td>
</tr>
<tr>
<td>Operating expenditure and project feasibility expenses</td>
<td>(480)</td>
<td>(91)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 115</td>
<td>716</td>
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<table>
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<tr>
<th><strong>Value allocated</strong></th>
<th>2017</th>
<th>2016</th>
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<tr>
<td>Benefits to employees</td>
<td>998</td>
<td>937</td>
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<tr>
<td>Social spending in communities</td>
<td>124</td>
<td>87</td>
</tr>
<tr>
<td>To government as taxation and dividends</td>
<td>254</td>
<td>25</td>
</tr>
<tr>
<td>Taxation (including deferred tax)</td>
<td>194</td>
<td>(25)</td>
</tr>
<tr>
<td>Dividends to shareholders</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 779</td>
<td>(333)</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Value reinvested in operations</strong></th>
<th>2017</th>
<th>2016</th>
</tr>
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<tbody>
<tr>
<td>Transfer to/(from) reserves (retained earnings)</td>
<td>1 765</td>
<td>(357)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 115</td>
<td>716</td>
</tr>
</tbody>
</table>

* This includes bursaries and sponsorships
ABOUT THIS REPORT

This Integrated Report, themed "Advancing Transformative Industrialisation", covers our performance and strategies over the period 1 April 2016 to 31 March 2017. There have been no significant changes to the scope, boundary or measurement methods applied in this report and there have been no restatements unless otherwise indicated in the relevant section.

In this report we focus on our means of adding value and are guided by the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). The report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. A list of these Standard Disclosures can be found online in our GRI G4 table at www.idc.co.za. The principles of the International Federation of Accountants (IFAC) are also taken into account.

The report is further informed by the following legislation and standards:

- The Public Finance Management Act 1 of 1999 (PFMA)
- The King III Report on Governance for South Africa (King III)
- The Companies Act 71 of 2008, as amended
- The International Financial Reporting Standards (IFRS)
- The Industrial Development Corporation Act, No 22 of 1940 as amended
- The internally developed guidelines and policies.

IMPROVEMENTS

This year we publish our Integrated Report and Annual Financial Statements as separate publications. We also enhanced the structure of the 2017 Integrated Report to be more aligned with the Integrated Reporting (IR) Framework whilst still incorporating the requirements of the GRI (G4) guidelines.

Having benefited from a more structured dialogue with our key stakeholders, our value creation process and the risks we encounter are presented more comprehensively in this report. In our quest to be more succinct, we have made more use of graphs and illustrations. Our material issues remain similar to the previous year, with issues pertaining to partnerships expanded to allow for in-depth discussion of our materiality matters.

MATERIALITY

We define the materiality of matters for reporting purposes as those that support our strategic goals as a state-owned development finance institution and those that have the potential to substantially affect our ability to create and sustain value in the short-, medium- and long-term. We have used issues arising from our stakeholder engagement processes in determining materiality for more information on the process followed and our material issues, refer to page 20.

SCOPE AND BOUNDARY

The IDC Integrated Report is compiled and produced annually. This report includes the performance and activities of the IDC across all the geographies in which we operate and contains our outlook, targets and objectives for the short-, medium- and long-term. When referring to "IDC", "we" or "our", we mean the Industrial Development Corporation and our subsidiaries Findeco, Impofin and Konoil. When referring to the Group, we mean the IDC and all of its subsidiaries. The Group structure is shown in the online section of the report.

The boundary of the report includes financial reporting, determined in accordance with the IFRS, and our non-financial performance, opportunities, risks and outcomes that have a significant influence on our ability to create value. It excludes detailed information on subsidiaries.

The report focuses on matters which are material to the IDC within the boundary discussed above. Internal and external factors which substantially influence our business have been considered and where material, their real and potential impacts are covered.

Details of our investments in subsidiaries, joint ventures, jointly controlled assets and associates appear in our annual financial statements. Detailed information on our separately listed and managed interests in associates and listed investments, which account for the bulk of our other property assets, is provided in their annual reports, which are available on their websites.

REPORTING PRINCIPLES, ASSURANCE AND APPROVAL

Our combined assurance framework brings together all assurance activities, identifies internal and external assurance providers and ensures that actual assurance takes place and is reported within our governance structures.

A combined assurance team from KPMG together with its consortium partner, Ngubane & Company, and SizweNtsalubaGobodo (SNG), supported by our internal audit team, assured the financial section of the report. The IDC Board Audit Committee verified the independence of the external assurance providers. The IDC Board approved the report on recommendation by the Board Audit Committee. Selected performance information was assured at a limited assurance level according to the International Standards for Assurance Engagements (ISAE 3000), assurance engagements other than audits and reviews of historical information.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements about the performance and position of the IDC. In line with the requirements of the PFMA, our annual Corporate Plan contains outlooks for a three-year period. These projections are based on the views of the Directors and assumptions about economic, political and global conditions. As such, these forward looking statements are subject to risk and uncertainty and have not been reviewed or audited by our external auditors.

We appreciate your feedback. Kindly submit queries and comments to service@idc.co.za.
**INDEPENDENT ASSURANCE PROVIDERS’ LIMITED ASSURANCE REPORT ON SELECTED PERFORMANCE INFORMATION**

**TO THE DIRECTORS OF INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA**

We have undertaken a limited assurance engagement on selected performance information, as described below, and presented in the 2017 Integrated Report of Industrial Development Corporation of South Africa Limited (IDC) for the year ended 31 March 2017 (the Report), as well as in the supplementary online information available on the IDC website, at www.idc.co.za (the supplementary online information). This engagement was conducted by a multidisciplinary team of sustainable development and assurance specialists with relevant experience in integrated and sustainability reporting.

**SUBJECT MATTER**

We are required to provide limited assurance on the following selected performance information, marked with a ‘LA’ on the relevant pages in the Report and the supplementary online information. The selected performance information described below has been prepared in accordance with IDC’s specific guidelines and for selected performance information – the Global Reporting Initiative Sustainability Reporting (GRI G4 Guidelines), collectively referred to as the “IDC reporting criteria”.

<table>
<thead>
<tr>
<th>Material Issue</th>
<th>Key performance indicators</th>
<th>Unit of measurement</th>
<th>Guideline/ Criteria</th>
<th>Boundary</th>
<th>Reference page number</th>
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<tbody>
<tr>
<td>Industrial development</td>
<td>Value of funding approved</td>
<td>Rand Value (ZAR)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
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<td></td>
<td>Value of funding disbursed</td>
<td>Rand Value (ZAR)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>1; IDC AFS 2017 Page 18</td>
</tr>
<tr>
<td>Socio-economic development</td>
<td>Number of jobs expected to be created/saved (approval)</td>
<td>Number (#)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>1</td>
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<tr>
<td></td>
<td>Value of funding for Black Industrialists (approved)</td>
<td>Rand Value (ZAR)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
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</tr>
<tr>
<td></td>
<td>Number of clients with high environmental and social risk rating (ESRR) that are monitored to ensure poor performance is addressed</td>
<td>Number (#)/ Percentage (%)/ Text</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>62</td>
</tr>
<tr>
<td>Customer expectations</td>
<td>Turnaround times</td>
<td>Number (#) of days</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>IDC AFS 2017 Page 18</td>
</tr>
<tr>
<td></td>
<td>Overall service experience (customer satisfaction)</td>
<td>Score (#)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>20</td>
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<tr>
<td>Human capital</td>
<td>Average number of days and hours of training by employees gender and employee category</td>
<td>Number (#)</td>
<td>GRI G4</td>
<td>IDC only</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Retention – % turnover of employees occupying critical roles</td>
<td>Percentage (%)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>Succession – % of critical roles that have identified potential successors for immediate, 1-3 and/or 3+ years</td>
<td>Percentage (%)</td>
<td>IDC internal criteria</td>
<td>IDC only</td>
<td>58</td>
</tr>
<tr>
<td>Governance, regulation and risk management</td>
<td>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified</td>
<td>Number (#) and Percentage (%)</td>
<td>GRI G4</td>
<td>IDC only</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>Communication and training on anti-corruption policies and procedures</td>
<td>Text claim</td>
<td>GRI G4</td>
<td>IDC only</td>
<td>63</td>
</tr>
</tbody>
</table>

**DIRECTORS’ RESPONSIBILITIES**

The Directors of IDC are responsible for the selection, preparation and presentation of the selected performance information in accordance with the IDC reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to IDC’s performance and for the design, implementation and maintenance of internal controls relevant to the preparation of the Report and supplementary online information that is free from material misstatement, whether due to fraud or error.

**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) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
KPMG Services Proprietary Limited and SizweNtsalubaGobodo Incorporated apply the International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintain comprehensive systems of quality control including documented 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 on the selected performance information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our assurance engagement to obtain sufficient appropriate evidence to support our limited assurance conclusion, expressed below.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of IDC’s use of its reporting criteria as the basis of preparation for the selected performance information, assessing the risks of material misstatement of the selected performance information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected performance information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

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

Summary of work performed:
• Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the performance reporting process;
• Evaluated internal data management controls based on system walkthroughs.
• Inspected selected internally and externally generated documents and records and comprehensive data analyses.
• Re-calculated certain performance information.
• Evaluated whether the selected performance information presented in the Report and supplementary online information is consistent with our overall knowledge and experience of performance at IDC.

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

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected performance information set out in the subject matter paragraph for the year ended 31 March 2017 is not prepared, in all material respects, in accordance with the IDC reporting criteria.

OTHER MATTERS

IDC intends to publish the Integrated Report for 31 March 2017 financial year end, consisting of a printed report and additional online disclosures, both of which will be available on the IDC website, at www.idc.co.za. The maintenance and integrity of IDC’s website is the responsibility of IDC management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or supplementary online information, or our independent 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 conclusions on the selected performance information to the Directors of IDC in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than IDC, for our work, for this report, or for the conclusion we have reached.

KPMG Services (Pty) Ltd

Neil Morris
Director
Climate Change and Sustainability
KPMG Services (Pty) Ltd

SizweNtsalubaGobodo Inc.
Registered Auditor

Nhlanhla Sigasa
Director
Financial Services Group
SizweNtsalubaGobodo Inc
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFD</td>
<td>Agence Française de Développement</td>
</tr>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>APCF</td>
<td>Agro-Processing Competitiveness Fund</td>
</tr>
<tr>
<td>BAC</td>
<td>Board Audit Committee</td>
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<tr>
<td>BAIC</td>
<td>Beijing Automobile International Corporation</td>
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<tr>
<td>BCM</td>
<td>Business Continuity management</td>
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<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
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<td>BI</td>
<td>Black Industrialist</td>
</tr>
<tr>
<td>BC</td>
<td>Board Investment Committee</td>
</tr>
<tr>
<td>BR&amp;SC</td>
<td>Board Risk and Sustainability Committee</td>
</tr>
<tr>
<td>CCB</td>
<td>China Construction Bank</td>
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<tr>
<td>CDB</td>
<td>China Development Bank</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CMT</td>
<td>Crisis Management Team</td>
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<tr>
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<td>Compressed Natural Gas</td>
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<td>Corporate Social Investment</td>
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<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
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<td>CTCP</td>
<td>Clothing and Textiles Competitiveness Programme</td>
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<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
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<tr>
<td>E&amp;S</td>
<td>Environmental and Social</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>Economic Development Department</td>
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<td>Enterprise Risk Management</td>
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<td>ERMF</td>
<td>Enterprise-Wide Risk Management Framework</td>
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<td>Environmental and Social Risk Rating</td>
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<td>Financial Intelligence Centre Act</td>
</tr>
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<td>Netherlands Development Finance Corporation</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
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<td>Human Capital and Nominations Committee</td>
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<td>Information and Communication Technology</td>
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<td>Johannesburg Stock Exchange</td>
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<td>Kreditanstalt für Wiederaufbau</td>
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<td>Key Performance Indicator</td>
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<td>LDC</td>
<td>Loss Data Collection</td>
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<td>Local Economic Development</td>
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<td>LPG</td>
<td>Liquefied Petroleum Gas</td>
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<tr>
<td>LT</td>
<td>Long-term</td>
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<tr>
<td>LTI</td>
<td>Long-term Incentive</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
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</tr>
<tr>
<td>MCEP</td>
<td>Manufacturing Competitiveness Enhancement Programme</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>NAAMSA</td>
<td>National Association of Automobile Manufacturers of South Africa</td>
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<td>NCUC</td>
<td>Northern Cape Urban College</td>
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<td>Non-pensionable Allowance</td>
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<td>National Union of Mineworkers</td>
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<td>NUMSA</td>
<td>National Union of Metalworkers of South Africa</td>
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<td>OEM</td>
<td>Original Equipment Manufacturer</td>
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<td>OTMS</td>
<td>Oiltanking Mogs Saldanha</td>
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<td>PIC</td>
<td>Public Investment Corporation</td>
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<td>PICC</td>
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<td>PRASA</td>
<td>Passenger Rail Agency of South Africa</td>
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<td>Risk Appetite Framework</td>
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<td>RAS</td>
<td>Risk Appetite Statement</td>
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<td>Risk and Control Self-Assessment</td>
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<td>Renewable Energy Independent Power Producer Procurement Programme</td>
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<td>South African Broadcasting Corporation</td>
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<td>South African Bureau of Standards</td>
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<td>SAISI</td>
<td>South African Iron and Steel Institute</td>
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<td>Small, Medium and Micro-sized Enterprises</td>
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<td>State-owned Enterprise</td>
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<td>Short-term Incentive</td>
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<td>the dti</td>
<td>Department of Trade and Industry</td>
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<td>Technical Vocational Education and Training</td>
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<td>Unemployment Insurance Fund</td>
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<td>Valve and Actuators Manufacturers Cluster of South Africa</td>
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<tr>
<td>WACC</td>
<td>Weighted Average Cost of Capital</td>
</tr>
</tbody>
</table>
CONTACT INFORMATION

1. 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

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3. FREE STATE
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5. LIMPOPO
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8. NORTH WEST
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   Mahikeng:
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9. WESTERN CAPE
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     Tel: 051 411 1450
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     Tel: 051 411 1450

2. **KWAZULU-NATAL**
   - **Richards Bay**: Suite 17, Partidge Place, cnr Lira and Tasselberry Road, Richards Bay 3900
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3. **LIMPOPO**
   - **Thohoyandou**: Seda office: Old Mutual Building, Old Group Scheme Offices, Mphephu Road, Thohoyandou 7950
     Tel: 015 299 4080
   - **Tzaneen**: 1st Floor Prosperitas Building, 27 Peace Street, Tzaneen (Seda) 0850
     Tel: 015 299 4080

4. **MPUMALANGA**
   - **eMalahleni**: 23 Botha Avenue cnr Rhodes Street, Hi-Tech House, eMalahleni 1035
     Tel: 013 752 7724
   - **Secunda**: South Wing, Municipal Building Lurgi Square, Secunda 2302
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5. **NORTH WEST**
   - **Klerksdorp**: Office 35, West Ebd Building, 51 Leask Street, Klerksdorp 2571
     Tel: 018 462 6586 | Fax: 018 462 5061
     (Dr KK District Municipality Economic Agency)
   - **Vryburg**: 83 Vry Street, Vryburg 8601
     Tel: 053 927 0590 | Fax: 053 927 0590

6. **WESTERN CAPE**
   - **George**: Beacon Place, 125 Meade Street, George 6529
     Tel: 021 421 4794
ADMINISTRATION

DIRECTORS
Executive
MG Qhena (CEO)
GS Gouws (alternate)

Non-Executive
BA Mabuza (Chairperson)
LI Bethlehem
BA Dames
RM Godsell
A Kriel
SM Magwentshu-Rensburg
NP Mnxasana
M More
PM Mthethwa
ND Orleyn
NE Zalk

AUDITORS
KPMG (Johannesburg)
SizweNtsabulaGobodo (Johannesburg)

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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

COMPANY SECRETARY
P Makwane
Registration number:
1940/014201/06