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Virtual Tour of the Coega SEZ

INTEGRATED ANNUAL REPORT 2021/22

CEO TODAY GLOBAL AWARDS 2020 WINNER

GAME CHANGERS AWARDS 2020

COEGA DEVELOPMENT CORPORATION

▪ right **PLACE** ▪ right **TIME** ▪ right **CHOICE**

TOP HIGHLIGHTS **FOR 2021/22 FY**

INVESTMENT DESTINATION OF CHOICE

13 New investors with a combined investment value of **R557.7** million

55 OPERATIONAL INVESTORS

To-date, the CDC has recorded a staggering fifty five operational investors with a combined investment value of **R10.38** billion

REVENUE GENERATED

R628.1 million which includes both the SEZ and non-SEZ programmes

JOB CREATION HUB

The CDC secured 9 540 additional construction jobs, reaching 9 659 operational jobs and has also trained over 3 296 people

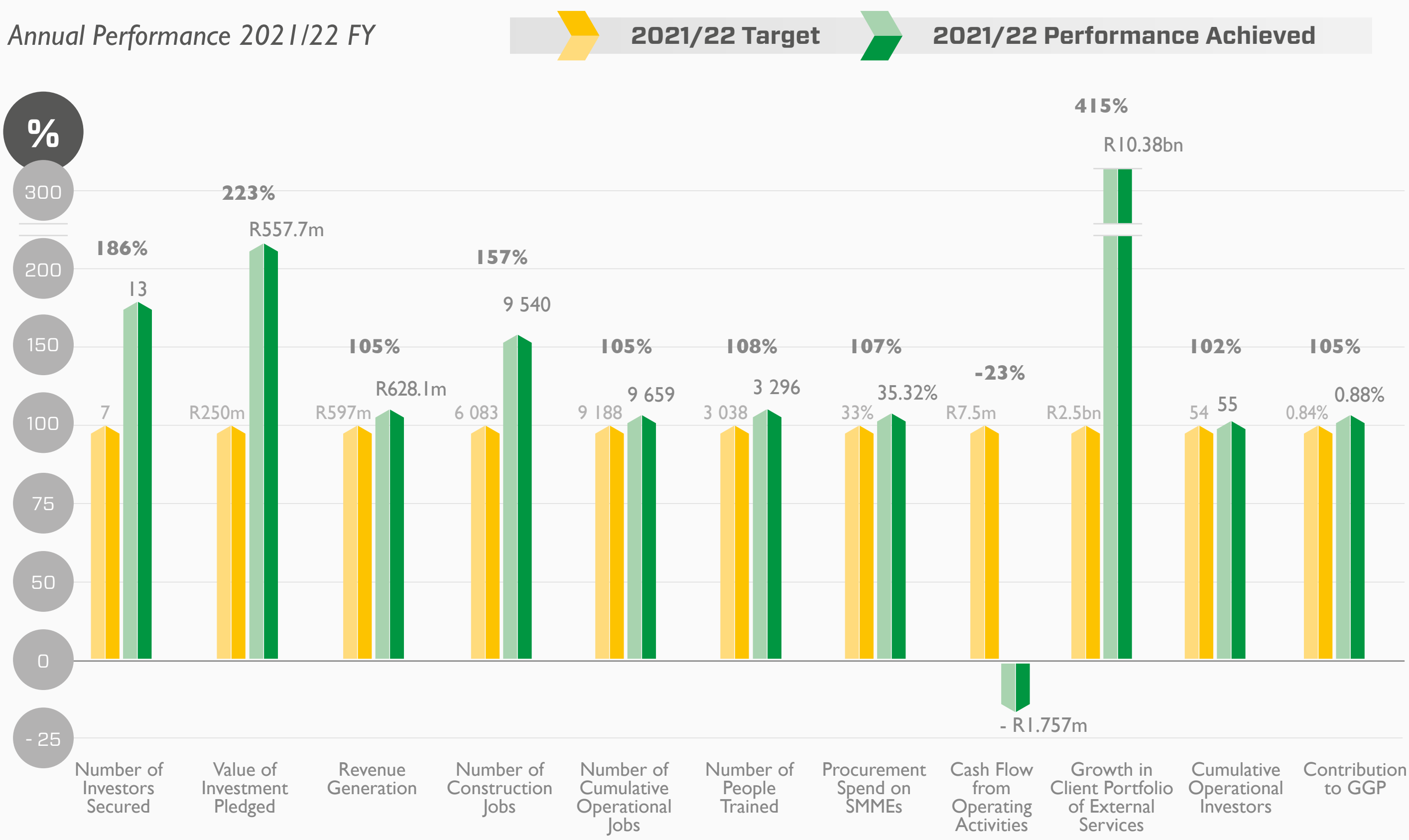
9 659 OPERATIONAL JOBS

SMME PROCUREMENT

SMME procurement spend of **35.32%**

3 296 PEOPLE TRAINED

Annual Performance 2021/22 FY



2025

Strategic Plan 2020-2025

2021/22 **IMPACT STATEMENTS**

1. **Financial Sustainability**
2. Increased Economic Advantage for Targeted Industries
3. Increased Economic Opportunities for the Marginalised

FINANCIAL SUSTAINABILITY

1. **Achieved Financial Sustainability**
   - Cash Flow from Operating Activities
   - Revenue Generated
2. **Increased Market Share**
   - Growth in Client Portfolio of External Services

INCREASED ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES

1. **Grow the SEZ by Increasing Developed Land**
   - Number of Investors Signed
   - Cumulative Operational Investors
2. **Increased Economic Impact**
   - Contribution to GGP
   - Investment Value

INCREASED ECONOMIC OPPORTUNITIES FOR THE MAGINALISED

1. **Increased SMME Participation in Economic Activities**
   - Procurement Spend on SMMEs
2. **Job Creation**
   - Number of Construction Jobs
   - Cumulative Jobs Sustained in SEZ Operations
3. **Skills Development**
   - Number of People Trained

2020

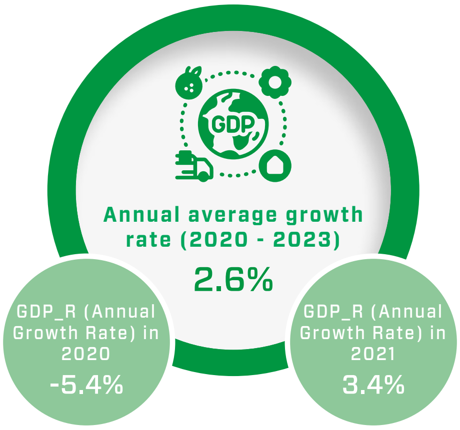
EASTERN CAPE ECONOMIC INDICATORS

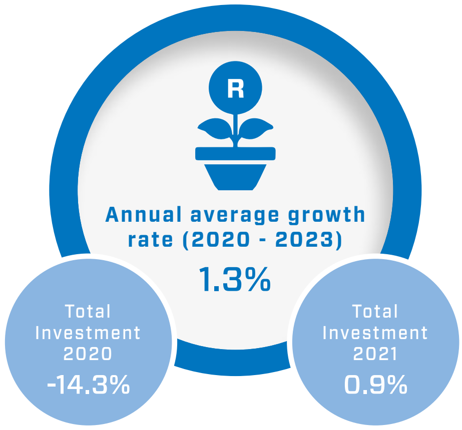
Regional Gross Domestic Product (GDP_R)

R309.2 bn (in 2020)

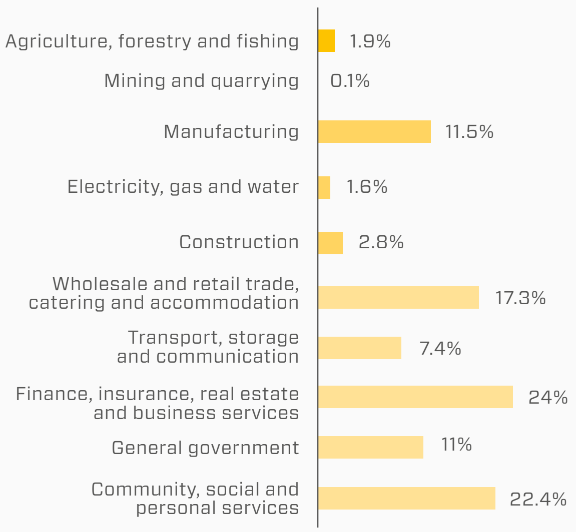
R319.8 bn (in 2021)

Constant prices 2015

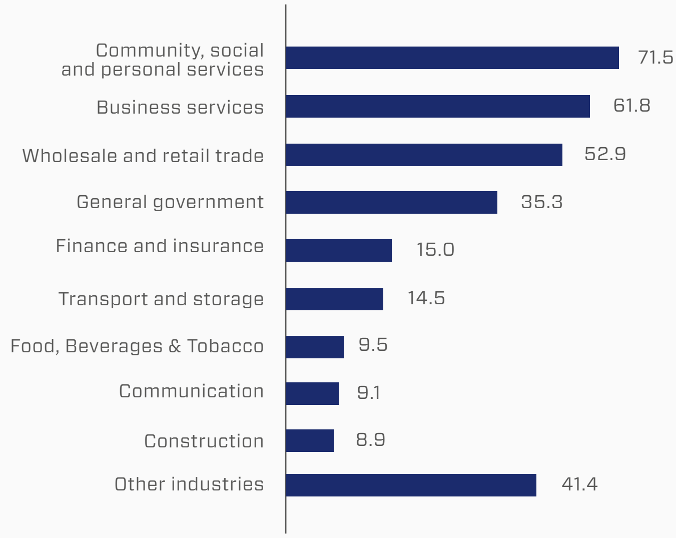




EC GVA Sector Proportion (%), 2021



Top 10 Industries (GVA) - R Billions, 2021



Price Inflation

The CDC is one of the organisations that continuously strive year-on-year to positively contribute to the economic and socio-economic growth of the Eastern Cape Province, as well as in areas where we have operations across the country. The CDC's achievements this year shows that it contributed 23% in the automotive and logistics sector, respectively and 15,38% in the agro-processing sector from the 13 signed investments.

"... Our agenda for the sixth term remains informed by the Eastern Cape Provincial Development Plan (EC-PDP) - Our Vision 2030. As committed in the EC-PDP, we must address the unemployment challenge which sits at 47.4%, affecting men, women, and the youth of our province. We must end the sea of poverty that we see with our own eyes, with 12.7 % of households living in poverty. We must also end the inequality that persists in our democratic order, which affects mainly Black people in all the facets of socio economic life [...] In response to this reality, we are implementing the Provincial Medium Term Strategic Framework (P-MTSF), to contribute towards addressing unemployment, poverty, and inequality. We believe that, through the 6th term's seven priorities, we are building the Eastern Cape we want, by creating jobs for the jobless, reducing unemployment, enhancing food security, alleviating hunger, and building equal opportunities for all our citizens..." said the Premier of the Eastern Cape, Honourable Lubabalo Oscar Mabuyane, during his State of the Province Address, in February 2022.

COEGA
DEVELOPMENT CORPORATION

▪ right **PLACE** ▪ right **TIME** ▪ right **CHOICE**

ISO 9001:2015 ▪ ISO 14001:2015 ▪ ISO 45001:2018
ISO 20000-1:2018 ▪ ISO 27001:2013

VISION

To be the leading catalyst for championing of socio-economic development.

MISSION

To provide competitive investment locations, facilitate holistic infrastructure and value-adding commercial business solutions.

VALUES

Integrity
Honesty, reliability and trust

Innovation
Needs-based service innovation, continuous improvement

Partnership
Teamwork, building long term relationships with clients and stakeholders

Service Excellence
Delivery, speed, quality, customer focus

Sustainability
Social, economic and environmental growth

CONTENTS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ABOUT THIS REPORT

REPORTING PHILOSOPHY

The International Integrated Reporting Council (IIRC) requires Coega Development Corporation (CDC) to compile a fully integrated annual report in terms of the International Integrated Reporting Framework <IR>. Over the nine years that the CDC has complied with this requirement, the process of collecting and collating information and the opportunity it gives to reflect on both successes and challenges has become a welcomed exercise.

The CDC supports the view of the IIRC that, in a climate of uncertainty and restrained economic performance, there is a need to develop more meaningful interactions and relations between investment decisions, corporate behaviour and reporting to promote financial stability and sustainable development.

According to the IIRC, the use of <IR> helps businesses to think holistically about their strategy and plans, make informed decisions and manage key risks to build investor and stakeholder confidence and improve future performance. It is shaped by a diverse coalition including business leaders and investors to drive a global evolution in corporate reporting.

This integrated thinking breaks down internal silos and reduces duplication while also improving the quality of information available, thereby enabling a more efficient and productive allocation of capital. Its focus on value creation, and the "capitals" used by the business to create value over time, contributes towards a more financially stable global economy.

The reporting process has stimulated integrated thinking within the CDC, once more. It sharpened the organisation's focus on first evaluating and understanding the external environment, stakeholder needs and concerns in order to make decisions on material issues. This process informs the CDC's strategic response, planning and performance targets which are aimed at creating value over time for shareholders including both the CDC and its broad base of stakeholders.

The CDC is confident that the 2021/22 Integrated Annual Report will provide all its stakeholders, including shareholders and investors with clear, concise, connected and comparable information about how the CDC's strategy, governance, performance and prospects are creating value over the short, medium and long term. This information is supplemented by the website (www.coega.co.za), which carries more in-depth information on the various projects and initiatives in which the CDC is involved. The CDC's website is updated regularly for relevance and information.

This report provides a clear picture of the CDC's strategic goals, objectives, impact and outcomes, current position, and future direction. The objective is to enable shareholders, investors, and other stakeholders in general to make an informed assessment of the CDC's performance and ability to continue creating value.

In the pages that follow, the reader will discover details of the CDC's mandate, strategy, business model, governance structure, performance review and outlook. The report also illustrates how the CDC is responding to risks and opportunities in its drive to create sustainable value and to support the provincial government, business and civil society in addressing the socio-economic development needs of the Eastern Cape, and other areas where the organisation operates.

REPORTING APPROACH AND CHANGES

In the 2021/22 Integrated Annual Report, the focus of the content continues to be on connecting performance more closely to strategy and material issues in line with the guiding principles of the International Integrated Reporting Framework (<IR> Framework) and the King IV report on corporate governance.

The following reporting standards have been applied in the preparation of this report:

- <IR> Framework v1.0, International Integrated Reporting Council, December 2013;
- Public Finance Management Act (PFMA), Act 1 of 1999;
- Companies Act, Act 71 of 2008;
- International Financial Reporting Standards (IFRS); and
- King Code of Corporate Governance for South Africa by the Institute of Directors of Southern Africa, which came into effect on 1 November 2016 (King IV™). King IV™ builds on King III™. It was revised to bring it up to date with international governance codes and best practice; to align it to shifts in the approach to capitalism (towards inclusive, integrated thinking across the six capitals) and to take account of specific corporate governance developments concerning effective governing bodies, increased compliance requirements, new governance structures (e.g. Social and Ethics Committee and Investment Committee), emerging risks and opportunities from new technologies and new reporting and disclosure requirements, e.g., Integrated Reporting. Therefore, the CDC's Integrated Annual Report 2021/22 is based on the King IV.

SCOPE, BOUNDARIES AND MATERIALITY

This report covers the financial year 2021/22 from the period 1 April 2021 to 31 March 2022. It encompasses all operations related to the mandate of the CDC. This includes its role as the entity responsible for the development and operation of the Coega Special Economic Zone (SEZ), as gazetted, and non-SEZ Services.

Using the expertise and experience acquired during the development of the Coega SEZ infrastructure, since inception in 1999, the CDC serves as an Implementing Agent (IA) of Choice to government departments in support of the Infrastructure Delivery Programme (IDP) and South Africa's National Infrastructure Plan 2050 (NIP 2050). Infrastructure development is critical to attaining South Africa's long-term economic and social goals. It is one of the government's nonnegotiable foundations of transformation and inclusive growth. The construction of infrastructure generates employment and broad-based black economic empowerment opportunities, further contributing to the goals of the National Development Plan (NDP).

The IDP is an initiative of the South African government to fast-track and improve the standard of infrastructure delivered by the public sector. To provide this support, the CDC has adopted the Infrastructure Delivery Management System (IDMS) helping the organisation support efficient and effective public sector infrastructure investment.

The CDC operates in a dynamic environment. Therefore, the organisation must adapt to meet the needs and requirements of all its stakeholders, including partners, funders, investors, tenants and non-SEZ clients. This is reflected in the performance report, which highlights the performance of the CDC measured against its Strategic Plan 2020-2025.

The activities of investors, tenants and the adjacent deepwater Port of Ngqura are addressed only to the extent that they impact upon, or are serviced or influenced by, the CDC's execution of its strategy.

ASSURANCE AND COMPARABILITY

The CDC employs a rigorous system of internal controls, as well as external oversight, to assure the quality of its reported results and its adherence to international standards.

Wherever possible, the results for the year under review are compared to at least one of the following:
- The previous year;
- The previous quarter;
- Cumulative for the past five years; and/or
- Cumulative, since inception in 1999.

Financial controls and risk management are subject to review through an internal audit process. As a public entity, the CDC's financial statements and performance information are independently reviewed and reported on by the Auditor-General of South Africa (AGSA).

Similarly, non-financial information is subject to internal review and controls in accordance with the standards set by the CDC Board, and independent external verification that has taken place during the period under review.

The Board provides leadership and ongoing support to create an environment with controls and risk management mechanisms that have strengthened the CDC and enhanced governance.

Internal assurances included internal audit, risk management and executive management committee supervision, with additional oversight from the Board, its committees and the CDC's project committees.

Certification

The CDC retained the following standards and certification in the year under review:

- ISO 9 001: 2015 (Quality Management);
- ISO 14 001: 2015 (Environmental Management);
- ISO 45 001: 2018 (Occupation Health & Safety);
- ISO 20000-1:2018 (IT Service Management System); and
- ISO 27001:2013 (Information Security Management System).

Similarly, the CDC undertakes an annual independent project management maturity audit based on internationally accepted project management standards such as OPM3 and P3M3, which were developed by the Philadelphia, USA-based Project Management Institute (PMI).

In addition, the CDC received recognition of excellence for Dr. Ayanda Vilakazi (Head of Marketing and Communications) and Meike Wetsch (Head of Capital Raising, Finance) during the period under review. Dr. Vilakazi was acknowledged by the M&A Today - Global Awards 2021 and Ms. Wetsch by African Power & Energy Elites 2022.

These awards celebrate the success, innovation, leadership, and strategic vision of some of the world's most respected leaders and organisations.

BOARD STATEMENT OF APPRECIATION, RESPONSIBILITY AND APPROVAL

There are several individuals and organisations whom the Board would like to thank for their vital roles in achieving the successes captured in this report, including: the Chair of the Parliamentary Portfolio Committee on Trade, Industry, and Competition, Ms. Judy Hermans; the Minister of Trade, Industry and Competition, Mr. Ebrahim Patel; and his Deputy Ministers and Director-General.

The Board would also like to express its appreciation to the Premier of the Eastern Cape, Mr. Oscar Lubabalo Mabuyane; the Eastern Cape MEC for Finance, Economic Development, Environmental Affairs and Tourism, Mr. Mlungisi Gerald Mvoko; Chair of the Portfolio Committee on Economic Development, Environment Affairs and Tourism, Mr. Pumelele Ndamase; and their respective heads of department for their support, oversight and leadership.

CDC staff and external stakeholders are vital to the success of the organisation. Therefore, the Board extends a special and warm-hearted thank you to every person who continues to uphold the values and high-performance standards of the organisation.

The CDC Board, assisted by its committees, is ultimately responsible for oversight of the integrity of the annual report. Therefore, the Board has collectively reviewed the output of the integrated reporting process and has concluded that the 2021/22 Integrated Annual Report has made substantial progress over the previous years in the journey to meeting the requirements of the International Integrated Reporting Framework.

OUR BUSINESS

REVIEW OF THE CHAIRPERSON

Dr. Paul Jourdan
Chairperson

As I reflect on the last financial year, I am pleased with the performance of the Coega Development Corporation (CDC) considering that for the most part of the year we were swimming against the tide owing to the COVID-19 Pandemic that continued to send shock waves, devastation and suffering for millions of people, worldwide. Many things were indeterminate, the future looked dim, and the global economy was going through one of the worst phases we have seen in more than a century. As an organisation, we remained resilient in navigating our way by adapting to a new normal, and ensuring the alignment of our strategic direction and key performance areas steered the ship.

The recent World Investment Report published by UNCTAD recorded the biggest rise on global foreign direct investment (FDI) inflows in 2021. Indeed, global FDI inflows increased from US$964 billion to US$1.6 trillion between 2020 and 2021, which is equivalent to 64% rise, surpassing their preCOVID-19 levels. The rise was due to strong investor confidence in infrastructure sustained by the long-term financing conditions including international project finance, respectively. Furthermore, the FDI flows to developed countries exhibited notable rise of 134% in 2021. Of the total value of global FDI inflows recorded in 2021, around US$746 billion were from developed economies while developing and less developed economies saw more modest recovery in the growth of these flows. The FDI flows to less developed economies grew by 13% to reach US$26 billion in 2021 from US$23 billion in 2020, while FDI flows to developing countries grew by 30% to reach US$837 billion, from US$645 billion in the previous year.

The complex economic challenges created by the pandemic throughout the African continent has had a significant impact on the foreign direct investment (FDI) both to and from the region. However, Africa's share of total global FDI inflows increased from 4.0% in 2020 to 5.2% in 2021, representing an annual growth rate of 113%. FDI flows to Africa reached US$83 billion in 2021. Also, flows to South Africa jumped to US$41 billion (from US$3 billion in 2020) due to the share swap between the South African multinational Naspers and its Dutch-listed investment unit Prosus. Although FDI inflows have shown a good performance in 2021, the current war in Ukraine would have a negative impact on investment globally and regionally in 2022.

In developing countries, international project finance in infrastructure surpassed the pre-pandemic level across the majority of sectors due to an expanding renewable energy industry. The renewable energy sector was the largest contributor with 144 projects in greenfields valued at US$35.8 billion and 342 projects in international project finance amounting to US$145.1 billion. Telecommunications was the second highest under greenfield, with 281 projects amounting to US$26.1 billion.

These developments have directly or indirectly benefited the country, and the CDC. We have seen the announcement by the Minister of Mineral Resources and Energy, Gwede Mantashe, of the launch of the Risk Mitigation Independent Power Producer Procurement Programme (RMI4P) on 23 August 2020, through the Independent Power Producer Office (IPPO). Eight preferred bidders were announced nationally on 18 March 2021, and two of these bidders will be using LNG as a fuel source within the SEZ and the Port of Ngqura. These two projects are: the Karpowership Coega project, which entails the generation of electricity from a floating mobile powership moored in the Port of Ngqura, and the Mulilo Total Coega project which will entail the construction of a 200 MW gas power station, utilising reciprocating engines to generate electricity.

Global economic activity showed signs of recovery and remained resilient in 4Q2021, with data exhibiting robust economic growth, while growth in trade continued to be subdued towards the end of 2021 (ECB, 2021). Preliminary evidence suggests that the recovery from the crisis will be as uneven as its initial economic impacts, with emerging economies and economically disadvantaged groups needing much more time to recover from the pandemic-induced losses of income and livelihoods.

Though some progress has been made in the global economic recovery, which could be largely attributed, amongst others, to the speed of vaccination rollout and relaxation of lockdown regulations in some parts of the world, an imbalance can be observed as lower income countries are still battling to keep up. Lack of fiscal capacity to support the incomes of households and companies during lockdowns and low vaccination rates, are amongst some of the challenges that resulted in a modest economy rebound in lower income countries. Swimming against the tide, and challenges resulting from slow vaccination rollout in Africa which impacted business travelling, the CDC remained resilient. The organisation achieved a double-digit number of new investment for the first time in more than 3 years since the beginning of the Pandemic. I am pleased that the CDC exceeded its investment targets by signing 13 new investors with an equivalent investment value of R557 million.

Supply chain disruptions showed tentative signs of subsiding by the end 2021. Also, the first quarter of 2022 has seen a global economy that is characterised by fragmentation and fragility due to the Russia's invasion of Ukraine. Indeed, the emergence of renewed variants of Covid-19 and the spillovers from the Russia's invasion of Ukraine are set to sharply hasten the deceleration of global economy. The Ukraine war is adding to supply chain disruptions, leading to high commodity prices and posing risks to global economic activity in the near term.

Also, the global composite output Purchasing Managers' Index (PMI) excluding the euro area remained stable and above its long-term average, signaling steady demand. Meanwhile, Global inflation continued to upsurge, reflecting a peak in energy prices and a broadening of price pressures across various sectors. It is anticipated that this trend will continue in the second half of 2022. The sharp rise in inflation risks exacerbates social pressures particularly in emerging and developing countries, which had already been reinforced by the increase in inequality associated with the pandemic.

In terms of the economic outlook, GDP growth is projected at 2.9% for 2022 and 3.0% in 2023 (World Bank, June 2022). It should however be noted the risks to the global growth outlook ranging from supply chain disruptions, price pressures, and labour shortages remain a cause for concern. In addition to the pandemic-related risks and inflation uncertainty, rising challenges in China's real estate and consumer sectors, and rising geopolitical uncertainty in Europe surrounding the Russia-Ukraine conflict are raising downside risks to global economic growth.

Real GDP growth in South Africa is forecast to remain below 2% in 2023 and 2024, a rate that is not sufficient to address the country's growing socioeconomic needs. For example, in Q3 2021, the official unemployment rate rose to 34.9% and the expanded definition—which includes discouraged work-seekers that are no longer searching for job opportunities—reached 46.6%. It is commendable that faced with such challenges, the CDC's contribution to the country's job creation was 15 271 new jobs during the 2021/22 financial year whilst the number of people trained, an important enabler to employment, was 3038. What South Africa needs now is a sustained period of above 3% growth to tackle these challenges, rather than returning to the 'growth rut' that the country has been stuck in since 2008. However, the National Treasury expectation for South Africa's real GDP growth to drop to 2.1% in 2022, and taper off further to 1.6% and 1.7% in the outer years of the three-year forecast period. Among Sub-Saharan Africa's (SSA's) larger economies, IMF revised downward South African economic growth from 2.1% to 1.9% for this year 2022 and 1.4% in 2023 as the country is more integrated into global supply chains than most of its African peers and is hit harder by disruptions to global demand. The surge in natural gas and electricity prices, if sustained into 2022, would likely present a notable downside risk to the near-term Euro area growth outlook, particularly for industrial production.

Taking advantage of the African Continent Free Trade Area (AfCFTA) was important for the CDC. Notable project developments in Senegal where the CDC is developing an Automotive Strategy for the Senegalese Government in partnership with the African Development Bank (ADB) will further strengthen our value proposition for external services programme on the continent. The continental programmes were developed in response to His Excellency, President Ramaphosa's pledge to promote the growth, development and economic integration of the African continent, as part of the AfCFTA. The growth of the external services portfolio is important to the overall sustainability of the CDC, as a result more focus will be placed on these programmes, going forward. Locally, the portfolio has played an important role in deepening state capacity to deliver infrastructure programmes, as part of the South African Economic Reconstruction and Recovery Plan and South Africa's National Infrastructure Plan 2050. In so doing, inclusive growth and development will be paramount, particularly the development of small businesses. The CDC target of 33 percent on Procurement Spend on SMMEs is in line with our goals of increased SMME participation in economic activities.

Our achievements this year would not have been possible without the support of our stakeholders in government, and our business, social and strategic partners. Therefore, special gratitude is due to our Executive Authority, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), and the Eastern Cape Portfolio Committee on Economic Development for supporting our mandate and at the same time demanding good performance, governance and high levels of accountability from us.

Furthermore, I would like to give a special thank you to the Department of Trade, Industry, and Competition (the dtic) and the Portfolio Committee on Trade and Industry for their unwavering support during this financial year. I would also like to express my warmest gratitude to the Board, its committees, and the Executive Management Team for the organisational achievements during the 2021/22 financial year as we proceed with the implementation of our five-year strategic cycle to 2025.

These achievements would not have been possible without the commitment and dedication of the CDC employees who continue to give their best. Finally, I would like to offer special appreciation to all our stakeholders who continue to support and – rightfully so – critique and challenge us when necessary to be a world-class organisation. Through working together, we can ensure that the Eastern Cape, South Africa, and the continent thrive.

Dr. Paul Jourdan
Chairperson




A few of the 55 Operational Invetsors at the Coega SEZ.




A few of the 55 Operational Invetsors at the Coega SEZ.

OUR BOARD MEMBERS

DR. PAUL JOURDAN
CHAIRPERSON

Appointed: 1999

Dr. Paul Jourdan is an independent consultant on resource-based and spatial development strategies, working across several African states as well as for SADC, the AU and United Nations Economic Commission for Africa (UNECA). As Deputy Director-General in charge of Special Projects at *the dtic*, Dr. Jourdan was responsible for the establishment of the IDZ programme, with the Coega IDZ and CDC as pioneer projects. Later, as CEO of Mintek, he contributed to minerals beneficiation growth strategies, including the planning of the metallurgical cluster at Coega.

He is also on the Board of the GGDA (Gauteng Growth and Development Agency), the CEO of MEMSA (Mining Equipment Manufacturers of South Africa) and a visiting Professor at Wits School of Environmental and Biological Sciences (SEBS: Development Economics).

Dr. Jourdan holds a BSc in Geology and a BA in African Government from UCT; a Postgraduate Diploma in Exploration Geophysics from ITC (in the Netherlands) in Delft; an MSc in Mineral Economics and MSc in Mineral Policy from Wits University; and a PhD in Politics from Leeds University.

AYANDA MJEKULA
DEPUTY CHAIRPERSON

Appointed: 2018 (Board)

Ayanda Mjekula is a member of the Institute of Directors of S.A. He currently holds positions on various boards, including Safika Holdings. He has held board positions at CEF SOC, UBank Limited and the World Petroleum Congress. He is also currently the chairperson of the National Arts Festival- Grahamstown and deputy Chairperson of the council of the University of Fort Hare.

Mjekula has extensive banking experience, having held executive management positions at Nedbank and Standard Bank, over a period of twenty-four years. He was the first black person to be appointed in an executive management position in any bank in South Africa. In 1989, he was honoured with the Black Management Forum/ Kellogs Manager of the Year Award, in recognition of his managerial achievements.

As Chief Executive of the South Africa Supplier Development Agency, Mjekula gained extensive experience in enterprise and supplier development. He has played a major role in the energy sector, particularly in the liquid fuels industry. He holds a BA degree in English from the University of Fort Hare and an MBA in Financial Accounting from Western Michigan University.

KHWEZI TIYA PrEng, PMP
CHIEF EXECUTIVE OFFICER

Appointed: 2021

Khwezi Tiya holds a BSc. Civil Eng. (University of Natal, South Africa); an MBA (Nyenrode Business Universiteit, the Netherlands) and a MSc. Financial Management (SOAS), University of London, UK). As part of his senior executive development, he has completed the Advanced Management Program (The Wharton School, University of Pennsylvania, (USA).

Mr. Tiya has attended the Harvard Business School's 2014 Global Energy Seminar, which has helped shape his thinking and understanding of the energy transitions. He is also a registered Professional Engineer and certified Project Management Professional (PMP).

He began his career as an engineer in 1992 working on multidisciplinary projects; previously worked at the CDC between 1999 and 2010 with senior and executive roles in strategy, operations, and business development; before joining Standard Bank's Corporate and Investment Banking division in South Africa where he later headed the Oil and Gas and Public Sectors in the Client Coverage Division.

Besides his general management and leadership competencies, Mr. Tiya has specific expertise in economic policy formulation, project development and related financing, with a particular focus on infrastructure, energy and industrialisation Mentoring and inspiring young people are his enduring passions.

SHABEER KHAN

Appointed: 2014

Shabeer Khan joined the Department of Trade and Industry in 2013 as its Chief Financial Officer where he leads a dynamic Financial Management Services team. He continued in the same role in the newly formed Department of Trade, Industry and Competition (*the dtic*) which also includes providing oversight to the many public entities within the group. In view of the DG's recent resignation, Mr. Khan was appointed as part of a 3 member task team to lead *the dtic* going forward. He is also a member of *the dtic's* Executive Board as well as the Bid, Risk, Ethics and other committees where he provides leadership and guidance.

Mr. Khan serves in several other leadership roles; he is a member of numerous audit committees including the South African Bureau of Standards (SABS) and the Export Credit Insurance Corporation (ECIC) of SA. Mr. Khan is also the Chairperson of the Tshwane Automotive Special Economic Zone Audit Committee - Africa's first Automotive City.

In 2020, Mr. Khan was recognised for his contribution to the public service by CFO SA and he was the recipient of many awards.

Mr. Khan holds a BCom Honours degree and is a registered Chartered Accountant. He previously worked at the Auditor-General of South Africa where he was responsible for managing numerous audit portfolios and taking the lead in many United Nations audit assignments.

BATANDWA MDYESHA

Appointed: 2019

Batandwa, a chartered accountant, has more than 17 years' experience, and has worked in senior accounting, auditing, and risk management roles at South African state-owned enterprises, as well as in the private sector, in leading accounting and professional services firm's operations in South Africa and the Netherlands. She is currently a director at Libana Consulting (Pty) Ltd.

Before that, she held various key positions such as the Chief Financial Officer for two years at BAIC Automobile (Pty) Ltd. BAIC SA, is a Chinese car maker that has recently built a plant in Coega; Chief Financial Officer of African Exploration Mining and Finance Corporation (a state-owned mining company established to secure South Africa's energy supply primarily through the mining and supply of coal for five years); and various other roles - including Special Services Group Manager and doing articles at Deloitte's Cape Town, Johannesburg and Amsterdam offices.

She is a non-executive director at the following companies: Innowind Power Projects - Chaba Pty Ltd, Waainek Wind Power Pty Ltd and Grassridge (Pty) Ltd; Coega Development Corporation; and Steve Biko Academic Hospital.

As part of her oversight role in the boards, she advises on and provides expertise in financial management and corporate finance, auditing, risk management, corporate governance and business strategy development.

She was previously an external marker at UNISA for Honours Accounting for the six years until 2017.

MZUVUKILE MQUQU

Appointed: 2019

Mzuvukile Mququ is the Director of Supply Chain Management at the Eastern Cape Provincial Treasury since September 2019 to date, where some of his main responsibilities include implementing strategic sourcing for strategic commodities and implementing the Local Economic Development Procurement Framework in the Province.

Between 2012 until his latest appointment in 2019, he has held positions such as Director of Monitoring and Support and Director of Contracts and Supplier Management at the Eastern Cape Provincial Treasury.

He worked for the Coega Development Corporation (CDC) as a Supply Chain Monitor in 2007 and 2008, after which he was appointed as the Contracts Manager at the Transnet National Ports Authority and later as the Eastern Cape Regional Commercial Specialist at Transnet Port Terminal.

Mququ is currently pursuing his Postgraduate Diploma in Public Management from the North West University. He holds a Certificate in Advanced Programme in Sourcing and Supply Chain Management from UNISA and a B.Tech. in Cost and Management Accounting from the Cape University of Technology.

NOMONDE MTEMBU

Appointed: 2019

Nomonde Mtembu has worked at Tescor in various positions such as Hydro Plant Operator at First Falls and Collywobbles, from 1987 to 1991, before becoming a senior invoice clerk until 1995 when Eskom took over Tescor. After the 1994 elections, she held various positions, such as an Operations Controller, Administration Controller, Materials Requirement Planner (MRP) Controller and Special Projects. From 2013 until 2018, she was the Senior MRP Controller.

She holds a qualification in Labour Law from the Nelson Mandela University, a Higher Certificate (Cum Laude) in Economic Development from the University of Western Cape, a Diploma in Supply Chain Management from the Institution CS Holdings Midrand and a Certificate in Labour Studies from the Natal Technikon.

She completed a three-year National Diploma in Human Resource Management from the Southern Business School in 2019.

PHILA XUZA

Appointed: 2019

Phila Xuza is the Director and Founder of the Centre for Small Towns Regeneration (Pty) Ltd. She holds an MA degree in Geography from the University of Witwatersrand and has over 25-years' experience as a strategist, scholar, and practitioner of spatial economic development in small towns.

Phila's interests are developing small town regeneration strategies for municipalities, conducting leadership training in small town regeneration, and small town research studies. She has completed projects and assignments in SA, Botswana and Namibia. She sits on the Board of Directors of several municipal and government entities. She has published widely on economic development, particularly relating to sustainable regional economies. She lives between Alice, Chintsa (Eastern Cape) and Cape Town (Western Cape).

SIVUYILE BOQWANA

Company Secretary

MBULELO SOGONI

Appointed: 2019

Mr. Sogoni holds a Bachelor of Science Degree and Higher Diploma in Education from the erstwhile University of Transkei, as well as a Master's Degree in Public Administration from the University of Fort Hare.

Mr. Sogoni is a highly experienced leader with extensive experience gathered in various roles in the public and private sectors. He began his career as an Educator, Head of Department & Deputy Principal at various schools in the Eastern Cape. He then moved to the Eastern Cape's Department of Education as the Deputy Director of Human Resource Administration. He later became Executive Mayor of the Alfred Nzo District Municipality before joining the Eastern Cape Provincial Legislature as a Member of the Provincial Legislature.

Mr. Sogoni has served as Eastern Cape MEC for Economic Development & Environmental Affairs and MEC for Agriculture & Rural Development. He also had a short stint as Premier of the Eastern Cape before the 2009 election. Mr. Sogoni rendered shareholder oversight over numerous government entities, namely: Eastern Cape Development Corporation; Coega Development Corporation; East London Industrial Development Zone; Eastern Cape Tourism Board; Eastern Cape Parks Board; Eastern Cape Gambling Board; and Eastern Cape Liquor Board. He also served as a Member of the Board at various entities including the Accelerated and Shared Growth Initiative of South Africa (Eastern Cape), Eastern Cape Socio-Economic & Consultative Council, Eastern Cape Rural Development Agency and the Kangela Citrus Farm.

At the national level, Mr. Sogoni served as the Head of SEZ Compliance & Accountability in the Department of Trade & Industry; Head of Investments at Old Mutual's Masisizane Fund and Chairperson of the Small Enterprise Development Agency (Seda) Board. He is a member of the Institute of Directors of Southern Africa.

Currently, Mr. Sogoni is the Director General of the Province of the Eastern Cape.

PHELISA NKOMO

Appointed: 2021

Ms. Nkomo is part of catalytic Gender Empowerment initiatives in South Africa as a lead development economist for the Women's Economic Assembly (WECONA) a multi-sectorial initiative which facilitate public sector procurement and economic opportunities through access to supply chain. The assembly advocates for creation of opportunities for women's equitable participation in the economy and fostering multiplier effects for sustainable development and finance for development.

In 2021 Nkomo was part of establishment of Gender Based Violence and Femicide Response Fund as a technical advisor, this is a multi-sectorial private sector led enterprise which was launched in February 2021. Ms Nkomo has recently been appointed as Chair of OXFAM Board.

Phelisa Nkomo is a focused strategic thinker who relies on her expertise to drive change. She is forward-thinking and subscribes to collaborative, ethical and transformative leadership as well as diversity and inclusion. She is an optimist who is driven by impact and relish at leadership role.

She is a Development Economist, with eight (8) years' working experience as an Economic Policy Advisor in the Public Sector with combined exposure in Socio-Economic Justice and Human Rights Civil Society Organizations, Legislative Development, Partnership Development, Sustainability (ESG) and Grant-making organizations for nine (9) years.

Nkomo has served in several Boards and acquired a depth of knowledge in areas like Pragmatic Leadership principles, Corporate Governance principles, Strategy Development, Risk Management, and lateral thinking. Currently, her Board and Executive roles include, Commonwealth Entrepreneurs Club; Independent Development Trust; OXFAM South Africa, NEDLAC Macro-Economic Working Group - Studies in Inequality and Poverty; BRICS Gender Working Group; Gender Based Violence and Femicide Response Fund Working Group. Her previous Board roles include MDDA from 2011 to 2019 and AGRISETA from 2012 to 2019.

She has an Honors Degree in Economics from the University of Western Cape (2008); Post Graduate Diploma in Economic Policy from the University of Western Cape (2007); Post Graduate Diploma in Economic Policy from the University of the Western Cape (2007); Diploma in Public Relations from the Cape Peninsula University of Technology (2004); and Advanced Certificate in Community Development & Project Management from the Beit Bell Collage (Israel) (1996). She has also completed the Executive Leadership Program at the Gordon Institute Business School (GIBS) (2016). Ms Nkomo is currently studying towards her Master's in development finance at the University of Stellenbosch, Business School.

EXECUTIVE AUTHORITY

Province of the EASTERN CAPE
REPUBLIC OF SOUTH AFRICA

Mr. Mlungisi Gerald Mvoko
MEC: Finance, Economic Development, Environmental Affairs and Tourism

The Coega Development Corporation (CDC) is a public entity that is wholly owned by the Eastern Cape Provincial Government in South Africa. The Member of the Executive Council (MEC) for Finance, Economic Development, Environmental Affairs and Tourism, the Honourable Mlungisi Mvoko, represents the Eastern Cape Provincial Government, as the 100% shareholder and Executive Authority of the CDC. The Department of Economic Development, Environmental Affairs and Tourism's (DEDEAT) focus is on promoting sustainable and shared economic growth and development while ensuring integrated economic, trade and industrial development.

During this year, the COVID-19 pandemic continued to affect government entities in the province in terms of achieving their strategic objectives, and in line with the 2020-2025 Strategic Plan. "Our economy has been vulnerable, and was further compounded by the impact of COVID-19. This economic shock and others before it, pose a challenge and has necessitated adjustments in Provincial Treasury strategies and plans as we forge ahead." Furthermore, "as set out in our 2020-2025 Strategic Plan and in line with our mandate, we will continue to provide strategic and technical leadership in the allocation, management and utilisation of financial resources in order to improve the quality of life in the province. We remain steadfast in our envisioned goal of achieving a better life for all." This is also in line with the agenda for the government's sixth term which remains informed by the Eastern Cape Provincial Development Plan (EC-PDP) - Our Vision 2030, which also addresses the triple challenge of unemployment, poverty, and inequality.

The Provincial government started with implementing the Provincial Medium Term Strategic Framework (P-MTSF), to contribute towards addressing unemployment, poverty, and inequality. Due to the Covid-19 pandemic, the province developed a Provincial Economic Recovery Plan to resuscitate the economy. Infrastructure development plays an important role in this regard. The province has continued to build an enabling infrastructure as a catalyst to grow the economy and create jobs. The enabling infrastructure work on the Wild-Coast Industrial Park, continues, and this project is managed by the CDC.

In his State of the Province Address (SOPA), Premier Lubabalo Mabuyane indicated that "the Wild Coast Industrial Park is no longer a dream, it is a reality. Fencing at the Wild Coast Industrial Park site is 95 % complete. This project has benefited eight SMMEs and created jobs for local people. The next phase is the implementation of bulk infrastructure, which includes sanitation, water, and electricity." In addition, the Department of Trade, Industry and Competition has invested R49.5 million for installation of bulk infrastructure and the project will be completed in November 2022. Furthermore, the Province has already signed an investment pipeline of R1,4 billion with 4 investors committing to locate in the Wild Coast Industrial Park. These entail investments in the following sectors: vegetable cultivation and processing; beverage manufacturing and cold storage; poultry processing and starch manufacturing.

The Department of Trade, Industry, and Competition (the dtic) is the custodian of the Industrial Parks and Special Economic Zone (SEZ) policy in South Africa in terms of the Special Economic Zone (SEZ) Act, 2014 (Act No. 16 of 2014). This Act provides a clear framework for the development, operation and management of SEZs in the country. Therefore, the SEZ programme is critical to the economic development of the Eastern Cape. Premier Mabuyane emphasized the importance of Coega SEZ investors, namely ISUZU that invested R1,2 billion rescuing half of the jobs that would have been lost when General Motors de-invested in South Africa. Another newly launched project in the energy sector is by Hive Hydrogen SA, as the location of a Green Hydrogen project which will be fully operational by 2026. The project entails the construction of about R69.6 billion green ammonia plant with its own dedicated green power supply. "This is a game changer project for our province and the country as it will boost the Coega SEZ's value proposition platform for sustainable investments."

The Coega SEZ is seized with two more projects that will contribute a combined 824 new operational jobs to the economy. One of these investors in the energy sector is Seraphim Solar Cell Manufacturing company that is investing R362 million into the province to increase the local content of its solar value chain. The second investor in the logistics sector is African Port Logistics and Infrastructure (APLI), that is investing R300 million in the agroprocessing value chain. These are real investments that will benefit the people of our province. It is important to acknowledge that APLI has already been commissioned and started operations during this year. More investment projects are expected to be launched in the next financial year, 2022/23. Furthermore, following the commitment to migrate fuel tanks and the manganese exports from the Port of Port Elizabeth to the Port of Ngqura, the Province is pleased with progress made in which Transnet has appointed Coega as the implementing agent for the R3,4 billion new Ngqura Manganese Export Terminal. Other notable projects include two investments on Liquified Natural Gas, located in the Coega SEZ. The two projects, Karpowership and Mulilo Total Coega have a combined capacity of 650 Megawatts which will ensure energy security for investors in the Coega precinct. This development affirms Coega as the designated Gas Hub of South Africa and SMMEs in our province should be ready to benefit from this development. The province is placing greater emphasis on the oceans economy, in line with implementing the Oceans Economy Master Plan, and following pronouncement in last year's State of the Province Address, these projects continue to be supported. The province invested R206 million from the stimulus fund for the development of the first 100 hectares of the Aquaculture Development Zone (ADZ), the construction of phase 1 of the ADZ which is underway in Coega, creating approximately 500 construction jobs and 900 operational jobs.

The Province is establishing a new cooperation with the Secretariat of the Africa Continental Free Trade Area and building relations with regions in the African continent. The South African Government is encouraging business leaders to explore business opportunities on the continent and is opening its borders to businesses that want to trade with the country in a way that creates win-win potential for economic growth, job creation, and sustainable development. The CDC is providing services throughout the continent, as part of its non-SEZ services. With capabilities in Engineering, Procurement, Project Management, Construction and Facilities Management, the CDC is committed to being the leading catalyst for economic development in keeping with the broader African regional developmental agenda and economic imperatives. Notable projects on the continent include those in Zimbabwe, Central African Republic, Senegal, and Nigeria in the western outskirts of Abuja near the Baro River, with a Technical Advisory and Co-Development Partnership for the Gulu Integrated Agro-Industrial Park (GIAIP). I wish to congratulate the CDC on the successful implementation of these projects on the African continent in line with the Province's pledge to promote the development and economic integration of the African continent.

My department is pleased with CDC's performance during the financial year, under difficult operating environment due to Covid-19 pandemic and the resulting economic meltdown. I am encouraged especially by the newly signed investors in key sectors of our economy that contribute to job creation and skills development as well as SMME support and development, targeted at women, youth, and persons with disabilities.

I wish to thank the CDC Board for providing strategic leadership and accountability in the delivery of the mandate of the CDC. We look forward to working with the CDC in the next couple of years of its Strategic Plan 2020-2025, and in rolling out critical investment and infrastructure development projects, not just in the Eastern Cape but throughout the country. The CDC is making a significant contribution to the building of a prosperous Eastern Cape, the one we all want.

COEGA **OWNERSHIP** AND **SHAREHOLDER**

Government of
THE REPUBLIC OF SOUTH AFRICA

Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM

COEGA
DEVELOPMENT CORPORATION
• right **PLACE** • right **TIME** • right **CHOICE**

RAPID INFRASTRUCTURE DEVELOPMENT AGENCY T/A
SBFS
SMALL BUSINESS FINANCE & SUPPORT
Financing Sustainable Small Business

COEGA DEVELOPMENT
Foundation
Empowering Growth for All

GENERATING VALUE THROUGH OUR SIX CAPITALS

In keeping with its vision and in compliance with the King IV code on corporate governance and international best practice, the CDC creates value by developing and implementing a range of innovative, forward-thinking, game-changing services for clients and stakeholders. We depend on various relationships and resources to do this. All organisations depend on various forms of capital for their value creation and commercial viability, i.e., "six capitals." In the International Integrated Reporting <IR> Framework, these capitals are defined as financial, manufactured, human, social and relationship, natural and intellectual capital. The capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organisation. For example, an organisation's financial capital is increased when it makes a profit, and the quality of its human capital is improved when employees become better trained. At the CDC, the following are the key capitals:

FINANCIAL

- Revenue Generated: R628.1 million
- *the dtic's* Approved Infrastructure Funding for Investors (2015 - 2022): R2.576 billion
- Number of Projects: 36 (27 completed, 8 in-progress and 1 discontinued)
- Growth in client portfolio of external services: R10.38 billion
- Value of Investment Pledged: R557.7m

MANUFACTURED

- 55 Cumulative Operational Investors
- 13 Newly Signed Investors
- 35.32% Procurement Spent on SMMEs
- SMME Spend: R1.569 billion
- Value of Coega SEZ Operational Investors: R10.38 billion
- Coega SEZ Area: 9 003ha
- Coega SEZ Lettable Area: 5 650ha
- Operational % of Lettable Area: 7.59%

HUMAN

- R6.83 million spent on staff development for 2021/22 FY
- 104 staff members took part in the staff development programme
- 100% of CDC's workforce receives regular performance and career development reviews
- 3 employees with PhD's in the organisation

SOCIAL & RELATIONSHIP

- B-BBEE status level 3
- 116 internships funded by the CDC and 24 Learnerships externally funded & hosted by the CDC for technical experience
- 86% of tenants satisfied with Coega SEZ as an investment destination
- 91.6% of tenants would recommend the Coega SEZ

NATURAL

- ISO Certification:
  - ISO 9 001:2015
  - ISO 14 001:2015
  - ISO 45 001:2018
  - ISO 20 000-1:2018
  - ISO 27 001:2013
- Hosted 6 Plant Rescue Open Days
- 7 Environmental Authorisations obtained for projects in 2021/22 FY
- Focused on Sustainable Development Goals (SDG), created new Sustainability Unit

INTELLECTUAL

- Awards of Excellence & Recognition:
  - M&A Today - Global Awards 2021
  - Global African Power & Energy | Elites 2022
- Coega Global Scholars Programme Launched: to build the next generation of leadership. 10 candidates approved by the CDC (60% external and 40% internal - 50% male/female)
- InvestSA One-Stop-Shop Satellite Office launched in Zone 1, Coega SEZ

Investor feedback indicates an overwhelming vote of confidence on the suitability of the COEGA SEZ for business

86% of respondents located in the Coega SEZ are satisfied with Coega as an **investment destination**.

83.3% of respondents are satisfied with the Coega SEZ as a **suitable location for their business** since the area is reasonably **secured and safe**.

91.7% of respondents indicated that their business key **performance indicators have improved** since locating at the Coega SEZ.

92% of respondents agree that the **CDC has met its obligations to tenants** since locating in the Coega SEZ.

91.6% of respondents would **encourage other businesses to locate at the Coega SEZ.**

SIX CAPITALS **OUTPUT**

- **Financial Sustainability** with strong cash flow, cash reserves and revenue;
- **Socio-economic Development** and inclusive growth to maximise societal impact;
- Creation of an excellent **Performance Ecosystem** (people, systems and technologies); and
- Meet **Sustainable Development Goals** and **Impact and Outcome Statements**.

IMPACT AND OUTCOME STATEMENTS **SUPPORTED**

1. Financial Sustainability
2. Increased Economic Advantage for Targeted Industries
3. Increased Economic Opportunities for the Marginalised

The Coega Development Corporation creates value using financial capital. Our financial capital includes revenue generated from operations, investments, debt and equity resources and strong cash reserves. We use a combination of these financial resources in our business operations to ensure financial sustainability. Furthermore, value is created through industrial development to increase the percentage of lettable area to increase the number and value of investment, and to create employment. Moreover, human inputs, social relationships, as well as natural and intellectual assets create additional value, which ensures the achievement of sustainable development goals as part of the United Nation's 2030 Agenda through, amongst others, our people, systems and advancement in technologies.

PURPOSE OF THE COEGA DEVELOPMENT CORPORATION

The Coega Development Corporation is headquartered in the City of Gqeberha, Nelson Mandela Bay Municipality, South Africa, with a strategic operational footprint in South Africa and beyond the borders on the African continent.

The CDC's vision is to be the leading catalyst for the championing of socio-economic development. This it seeks to achieve through the development and operation of the 9 003-hectare Coega Special Economic Zone (SEZ), a transshipment hub and a leading investment destination in Africa, providing highly skilled competence and capacity for the execution of complex infrastructure and related projects throughout South Africa and selected markets on the African continent, and advisory on the development of industrialisation and logistics zones. The CDC's advanced capabilities are successful enablers in economic zone development and management, real assets management, infrastructure planning and development, technology integration while realising related socio-economic impact areas such as skills and SMME development. The foundational culture of the CDC's approach, backed by core values, is innovation and continuous improvement.

The Coega SEZ is purpose-designed following the cluster model, which strategically positions related and synergistic industries and their supply chains in close proximity to one another in order to maximise efficiency and minimise turnaround times.

As a result, the SEZ has been demarcated into 14 zones, with the focus on the following sectors:

- Metals/Metallurgical;
- Automotive;
- Business Process Outsourcing (BPO);
- Chemicals;
- Agro-processing;
- Logistics;
- Trade Solutions;
- Energy; and
- Maritime.

In 2008, the reach of the Coega SEZ was extended to include the 216 hectare Nelson Mandela Bay Logistics Park (NMBLP) in Uitenhage, an area which provides infrastructure and support services to the automotive manufacturing industry, thus reducing operating costs and improving competitiveness.

COEGA SEZ **FOCUS SECTORS**

To improve financial sustainability, the CDC diversified its products and services from purely being an SEZ to non-SEZ services geared towards generating alternative sources of revenue for the organisation. The non-SEZ Services include the following:

- **Coega Human Capital Solutions (HCS)**, which provides recruitment and selection, training and development, staff development services for investors in the SEZ, and social facilitation of infrastructure programmes;
- **Coega Corporate Travel (CCT)**, which provides seamless and cost-effective travel management solutions for business and leisure travellers, including auxiliary services and solutions, such as accommodation and car hire. CCT holds an IATA accreditation, a seal of approval that is recognised worldwide;
- **Coega Business Solutions**, which provides a fully scalable suite of integrated management consultancy and turnkey solutions, such as ICT Services, Accommodation and Conferencing Facilities at the Coega Vulindlela Accommodation and Conference Centre (VACC), and four-star Bluewater Bay Sunrise Hotel. Additionally, it provides Events Management Services including high-quality 1,000-seater VIP Glass Marquees and Furniture for hire to SMMEs, Government Departments, Private Sector and the general public;
- **Project Management Services**, which provides engineering, procurement, construction, and infrastructure project management skills honed during the construction of the Coega SEZ, since 1999. These skills have been retained to enable the CDC to deepen state capacity in infrastructure development and contribute towards the socio-economic development of the country. To this end, the CDC is positioned as an Implementing Agent (IA) of choice for a range of public and private sector clients, providing critical infrastructure development and facilities management services throughout South Africa and to the rest of the African Continent. The CDC is also assisting other companies/ agencies in the country with the establishment of SEZs under the new SEZ Act (Act No. 16 of 2014), which includes the newly established Tshwane Automotive Special Economic Zone (TASEZ), a project by the Gauteng Provincial Government, DTIC, and the City of Tshwane, in which Government is investing R3.3 billion in infrastructure development and R15.8 billion by Ford Motor Company; and
- **Coega Africa Programme:** On the continental front, the CDC is implementing projects in Zimbabwe, Cameroon for the Central African Republic (CAR), Senegal, and Nigeria, to name but a few. Through its Africa Trade and Investment Solutions Strategy, the CDC is championing the country's renewed push for business exchanges between South Africa and the rest of the continent under the African Continental Free Trade Area (AfCFTA) agreement.

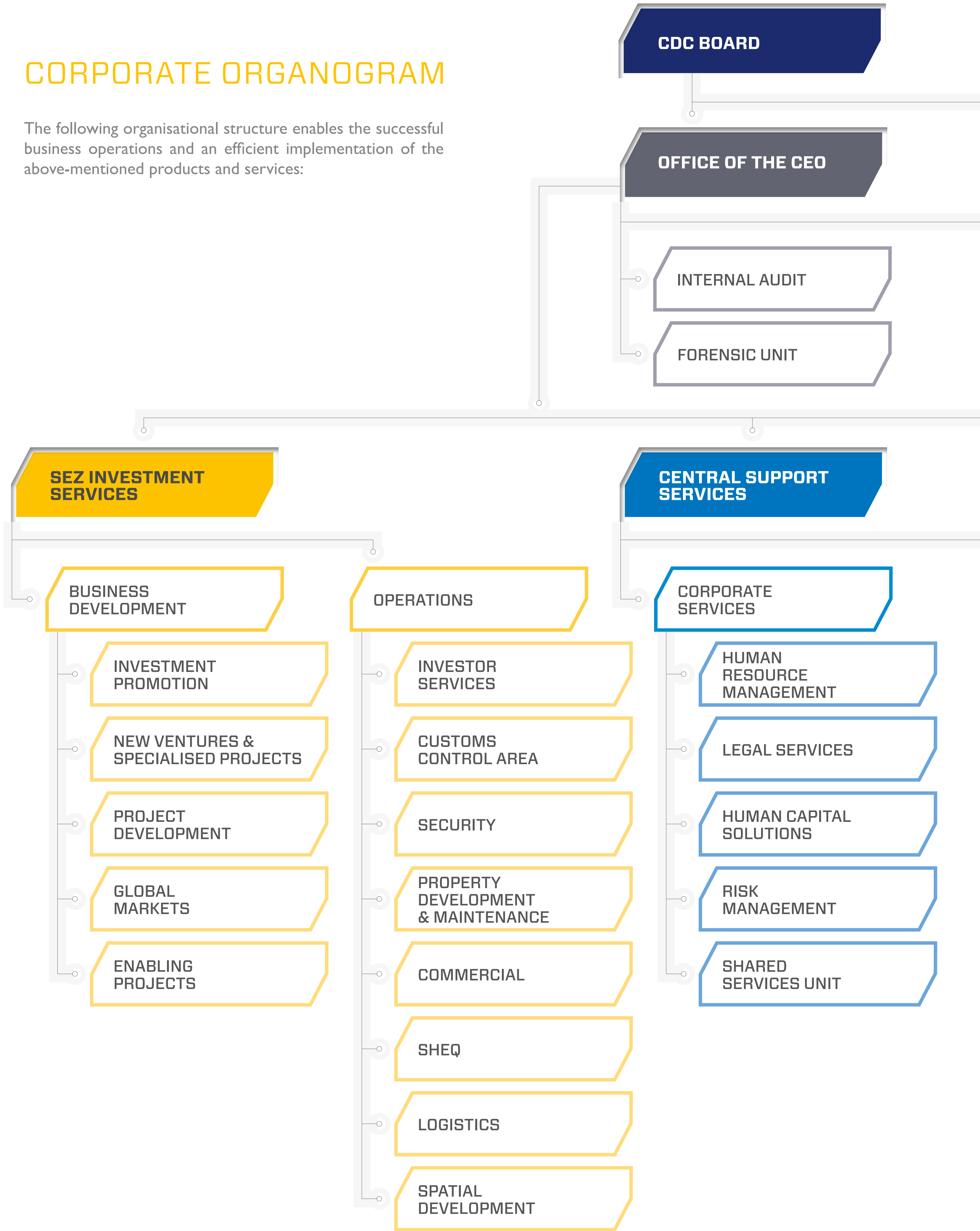
The Coega Development Corporation offers the following revenue generating products and services:

REVENUE GENERATING PRODUCT OFFERING

SEZ FOCUS	Industrial Estate Planning & Development	• Infrastructure Planning & Development • Investment Promotion • Facilities Management • One-Stop-Shop
SEZ & NON-SEZ FOCUS	Travel Agency Services	• Travel Planning • Travel & Accommodation • VISA Applications
	Skills Development Services	• Accredited Training • Mentorship & Development • Non-accredited Training • Human Capital Solutions
NON-SEZ FOCUS	Programme Implementing Agency Services	• Project Management Services • Mega & Minor Infrastructure Development • Facilities Management
	Management Consultancy Services	• Turnkey Business Solutions • Economic Research & Development • Document Management Services • SEZ Planning & Development • Business Process & Systems • Re-engineering • ICT Systems Development & Support

CORPORATE ORGANOGRAM

The following organisational structure enables the successful business operations and an efficient implementation of the above-mentioned products and services:



COMPANY SECRETARY

- CEO SUPPORT
- STRATEGY & PLANNING
- MARKETING, BRAND & COMMUNICATIONS

SUBSIDIARIES

- RAPID INFRASTRUCTURE DEVELOPMENT AGENCY — EXECUTIVE MANAGER: CHIEF FINANCIAL OFFICER
- COEGA DEVELOPMENT FOUNDATION — EXECUTIVE MANAGER: CORPORATE SERVICES

FINANCE

- MANAGEMENT ACCOUNTING
- FINANCIAL MANAGEMENT
- PROJECT ACCOUNTING
- SUPPLY CHAIN MANAGEMENT
- SMME MANAGEMENT
- COMPLIANCE

ICT, RESEARCH AND STRATEGY

- INFORMATION COMMUNICATIONS TECHNOLOGY (ICT)
- RESEARCH
- STRATEGY

NON-SEZ SERVICES

- NATIONAL PROGRAMMES
- PROVINCIAL PROGRAMMES
- INTERNATIONAL PROGRAMMES
- BUSINESS DEVELOPMENT (EXTERNAL SERVICES)
- NMB LOGISTICS PARK
- COEGA CORPORATE TRAVEL
- VULINDLELA ACCOMMODATION & CONFERENCE CENTRE
- BLUEWATER BAY SUNRISE HOTEL

TOP 11 REASONS TO INVEST AT COEGA

1 Safety and Security

- A safe trading environment is important for industrialisation and boosting investor confidence
- The Coega SEZ is a safe and secure investment destination:
  - Fit-for-purpose buildings and serviced sites
  - Custom controlled areas and access controlled entryways.
  - A comprehensive physical protection system, incorporating building and perimeter intrusions detection systems, surveillance monitoring, and access control.
  - Static and roaming manned guarding with tactical response team
  - Secure and stable on-site data centre hosting of ICT infrastructure
  - Two-tier 3 Data Centres
  - ISO/IEC 20000-1:2018 for IT Service Management, and ISO IEC 27001:2013 for Information Security Management

2 Environmental & Sustainability

- Well-managed Air Quality
- Clean Water
- Open Space, Hiking and Mountain Biking Trails
- Coega as the Origins of Manufacturing
- Confluence of Major Biomes in RSA

3 World Class Infrastructure

- The Coega SEZ is ready to "plug and play". All the necessary infrastructure is in place, including roads, bulk water and sewer networks, telecommunication sleeve networks, electrical substations (HV and MV), and overhead power lines (HV and MV) – all that investors are looking for and more in a world class industrial development zone

4 Regional and International Logistics

- The Coega SEZ is strategically positioned on the main Southern Hemisphere east-west shipping routes
- It is the only SEZ in Africa to be served by two ports, with a combined capacity of over two million TEU (Twenty Foot Equivalent Unit) a year
- The Deep-water Port of Ngqura is the designated South African hub for container traffic, and is served by the world's top shipping lines
- Named day services connect the port to the main global markets and supply centres
- The Port of Gqeberha operates world class container, vehicle, breakbulk and bulk terminals
- The shipping links are complemented by direct road and rail links to the rest of South and Southern Africa

5 A Connected Zone

- There is a rail connection between the SEZ, the rest of South Africa and neighbouring countries
- Major roads provide a seamless link into the national N2 arterial highway, which connects the SEZ to the rest of the region
- The zone is integrated into Africa's newest deep-water harbour, the Port of Ngqura
- National and international connectivity for passengers and freight is provided by the Chief David Stuurman International Airport (PLZ), which is around 20 minutes travelling time away on the N2 Freeway
- It takes just 1 hour 40 minutes to fly from PLZ to OR Tambo International Airport on a route serviced by a number of airlines
- The distance to the main banking and business precincts in Gqeberha is around 20 km

6 World Class Support Systems

- Geographic Information System helps investors make informed decisions on positioning their plant
- ICT Solutions for supply chain management, budgeting, procurement and financial management
- Customs Control Areas (CCA) in the Logistics and Automotive Zones. CCA and Freeport Zones, allows for duty and VAT-Suspension entry of any foreign goods intended for re-export. This means we can ensure ease of operations for zone users and enable them to import, store and manufacture goods (including processing, cleaning and repair) without being bound by various time and economic restrictions. CCA in Coega SEZ (manufacturing): 70% saving on surety bond. Our aim over the next 5 years & beyond is to create a vibrant hub of opportunity, job creation, inclusive growth, and sustainable development utilising the Coega SEZ, Legislation and Tax Incentives as a catalyst.
- Customs compliance infrastructure management
- Proven in-house expertise in delivering infrastructure projects of all sizes within budget and on time

11

Governance

- CDC has robust internal governance structures in place to prevent corruption. Strong and proven supply chain processes ensure minor and mega infrastructure projects are implemented on time, within scope and on budget

10

Lifestyle – the Best of All Worlds

- Nelson Mandela Bay and its surroundings offer a lifestyle that is the envy of other SEZ operators around the world
- It offers a cosmopolitan Indian Ocean lifestyle that is a unique mix of the best of African, European and Asian cultures
- Executives and key staff will find comfortable homes within a radius of 20km of the SEZ
- Nelson Mandela Bay has world-class theatres, including an opera house, museums, restaurants, beaches, public gardens, sports stadiums, gymnasiums, hospitals and shopping malls
- It is home to some of South Africa's top schools, as well as the Nelson Mandela University (NMU)
- There is plenty of opportunity to enjoy the great outdoors – Nelson Mandela Bay is the sunniest metro complex in South Africa
- Algoa Bay, the metro, is rated as one of the top water sport venues in the world and has world-renowned Blue Flag beaches
- Nelson Mandela Bay is the gateway to the world-famous Garden Route
- For those venturing further afield, the Metro is 750 km from Cape Town along the Garden Route, 1 000 km from Durban, and 1 300 km from Gauteng

9

Incentives

- The CDC assists investors in their application for incentives offered by the national government, provincial legislature and local municipality.
  They include incentives for:
  - Training
  - Automotive Production and Development Programme (APDP)
  - Production Incentive Programme
  - Aquaculture Development and Enhancement Programme
  - Research and Development (S11D)
  - Export promotion incentives
  - Infrastructure support
  - Reduced municipal costs
- The Coega SEZ also provides some of the most affordable rates for developed and zoned industrial land in Africa

8

Skills Development

- Systems are in place to assist investors with skills development
- Advanced systems for registering work-seeker and competency-based recruitment functionality
- Advanced labour management systems in place
- Co-ordinated transport services
- Induction training capacity
- Central wage payment services
- Construction Village facilities provide accommodation, conference and training venues
- Partnership with internationally recognised Nelson Mandela University (NMU) for research and development
- Apprenticeship training centre (construction, manufacturing and MEI)

7

One-Stop-Shop Investor Services Centre

- Full Human Relations support, including recruitment, training and managing labour relations
- Assistance with visa applications, work and study permits, applications for municipal services
- Assistance with applying for incentives
- Facilitation of environmental approvals and licence requirements for project development (EIAs, Basic Assessment, Air Emissions License, Waste License and OEMP)
- Customs services to assist with all SARS Customs registrations and permit processes in preparation for approval of facility for operational phases
- Incentives: Assist all investors to ensure optimal use of all necessary incentives available to industry (SEZ, Municipal, and Sector Specific Incentives)
- The CDC's Package of Plans approach allows statutory approvals for Site Development Plans and Building Plans to take place within 10 working days, respectively
- Construction management and operational Safety, Health and Environment (SHE) management systems in place
- SHE systems monitor and control construction and operational phases (waste management, water and air quality, storm water and effluent, alien plant eradication, open space management)
- The CDC clinic provides services during construction and operational phases

SPECIAL ECONOMIC ZONE **TAX INCENTIVES**

The success of Coega in attracting investors under the new Special Economic Zone (SEZ) Act (Act No 16 of 2014) will depend on the effectiveness of the SEZ incentives in making South Africa a more globally competitive investment destination. The SEZ Act came into operation on 9 February 2016, having been signed into law in May 2014. The legislation aims to boost private investment (domestic and foreign) in labour-intensive areas to stimulate job creation, competitiveness, skills and technology transfer as well as increasing the export of beneficiated products through the establishment of special economic zones (SEZs). Incentives for qualifying companies located in an SEZ include value-added tax and customs duty relief (if located in a customs controlled area), and the relaxation of employment tax incentive (ETI) provisions, subject to certain conditions. More information on the SEZ incentives for qualifying companies is available on *the dtic's* website *(http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/special-economic-zones/)*.

Reduced Corporate Income Tax Rate – Certain companies will qualify for a reduced rate of 15% (instead of 28%) between 2014 and 2024

Building Allowance – Qualifying businesses operating within SEZs will be eligible for an accelerated depreciation allowance of 10% for buildings

12i Tax Allowance – This offers a tax allowance in relation to capital investment for NEW industrial projects, as well as expansions or upgrades to EXISTING ones

VAT and Customs Relief – Businesses within customer-controlled areas will qualify for VAT and customs relief, similar to those currently enjoyed in SEZs

Employment Tax Incentive – Employers that hire low-salaried staff (below R60 000 p.a.) in any SEZ will be entitled to this incentive.

Port of Ngqura situated in the Nelson Mandela Bay Municipality.

investSA
is open for business

You have access to enhanced support, facilitation and aftercare services. **InvestSA** competes globally as an investment agency and has recently been recognised by UNCTAD as one of the best investment agencies in facilitating partnerships and promoting investment in sustainable development.

investSA
ONE STOP SHOP

COEGA SEZ

REPUBLIC OF SOUTH AFRICA

investSA
ONE STOP SHOP

2030 NDP

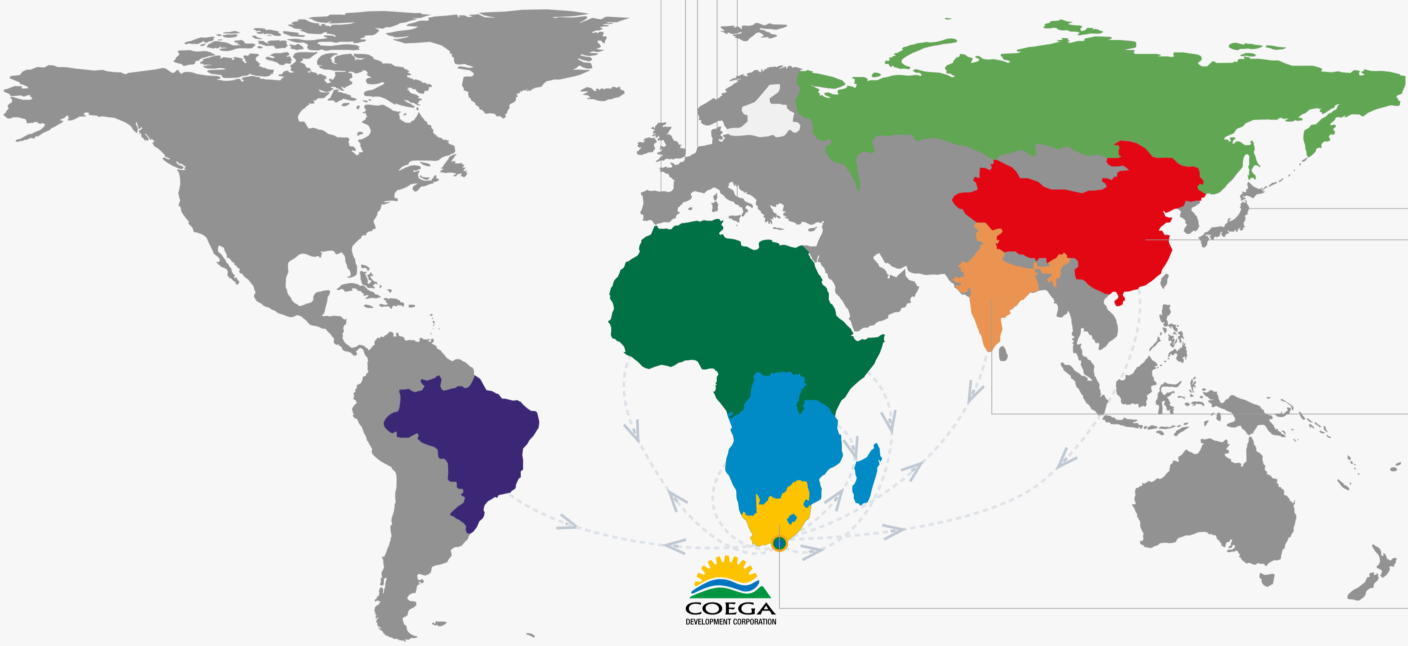
South Africa
Inspiring new ways

InvestSA is located in the Customs Control Area (CCA) Building, Zone 1 of the Coega SEZ.

GLOBAL COMPETITIVENESS

The CDC creates value for investors, clients and other stakeholders through the provision of a competitive investment location supported by value-added business services, in keeping with its mission to act as an enabler of sustainable socio-economic development. This is evidenced by the number of major transnational companies from various leading industrial nations that have invested in the SEZ. The Coega SEZ provides transshipment hub facilities adjacent to the Port of Ngqura for international shipping lines destined to other countries in the African continent and world markets, thus enhancing the Coega SEZ's value proposition and competitiveness. More than half of the current volume to the Port is transshipment. The facilities are well positioned for the growing demand for transshipment cargo. Coega is using the Port of Singapore and Tuas Mega Port as case studies for transshipment effectiveness. The Port of Singapore is the busiest transshipment port in the world and accounts for 20% of the globe's transshipment traffic. The 2011 Study provides clear guidance on transshipment with the Port of Ngqura and Coega as best locations whilst the 2017 Policy incorporates an objective for a Transshipment Framework and legislation. Coega will continue to engage with the Department of Transport (DoT) to give effect to transshipment policy and studies.

Trade map of South Africa with SADC, the rest of Africa and the world.



South Africa with SADC, the rest of Africa and the world's imports & exports statistics.

SOUTH AFRICA	SADC	REST OF AFRICA (EXCL. SOUTH AFRICA)	BRAZIL	RUSSIA	INDIA	CHINA
Population (2017): 56.72 million	**Population** (2017): 342.4 million	**Population** (2017): 1.2 billion	**Population** (2017): 207.8 million	**Population** (2017): 144.50 million	**Population** (2017): 1.32 billion	**Population** (2017): 1.39 billion
GDP (2017): US$ 249.30 billion	**GDP** (2016): US$ 602.62 billion	**GDP** (2016): US$ 1.8 trillion	**GDP** (2017): US$ 2.05 trillion	**GDP** (2016): US$ 1.53 trillion	**GDP** (2016): US$ 2.61 trillion	**GDP** (2016): US$ 12.01 trillion
Export (2016): US$ 86.32 billion	**Export** (2016): US$ 174.9 billion	**Export** (2016): US$ 358.2 billion	**Export** (2016): US$ 217.75 billion	**Export** (2016): US$ 332.19 billion	**Export** (2016): US$ 430.46 billion	**Export** (2015): US$ 2.20 trillion
Import (2016): US$ 89.26 billion	**Import** (2016): US$ 190.1 billion	**Import** (2016): US$ 521.8 billion	**Import** (2016): US$ 203.17 billion	**Import** (2016): US$ 266.05 billion	**Import** (2016): US$ 509.864 billion	**Import** (2016): US$ 1.95 trillion

EU

Investor Services

EU

Investor Services

EU

Investor Services

EU

Investor Services

EU

Investor Services

INDIA & SE ASIA

Investor Services

JAPAN

Investor Services

FAR EAST

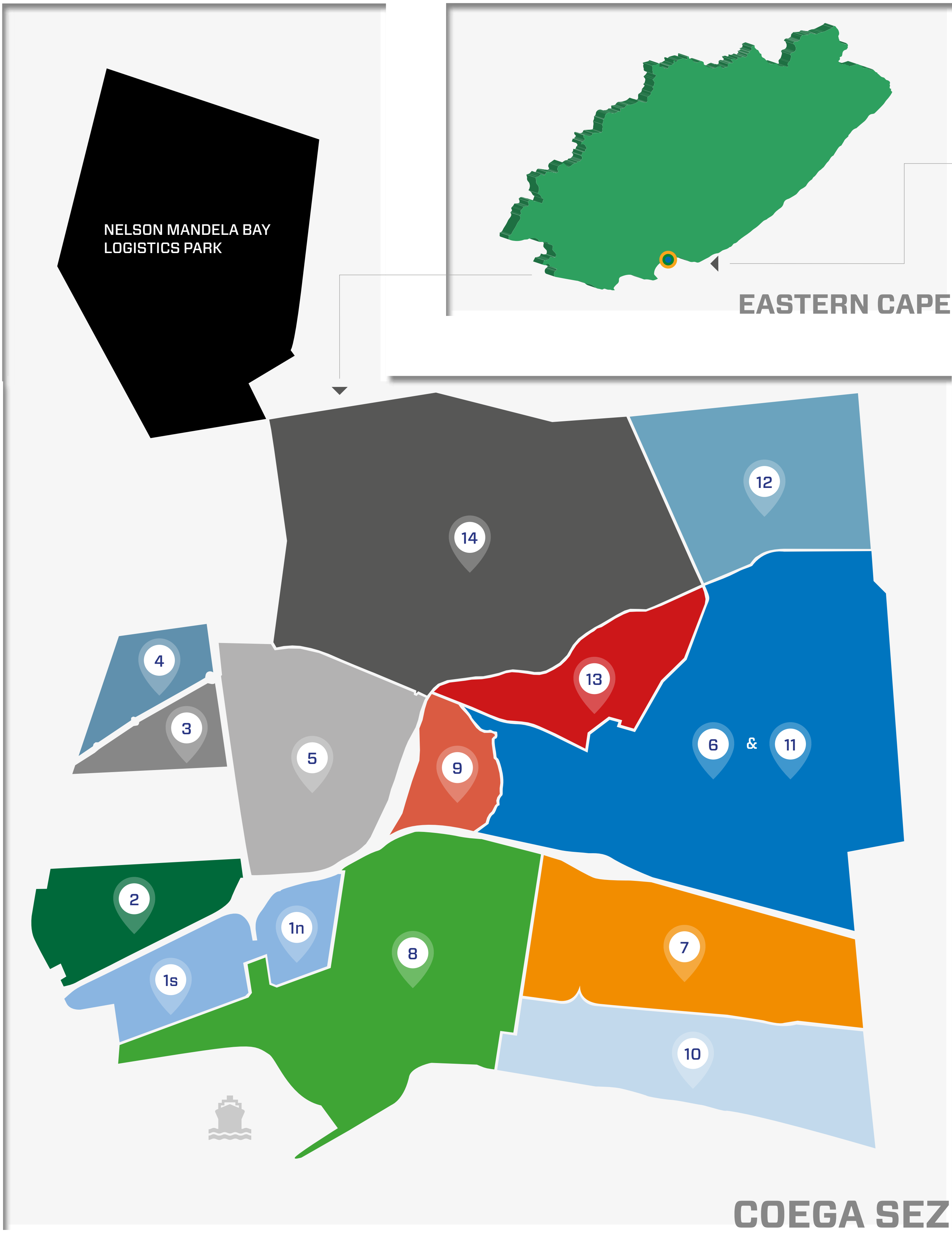
Investor Services

SADC

Export-oriented Manufacturing

Investor Services

AREA PROFILE



COEGA SEZ CLUSTER ZONES

ZONE 1N

Commercial Cluster – Coega Business Centre

ZONE 1S

Logistics Cluster – Digistics, Famous Brands, APM Terminals, PE Cold Storage, ISUZU, Vector Logistics, National Ship Chandlers, BAIC SA, Lactalis/Parmalat, The Courier Guy, DHL, APLI, Absolute Wind, ALE

ZONE 2

Automotive Cluster – FAW, CFR/Zacpack Logistics, Hella

ZONE 3

General Industries Cluster – Afrox, Air Products, Dynamic Commodities, Coega Dairy, Himoinsa, OLM Engineering, Corro Master, MzantsiCS Foods, ChemChamp Africa, EC Biomass, VSL, Avianto Energy, Ngqura Sand, MSC

ZONE 4

Training & Academic Cluster – Human Capital Solutions, Skills Development Centre, BPO Park: Discovery, SBFS, Startek

ZONE 5

Metallurgical Cluster – Bosun Brick, Kenako Concrete, Sanitech, Cemza

ZONE 6 & 11

Metals & Petrochemical Cluster – Coega Steels/ Agni Steels, Electrawinds

ZONE 7

Chemicals Cluster – Cerebos

ZONE 8

Port Area

ZONE 9

Materials Handling Cluster

ZONE 10

Mariculture & Aquaculture Cluster

ZONE 12

Advanced Manufacturing Cluster

ZONE 13

Energy Cluster – DEDISA Peaking Power Plant

ZONE 14

Advanced Manufacturing: Aeronautical and Aerospace Cluster

NMBLP

Nelson Mandela Bay Logistics Park – MSC, Grupo Antolin, Benteler, Rehau, Faurecia, ITPSA, Q-Plas, MICB, Schnellecke

DESIGNATED AREAS

SEZ Development Status

Zone	Main Sector	Operational % of Lettable
1N	Commercial	3.17%
1S	Logistics	63.5%
2	Automotive Cluster	26.57%
3	General Industries Cluster	31.14%
4	Training / Academic Cluster	10.15%
5	Metallurgical Cluster	3.6%
	Total CDA	**21.97%**
6 & 11	Metals & Petrochemical	0.31%
7	Chemical Cluster	1.94%
9	Materials Handling Cluster	95%
10	Mariculture & Aquaculture Cluster	16.50%
12	Advanced Manufacturing Cluster	0.00%
13	Energy Cluster	43.25%
14	Aeronautical & Aerospace	0.00%
	Total Coega East	**3.48%**
	Total SEZ	**7.59%**

The table indicates the percentage of Coega SEZ developable land which is operational as at 31 March 2022. The Coega SEZ is 9 003ha in extent of which 2 384ha is conservation area (26%), 5 730ha (63%) is developable land, and 969ha (11%) is reserved for roads and services. Land measured as being developable, becomes operational when a site (a portion of developable land) is developed to accommodate a tenant, is occupied by a tenant, and for which an occupancy certificate is issued in terms of the National Building Regulations and Building Standards Act (Act 103 of 1977).

All three conditions must be present before land is measured as being operational. As at 31 March 2022, the overall percentage of operational land, stood at 7.59%. There is considerable variance on the percentage operational land between zones, due to factors such as:

- Some zones have a high percentage of serviced land available and there is high demand for the land. For instance, Zone 1 (South) has a large proportion of serviceable land available, is in high demand for Port Logistics types of activity and is thus 63.5% operational.

- While, Zones 12 and 14 is completely unserviced, and has limited investment demand, thereby explaining the non-operational nature of the land (0%).

The overall trend is that the Core Development Area has a higher percentage of operational land (22%) as services to the area are available. In contrast, land to the Northeast of the Coega River is largely unserviced, as heavy industrial type projects are planned and therefore has a lower percentage of operational area (3.48%).

FAW is located in Zone 2 of the Coega SEZ.

CORPORATE BUSINESS MODEL

BUSINESS MODEL EVOLUTION

Businesses have to meet high expectations around value creation, and ensure that their ability to generate value is consistent with the needs of sustainable development. The CDC actively connects its objectives and reporting to its purpose, as articulated elsewhere in this Integrated Annual Report. The organisation strives to create long-term value for stakeholders through providing strategic clarity, financial discipline, operational excellence and strictly defined capital allocation principles. Furthermore, in its value creation process, the CDC's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development, are reported as inseparable elements of the value creation.

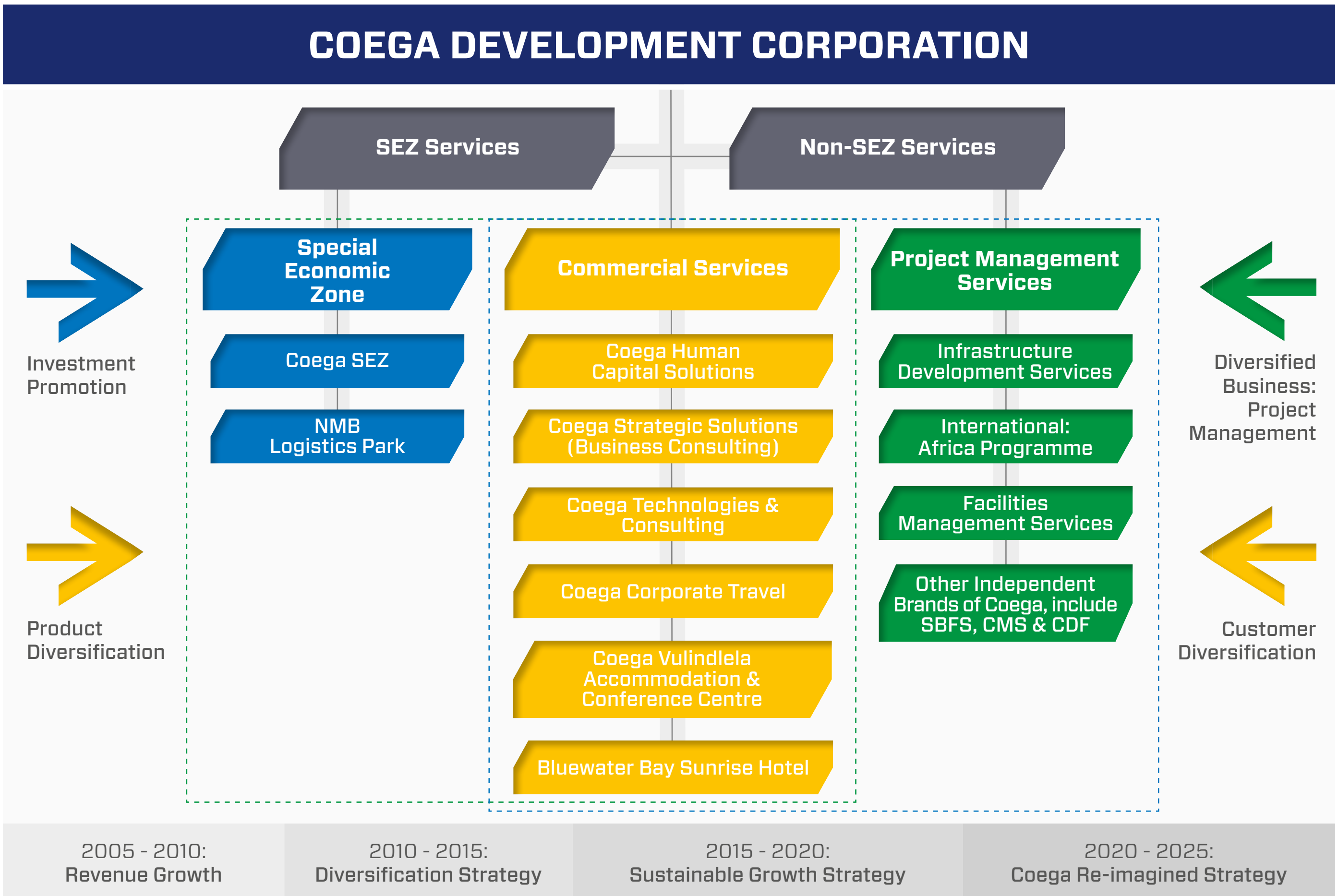
Therefore, the CDC's five-year strategy 2020 – 2025 points to a business model that has evolved over the last decade from solely focusing on investment attraction under the SEZ services to providing project management and strategic consultancy services under the non-SEZ services.

This shift in strategy reflects the CDC's strategic intent of maintaining financial sustainability whilst operating within a developmental state. This has meant overcoming the hurdle of a severe reduction in government grant funding, which has greatly challenged, not only the business model, but also the CDC's financial sustainability and growth.

As a result, over the past decade, the CDC proactively developed its non-SEZ services with a focus on external consulting businesses including project management on provincial, national and continental infrastructure programmes.

Some of the clients who have taken advantage of CDC's innovative and diversified products and services, and have derived value include the Eastern Cape and KwaZulu-Natal Departments of Education; Eastern Cape Department of Health; Eastern Cape Department of Public Works & Infrastructure; National Department of Public Works & Infrastructure; and most recently the Tshwane Automotive Special Economic Zone (Africa's first automotive city) in the City of Tshwane, Gauteng Province, where the CDC was appointed last year as the developer of the newly established multi-billion rand SEZ - "Africa's First Automotive City".

The diagram below depicts the evolution of the CDC's business model over the past years, which has been particularly pronounced in the last decade:



The Logistics Cluster, Zone 1 of the Coega SEZ, with transport connections via the N2 national highway and the Port of Ngqura.

CDC staff members celebrated Africa Day in their traditional attire.

COEGA BRAND ARCHITECTURE

MOTHER BRAND

Monolithic Brand

COEGA
DEVELOPMENT CORPORATION

BRAND VALUES & PILLARS

Brand Values

- Innovation
- Integrity
- Partnership
- Service Excellence
- Sustainability

Brand Pillars

- Transparent Practises
- Customised Solutions
- Efficiency through Expertise
- Sustainable Socio-Economic Development

Brand Personality

- Progressive
- Trustworthy
- Intelligent
- Socially Responsible

MAIN BRANDS

Special Economic Zone (SEZ) — Non-SEZ – Commercial

SUB-BRANDS

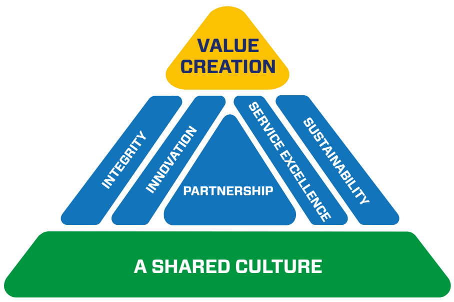
COEGA DEVELOPMENT CORPORATION
Special Economic Zone

COEGA DEVELOPMENT CORPORATION
Nelson Mandela Bay Logistics Park

COEGA DEVELOPMENT CORPORATION
Vulindlela Accommodation & Conference Centre

COEGA DEVELOPMENT CORPORATION
Corporate Travel

SHARED VALUE



BEING **COEGA**

FOCUSED ON CREATING VALUE FOR SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND SUPPLIERS

- **CREATING FINANCIAL VALUE** FOR OUR SHAREHOLDERS
- **CREATING SOCIAL VALUE** FOR OUR COMMUNITIES
- **CREATING ECONOMIC VALUE** FOR OUR EMPLOYEES
- **CREATING SHARED VALUE** FOR OUR STAKEHOLDERS

ABOUT OUR NAME

Coega is pronounced 'koo-gha' with a guttural sound forming the last syllable. Coega would have originally come from the Nguni adaptation of the Khoekhoen (Khoi) word "Nqurah" which means 'ground water'. Nguni is a language group to which isiXhosa belongs.

Vision

To be the leading catalyst for the championing of socio-economic development.

Mission

To provide competitive investment locations, facilitate holistic infrastructure and value-adding commercial business solutions.

Positioning

Right PLACE,
Right TIME,
Right CHOICE

Services

Non-SEZ – Project Management Services

Human Capital Solutions

Business Solutions

Technologies and Consulting

Infrastructure Development Services

International: Africa Programme

Facilities Management Services

The Coega brand strategy is based on a monolithic brand approach. The mother brand is Coega and the pay-off line is right PLACE, right TIME, right CHOICE. There are three main brands, namely: SEZ, Non-SEZ - Commercial Services, and Non-SEZ - Project Management Services (External Services Programmes). The Coega sub-brands are as follows: NMBLP, Coega Vulindlela Accommodation & Conference Centre, Coega Corporate Travel, Coega Human Capital Solutions, Coega Business Solutions, Coega Technologies and Consulting, Infrastructure Development and Facilities Management. The International business operates as Coega Africa Programme.

Independent Brands:

WWW.SBFSFINANCE.CO.ZA

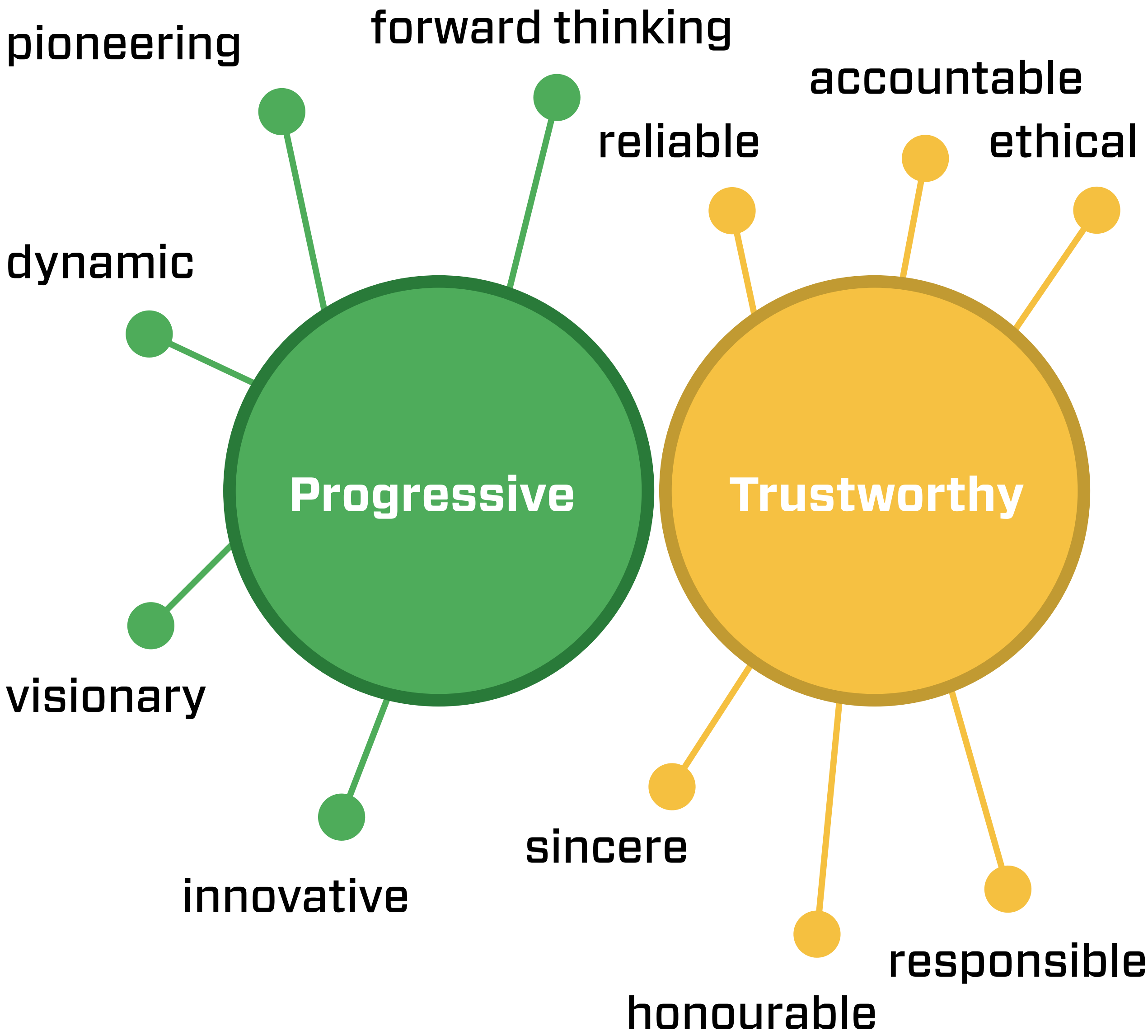
WWW.SOUTHAFRICANMARINEFUELS.COM

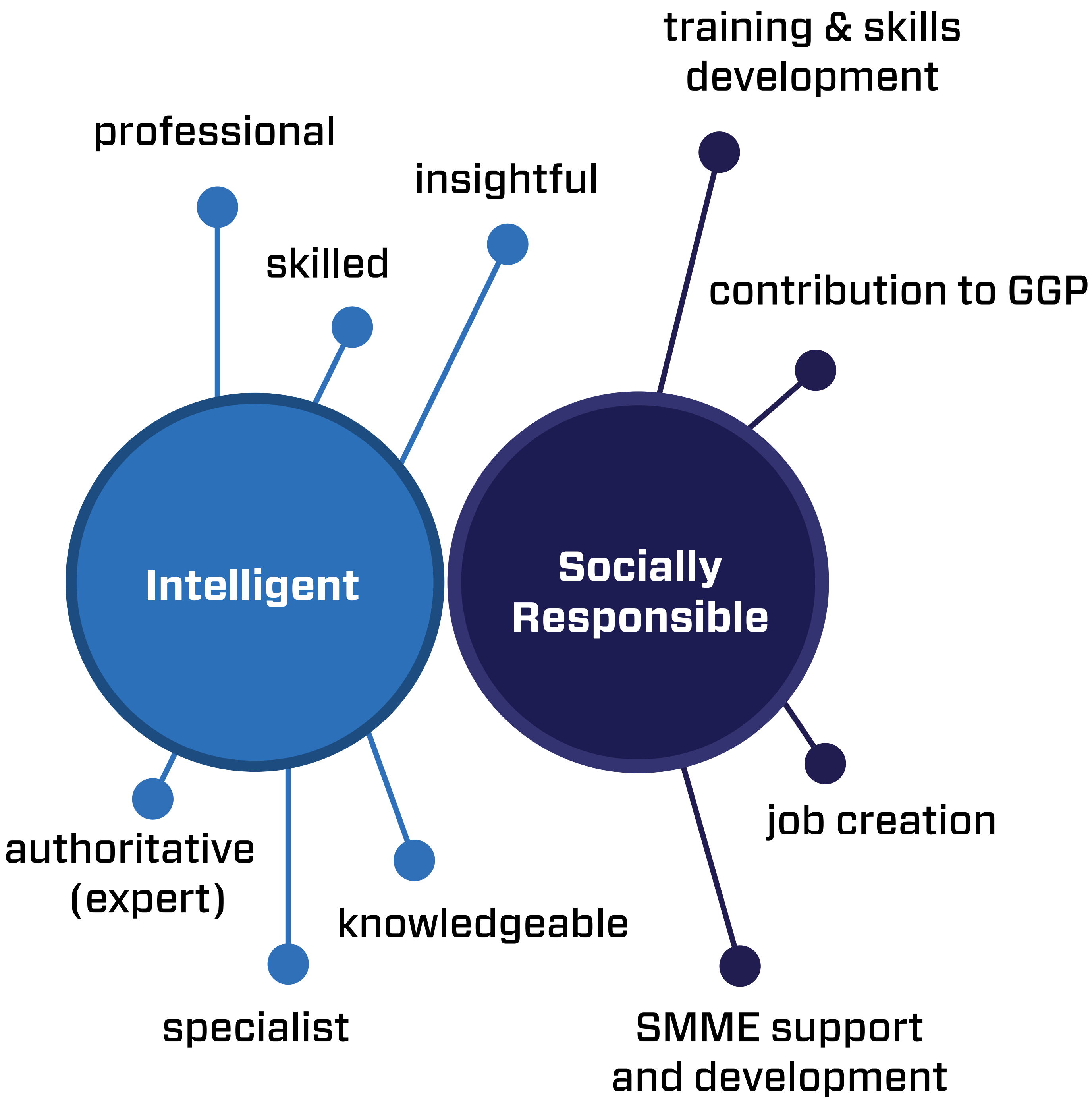
WWW.SUNRISEHOTEL.CO.ZA

WWW.CRUXMS.CO.ZA

BRAND PERSONALITY

Defining Coega's Brand Personality is essential for positioning.The brand personality is the brand image or identity which is expressed in terms of a set of human-like characteristics. The brand personality includes distinguishing and identifiable characteristics, which provide consistent, enduring and predictable messages to our clients and stakeholders in general. It is primarily utilised as a way to differentiate the Coega Brand from others in the same category, and to also leverage the symbolic benefits the brand can provide. The Coega's Brand Personality is drawn from human psychology and consumer behaviour research. The following depicts Coega's Brand Personality:





- Progressive through visionary leadership style, adopting innovative and pioneering business solutions for partners & clients;
- Trustworthy through being sincere and conducting business with integrity and transparency in line with values;
- Intelligent by commanding respect internationally and speaking with authority; and
- Socially responsible, dedicated to job creation, SMME support & development, training & skills development, and contribution to Gross Geographic Product (GGP).

OPERATING CONTEXT

REVIEW OF THE CEO

Mr. Khwezi Tiya
Chief Executive Officer

This 2021/22FY Coega Development Corporation's Integrated Annual Report is presented two years after the World Health Organisation declared COVID-19 a global health pandemic. COVID-19 has had a marked impact on the health system, society, and the economy. While the global economy is yet to fully recover following the pandemic shock, the current and ongoing conflict between Russia and Ukraine poses other additional risks and setbacks to economic recovery. The National Institute of Economic and Social Research (NIESR) alerted that the invasion will affect the global economy through three main channels: financial sanctions, commodity prices and supply chain disruptions. Various Western countries have imposed sanctions on Russia, which have been subsequently offset by higher prices for gas and oil exports. The World Bank's Global Economic Prospects report published in June 2022 stated that the global economy is experiencing yet another major negative shock and is expected to experience its sharpest deceleration following an initial recovery from global recession in more than 80 years. The war in Ukraine has not only precipitated a humanitarian catastrophe, but also resulted in a deep regional slowdown and substantial negative global spillovers. These spillovers are magnifying pre-existing strains from the pandemic, such as bottlenecks in global supply chains and significant increases in the price of many commodities. Indeed, the war triggered a surge in oil, gas, and wheat prices. This will drive a squeeze on real incomes and slow economic growth which, in turn, may hamper consumer, business, and investor confidence worldwide throughout the second half of 2022. Inflation consequentially became a central concern in many countries. The danger of stagflation is considerable today.

There are three emerging obstacles to a durable recovery which may impact investment in developing economies, says the World Bank; and these include (i) **unsustainable debt** which may require debt relief from G20 countries pushed by COVID-19 pandemic; (ii) the implications of **boom-and-bust cycles of commodity prices** for emerging market and developing economies, most of which are heavily dependent on commodity exports and (iii) COVID-19's **impact on global inequality**. Indeed, the pandemic has raised global income inequality, partly reversing the decline that was achieved over the previous two decades. It has also increased inequality in many other spheres of human activity—in the availability of vaccines; in economic growth; in access to education and health care; and in the scale of job and income losses, which have been higher for women and low-skilled and informal workers. This trend has the potential to leave lasting scars: for example, losses to human capital caused by disruptions in education can spill over across generations.

The World Bank indicated that global growth is projected to slow from 5.7% in 2021 to 2.9% in 2022 and will average 3% between 2023 and 2024. As a consequence of Ukraine' war, growth projections for 2022 have been downgraded for most economies. Also, majority of commodity exporters countries' economic growth will be sluggish despite improved terms of trade. The growth of advanced economies would slow down from 5.1% in 2021 to 2.6% in 2022 which is 1.2 percentage points below previous projections. Emerging market and developing economies growth is projected to roughly halve this year: slowing from 6.6% in 2021 to 3.4% in 2022 which is well below its annual average growth of 4.8% between 2011 and 2019.

The pace of economic growth in the US slowed considerably towards the end of 2021 as the Delta variant caused increased infections. According to IMF, the US economy grew by 5.7% in 2021 but would decelerate to 3.3% in 2022 owing to the huge increase in energy prices, tighter financial conditions and additional supply disruptions caused by the Russia and Ukraine war. Growth is expected to slow further at 2.4% in 2023. The Chinese economy expanded by 8.1% in 2021, reflecting the most rapid expansion in almost a decade, following a revised 2.3% growth observed in 2020. Positive economic performance were mainly driven by exports and industrial production. Services sector, domestic consumption, and investment have not yet fully recovered. China is facing mounting downward pressures, mainly due to a real estate downturn, shrinking demand, and diminished support from exports. Sluggish household income growth is also weighing on consumption. Its economy is expected to grow 4.4% in 2022 and 5.1 percent in 2023.

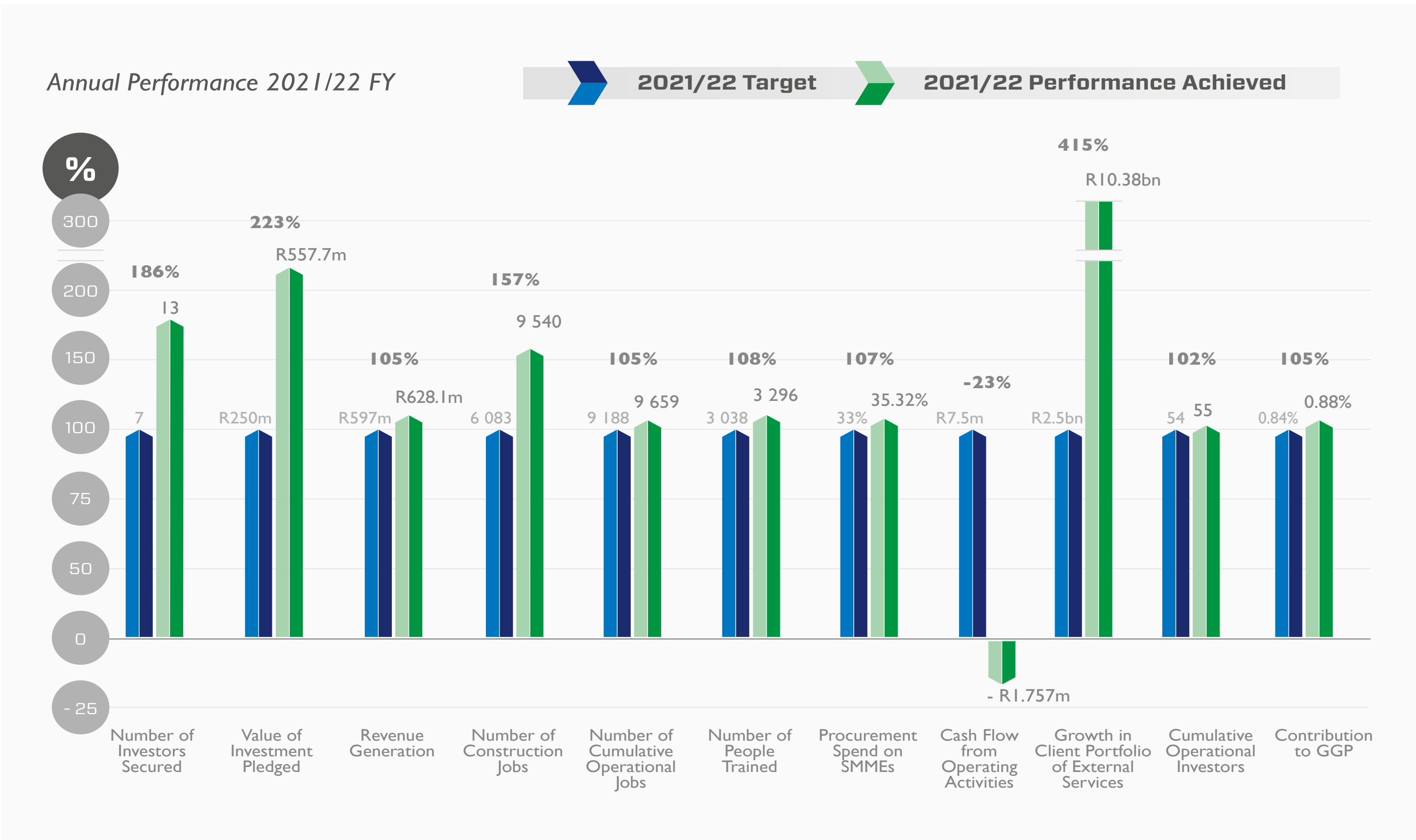
Rising global energy prices and energy security affected advanced Europe economy. Higher global prices represent a negative terms-of-trade shock for most European countries, as they are net energy importers, translating to lower output and higher inflation. Also, some industries were hurt by supply chain disruptions. Euro area economic growth in 2022 is revised down to 2.8%, with the biggest downgrades in economies such as Germany and Italy with relatively large manufacturing sectors and greater dependence on energy import from Russia. The GDP of United Kingdom for 2022 is revised down by 1 percentage point as its consumption is projected to be weak than expected.

Economic growth in the Sub-Saharan African (SSA) rebounded strongly in 2021 and were sustained by strong global demand for commodities and high commodity prices. The lingering Covid-19 pandemic and war in Ukraine hampered economic activity in SSA in the first half of 2022. The continent risks sliding into stagflation which is a combination of slow growth and high inflation. Regional economic growth in SSA is anticipated to be moderate in 2022. The IMF projects economic growth in SSA to reach 3.8% in 2022 and 4.0% in 2023. An urgent countercyclical policy response in the region is needed such as subsidies to mitigate the impact of higher food and energy costs.

From a sectoral perspective, contractions were registered in both the intermediate and investment goods categories, while consumer goods output returned to moderate expansion. New orders rose at quicker rates in the consumer and investment goods sectors but fell slightly at intermediate goods producers. Reflecting the significant slowdown in overall activity, global trade growth is expected to decline notably in 2022. Prolonged closures of factories and key ports in China as a result of Covid-19 lockdowns and the war pose significant downside risks to the trade outlook. Overall, global trade growth is projected to slow from an estimated 10.1% in 2021 to 5% in 2022 and further to 4.4% in 2023.

According to UNCTAD's World Investment Report 2022, global foreign direct investment (FDI) inflows increased by 6.8% in 2021 when compared to 2019 performance and significantly increased by 64.1% between 2020 and 2021. Developing economies played an important role as FDI inflows over the past 5 years improved at annual average growth rate of 5%. Global FDI flows received momentum mainly because of thriving merger and acquisition (M&A) markets as well as rapid growth in international project finance as a result of persistent financing conditions and major infrastructure stimulus deals. Greenfield investment in industry, which saw only a partial recovery in 2021 but remained weak in many sectors, is likely to suffer more. FDI to African countries hit a record US$83 billion in 2021 and was more than double the amount reported in 2020. Despite the strong growth, investment flows to Africa accounted for only 5.2% of global FDI in 2021, up from 4.1% in 2020. FDI to Southern Africa increased almost tenfold to US$42 billion in 2021 with South Africa representing 97.6% of the total.

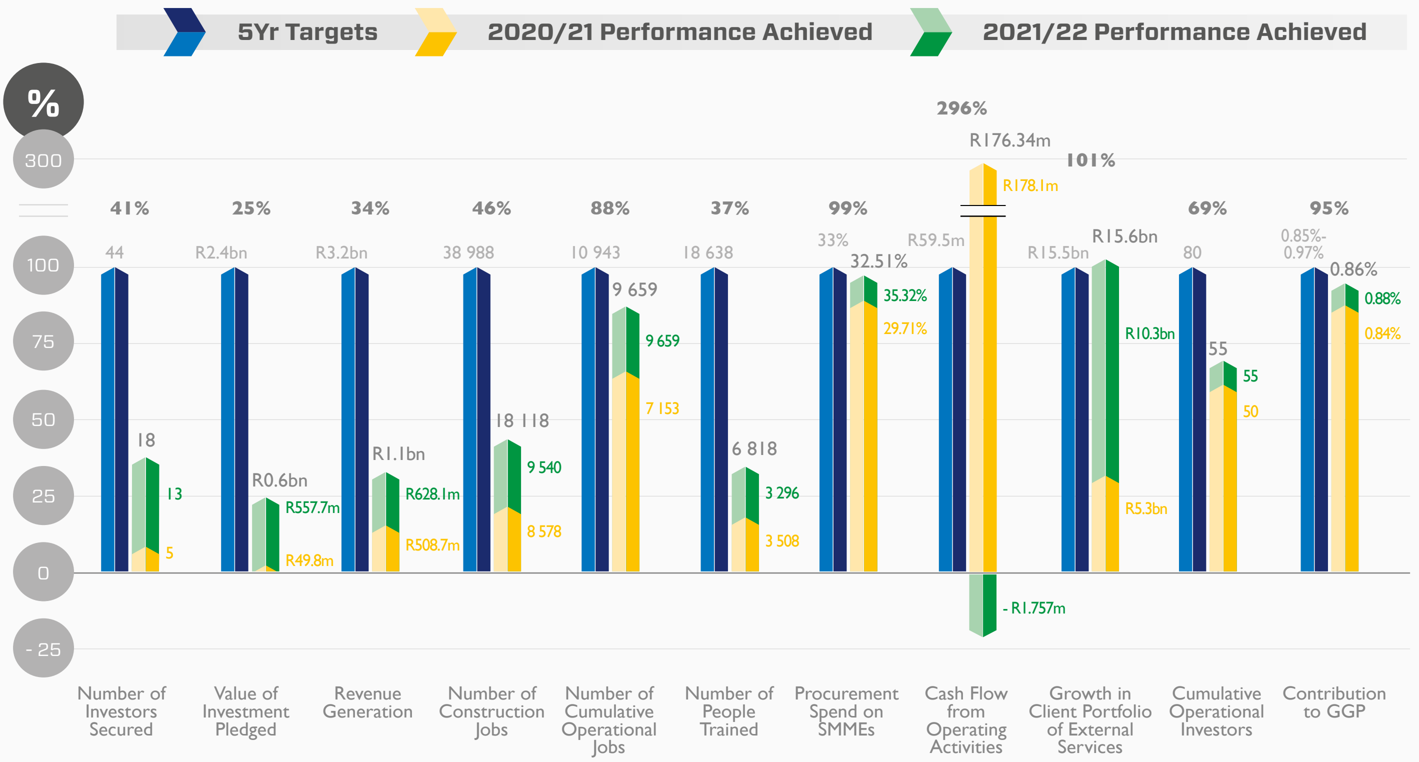
Closer to home, Statistics South Africa (StatsSA) reported an annual growth of 4.9% in 2021 following the pandemic-induced contraction of 6.3% in 2020. Despite a sharp downturn in economic activity observed in the third quarter of 2021 which was largely owed to the July unrest, renewed Covid-19 infections, and delayed vaccinations, the positive annual performance signals a healthy rebound and represents the highest annual growth number since 2007. Despite the 2021 economic performance, the South African economy has been facing a series of headwinds so far, including a constrained global growth environment that significantly weigh on trade and investment potential, a tightening of the domestic monetary policy front, a persistent roll-out of load-shedding from time to time, and the adverse impact of local and foreign factors on business supply chains. In addition, the lingering risk of political fragility in anticipation of ANC elective conference in December creates additional hurdles for the domestic growth prospects. As a result, the South African economy is expected to expand by 1.9% in 2022. Prospects of the weakened outlook is fuelled by the country's slow speed of the jobs recovery as there seems to be little scope for unemployment to improve considering low business sentiment that is weighed down by international factors. Despite this, substantial and sustainable



GDP increases is possible if South Africa can improve on key growth constraints such as workforce skills, electricity reliability and private sector investment.

Faced by the world and local economic disturbances, bleak economic forecasts by leading banks the CDC remains steadfast with the implementation of the five-year strategic plan 2020-2025, supported by its Shareholders, Board, Partners and Stakeholders. The focus remained the achievement of impact statements: financial sustainability, increased strategic economic advantage for targeted industries, and increased economic opportunities for the marginalised. I am pleased that during the 2021/22 financial year (FY), the CDC achieved most of its strategic outcomes, and the details are provided in the performance report.

Performance Achieved Period-to-Date (PTD) Against 5Yr Targets - 2021/22



After a long period of low new investment signed, I commend the organisation for achieving double-digits in the number of new investments signed, from only 5 last FY to 13 this FY, with the corresponding investment value pledged from R49.81 million last FY to R557.7 million this FY. Most of the signed investors will soon begin construction of their facilities, and this will contribute towards improving the financial sustainability of the organisation. Another notable achievement this FY is the total of 19 199 jobs created, which contributed to employment in the country, especially in areas where we operate. Furthermore, small business development and expenditure remain one of the CDC's key strategic outcomes. I am pleased that the organisation achieved a 35.32% this FY, far exceeding its 33% target. R1.56 billion in SMME spend was achieved, of which R1.31 billion accrued to black SMMEs, including black-owned and youth-owned businesses.

Business cycles required that the organisation be innovative and agile to survive the economic devastation. During the FY, the CDC established a new Sustainability Business Unit to drive sustainable growth and appointed the Chief Sustainability Officer at the executive level. The Sustainability Business Unit will focus on the organisation's values and governance model and embrace the linkage between organisational strategy and its sustainability strategy. Moreover, the CDC's Environmental, Social and Governance (ESG) will be incorporated into corporate purpose, strategy, goals, and remuneration. Moreover, as a player with a global outlook, the CDC seeks to position itself in a manner that provides it with the agility to respond to the complex global challenges and opportunities as they evolve and sees sustainability as one of the key focus areas. Furthermore, the CDC is mindful that global factors force organisations to act, retain, regain, or sustain their competitive advantages for long-term survival, as a result the CDC is embarking on this important journey not only to align but also to re-invest itself.

The CDC noted that the Presidency has identified hyper-scaling of environmental, social, and governance investments to support social and green economy objectives, as one of the five big frontier investments for South Africa. Therefore, the CDC must align itself to this agenda. Important to this alignment is the ability to anticipate and develop solutions that respond to the global environment of climate change, the just energy transition, and the evolving needs of investors and clients while ensuring innovation and continuous improvement.

To ensure that the CDC has a pool of talent that is able to respond to the complex global challenges that the organisation has to contend with, the Coega Global Scholars Programme (CGSP) was launched to build the next generation of leadership for the organisation, especially women, as we know that the country is in dire need of women leaders. Out of 69 interviewed candidates, 10 were approved by the CDC (60% external and 40% internal) with a 50% male/female split. These candidates will study abroad at selected universities focusing on STEM subjects and related courses.

The commitment that we made to the Board last FY to address the significant gender gap in our senior and executive management layer is being addressed. The three appointments this FY were all women, i.e., Chief Sustainability Officer, Executive Manager of Business Development, and Unit Head of Legal and Company Secretary. Next FY, more women appointments would be made at the senior and executive management levels.

In conclusion, I want to express my sincere appreciation to the CDC management, staff and stakeholders for their continued dedication to the organisation. In addition, I wish to thank our Board for their loyalty and guidance, as well as DEDEAT, our Executive Authority, for ensuring we remain accountable and ethical in pursuit of our impact statements and strategic outcomes. Equally important, I would also like to thank our investors for choosing the Coega SEZ, as their preferred investment destination and gateway to Africa and World markets. To our stakeholders at large, thank you for working closely with us over the past 23 years to move a step closer to realise our vision to deliver socio-economic development in the Nelson Mandela Bay Metro, the Eastern Cape Province, and the whole of South Africa.

The Integrated Annual Report 2021/22 was approved for release by the Board and signed on its behalf by:

Dr Paul Jourdan Chairperson 30 September 2022	Khwezi Tiya CEO 30 September 2022	Lionel Billings CFO 30 September 2022

Bird's-eye-view of the Nelson Mandela Bay Logistics Park (NMBLP) adjacent to the VWSA Manufacturing Plant.

EXECUTIVE MANAGEMENT

The Executive Management Committee (EXMA) is the CDC's highest operational decision-making body. Convened by the CEO and with all Executive Managers as members, it is a key structure in ensuring combined assurance and enabling integrated thinking and reporting by the organisation.

With the specific authority delegated to it by the CEO to facilitate effective, collective decision-making, EXMA considers strategic matters relating to the CDC, as well as operational matters arising from the various business units, and acts to facilitate coordination of the activities of these business units.

KHWEZI TIYA: CHIEF EXECUTIVE OFFICER

Areas of expertise:
Engineering; Project Management; Leadership; Economics; and Energy.

THEMBA KOZA (OPERATIONS)

Areas of expertise:
Facilities and Operations Management; and Sustainable Development.

BONGINKOSI MTHEMBU (CORPORATE SERVICES)
Resigned: November 2021

Areas of expertise:
People Management; Leadership and Corporate Governance.

MONDE MAWASHA (PROGRAMME DIRECTOR: ICT, RESEARCH & STRATEGY)

Areas of expertise:
Engineering; Management; Project Management; and Economics.

DR. MPUMI MABULA (INFRASTRUCTURE PLANNING AND DEVELOPMENT)

Areas of expertise:
Professional Civil Engineer; Portfolio, Programme and Project Management.

ASANDA XAWUKA (BUSINESS DEVELOPMENT)

Areas of expertise:
Business Development Management; Strategy; and Engineering.

LIONEL BILLINGS (CHIEF FINANCIAL OFFICER)

Areas of expertise:
Finance and Supply Chain Management.

KELLY BYRNE (TECHNICAL SUPPORT FOR PROGRAMMES)
Resigned: October 2021

Areas of expertise:
Multidisciplinary Project Engineering; Engineering Economics; Portfolio Management; Programme Management; and Project Management.

HENNIE VAN DER KOLF (TECHNICAL SUPPORT AND COST ENGINEERING)
Retired: August 2021

Areas of expertise:
Project Management; and Engineering: Built Environment.

DAVID LEFUTSO (WILD COAST: SEZ)

Areas of expertise:
Facilities and Operations Management; Project Management; and Economics.

CHUMA MBANDE (BUSINESS DEVELOPMENT - EXTERNAL PROJECTS)

Areas of expertise:
Engineering; Project Management; and Finance.

TANDILE NGXEKANA (TSHWANE SEZ PROGRAMME - ACTING)

Areas of expertise:
Engineering; and Project Management.

PROGRAMME DIRECTORS

Programme Directors are responsible for the CDC's infrastructure programmes under the External Services Unit. This is a growing component of the organisation's business model as it brings its expertise in managing complex and mega infrastructure projects to assist with capacity building and in resolving government's service delivery challenges. Clients include the Eastern Cape Provincial Departments of Health; Education; Roads and Public Works; Sports, Recreation, Arts and Culture; Rural Development and Land Reform; and Economic Development, Environmental Affairs and Tourism. Other clients can be found in other provinces, including the KwaZulu-Natal Provincial Department of Education; Northern Cape Provincial Government and Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA), Mpumalanga Provincial Government, and Mpumalanga Economic Growth Agency (MEGA) and the National Department of Public Works (NDPW), to mention but a few.

ANDILE NTLOKO

Programme Director:
KZN Programme

GUGULETHU MOYO

Programme Director:
Department of Health

THEMBEKA POSWA

Programme Director:
EC-Department of Education

FEZILE NDEMA

Programme Director:
Shared Services Unit

ZAKHELE KUNENE

Programme Director:
Tshwane SEZ Programme

CHRISTO BEUKES

Programme Director (Acting):
National DPW Programme (Cape Town):

SISANDA NUNDU

Programme Director (Acting):
National DPW Programme (Mthatha)

ZINE MTANDA

Unit Head: Supply Chain and Technical Procurement Support

ZUKO MQHATHU

Programme Director:
SEZ Property Development and Management

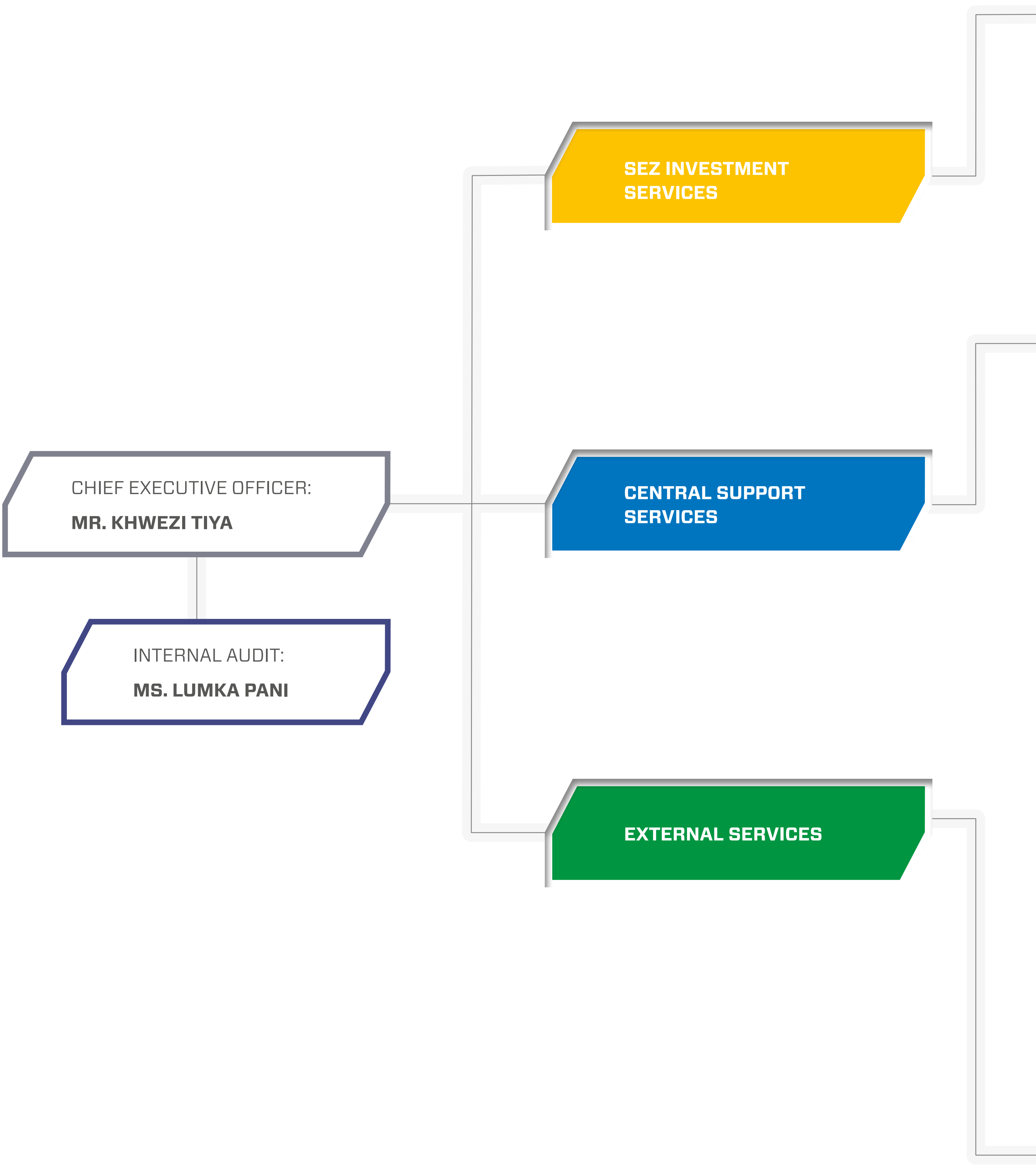
DR. SIYABONGA SIMAYI

Programme Director:
Northern Cape

MARIA VAN ZYL

Programme Director:
SEZ Infrastructure

ORGANISATIONAL OVERVIEW



BUSINESS DEVELOPMENT:
MS. ASANDA XAWUKA

OPERATIONS:
MR. THEMBA KOZA

FINANCE (CFO):
MR. LIONEL BILLINGS

CORPORATE SERVICES:
MR. BONGINKOSI MTHEMBU
RESIGNED: NOVEMBER 2021

SUPPLY CHAIN MANAGEMENT AND TECHNICAL PROCUREMENT SUPPORT:
MS. ZINE MTANDA

INFRASTRUCTURE PLANNING AND DEVELOPMENT:
DR. MPUMI MABULA

ICT, RESEARCH AND STRATEGY:
MR. MONDE MAWASHA

SHARED SERVICES UNIT:
MR. FEZILE NDEMA

TECHNICAL SUPPORT AND COST ENGINEERING UNIT:
MR. HENNIE VAN DER KOLF
RETIRED: AUGUST 2021

TECHNICAL SUPPORT FOR PROGRAMMES:
MR. KELLY BYRNE
RESIGNED: OCTOBER 2021

NATIONAL DPW PROGRAMME (CAPE TOWN):
MR. CHRISTO BEUKES (Acting)

NATIONAL DPW PROGRAMME (MTHATHA):
MS. SISANDA NUNDU (Acting)

WILD COAST SEZ PROGRAMME:
MR. DAVID LEFUTSO

BUSINESS DEVELOPMENT EXTERNAL PROJECTS:
MR. CHUMA MBANDE

KZN PROGRAMME:
MR. ANDILE NTLOKO

NORTHERN CAPE PROGRAMME:
DR. SIYABONGA SIMAYI

EC DEPARTMENT OF EDUCATION:
MS. THEMBEKA POSWA

DEPARTMENT OF HEALTH PROGRAMME:
MS. GUGULETHU MOYO

TSHWANE SEZ PROGRAMME:
MR. ZAKHELE KUNENE

OUR STRATEGIC FOCUS

The CDC's strategic direction is always guided by its core mission as an enabler of socio-economic development and transformation in the Eastern Cape (EC) and South Africa through providing competitive investment locations, facilitating holistic infrastructure and delivering value-adding commercial business solutions. In the 23 years since its establishment in 1999, the CDC has proved to be one of the biggest drivers of job creation and development in the Eastern Cape economy, seeking to address the twin challenges of unemployment and poverty through economic development.

The CDC's current strategic period is from 2020 – 2025.

Aligning the CDC Strategy with the SEZ Act

The Strategic Outcomes of the CDC are aligned to the strategic intent of the SEZ Act (Act No. 16 of 2014). The SEZ Programme's main focus is to attract Foreign Direct Investment (FDI) and export of value-added commodities. Although there were major achievements with the IDZs, there were weaknesses that led to the policy review and the new SEZ policy. Furthermore, the SEZ Policy provides a clear framework for the development, operations and management of SEZs.

The Strategic Outcomes of the CDC are as follows:

- Achieved Financial Sustainability;
- Increased Market Share;
- Grow the SEZ by Increasing Developed Land;
- Increased Economic Impact;
- Increased SMME Participation in Economic Activities;
- Job Creation; and
- Skills Development.

In the performance section of this integrated annual report, the CDC's achievements on each strategic outcome is discussed.

Notwithstanding the impact of the COVID-19 Pandemic, the CDC has remained resilient, often swimming against the tide, to sign new investors in the Coega SEZ, and to grow its portfolio of non-SEZ services throughout South Africa to boost the much needed economic recovery.

In addition, developments and opportunities on the African continent are encouraging. To this end, CDC will continue to pursue these opportunities in line with the African Continental Free Trade Area (AfCFTA), as announced by His Excellency, President Ramaphosa in 2018 and ratified by the South African Parliament in January 2019. Founded in 2018, the "Agreement" aims 'to create a single continental market for goods and services, with free movement of business persons and investments. Recent announcements by the dtic regarding South Africa's role in terms of improving trade relations on the continent is proving that the CDC is on the right path with its Coega Africa Programme that is gaining momentum year-on-year, and will be intensified, henceforth.

According to Wamkele Mene, the secretary-general of AfCFTA, the conclusion of negotiations on rules of origin was an important milestone towards a successful implementation of the free trade pact.

It is encouraging that the agreed rules of origin would become the basis for full-scale trade among the various member states under the free trade agreement to boost Africa's economic growth, said Ebrahim Patel, Chairperson of the African Union (AU) Ministers of Trade. Moreover, critical for ordinary citizens on the continent this means more jobs, more economic opportunities, and Africa's opportunity to say we want to industrialize.

The CDC's 23-year expertise in infrastructure project management and industrial zone development is well positioned for the development of the continent. This includes the establishment of relations with the World Bank and Africa Development Bank (ADB) to implement projects, on a global scale. In Senegal, as an example, collaboration between the CDC, Senegalese Investment Agency, AIH, and ADB is proving to be working well; the CDC has been contracted to develop the Senegalese Automotive Industry Strategy. This project demonstrates the CDC's competence in implementing complex projects beyond our borders, working with multiple partners and stakeholders who have confidence and trust in Coega's innovative, sustainable processes that are ISO certified. Continuous skills development is key to operate in global markets, for this reason, this year the Coega's Global Scholars Programme was implemented, as key intervention. We remain confident that Coega is poised to become a significant player in global markets, as an Implementing Agent of Choice.

2021/22 IMPACT STATEMENT

1. **FINANCIAL SUSTAINABILITY**
2. INCREASED ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES
3. INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED

The diagram below captures the CDC's 2020-2025 Impact Statement and Strategic Outcomes:

FINANCIAL SUSTAINABILITY

OUTCOME:
ACHIEVED FINANCIAL SUSTAINABILITY

- CASH FLOW FROM OPERATING ACTIVITIES
- REVENUE GENERATED

OUTCOME:
INCREASED MARKET SHARE

- GROWTH IN CLIENT PORTFOLIO OF EXTERNAL SERVICES

INCREASED STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES

OUTCOME:
GROW THE SEZ BY INCREASING DEVELOPED LAND

- NUMBER OF INVESTORS SIGNED
- CUMULATIVE OPERATIONAL INVESTORS

OUTCOME:
INCREASED ECONOMIC IMPACT

- CONTRIBUTION TO GGP
- INVESTMENT VALUE

INCREASED ECONOMIC OPPORTUNITIES FOR THE MAGINALISED

OUTCOME:
INCREASED SMME PARTICIPATION IN ECONOMIC ACTIVITIES

- PROCUREMENT SPEND ON SMMES

OUTCOME:
JOB CREATION

- NUMBER OF CONSTRUCTION JOBS
- CUMULATIVE JOBS SUSTAINED IN SEZ OPERATIONS

OUTCOME:
SKILLS DEVELOPMENT

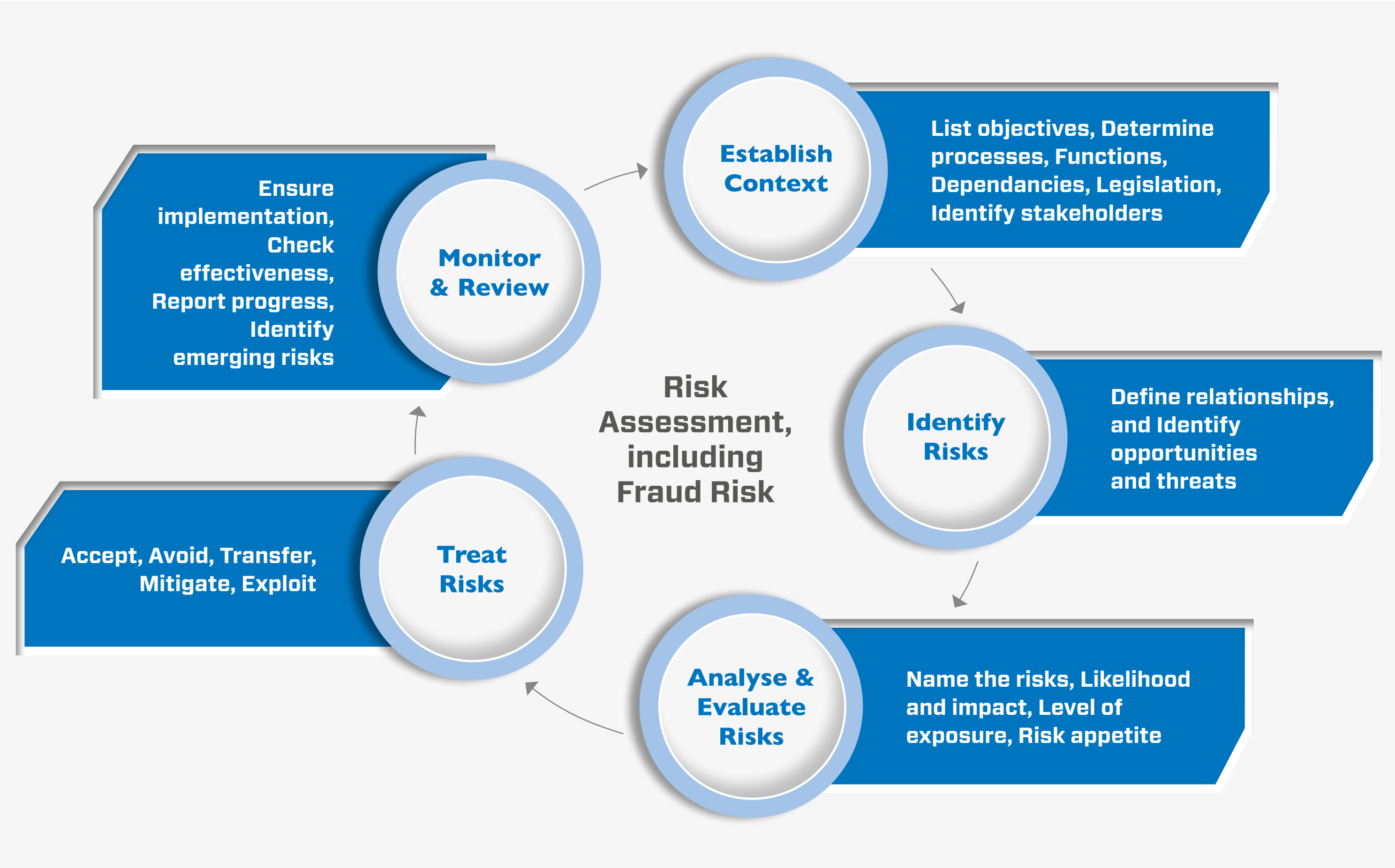
- NUMBER OF PEOPLE TRAINED

RISK MANAGEMENT

The CDC follows the Enterprise Risk Management (ERM) approach to the management of risk within the organisation. ERM is a plan-based business strategy that aims to identify, assess, and prepare for any dangers, hazards, and other potentials for disaster, both physical and figurative, that may interfere with the organisation's operations and objectives. The ERM approach to risk management also includes the identification of opportunities that can enhance the achievement of objectives with a view of putting in place plans to exploit such opportunities.

CDC RISK MANAGEMENT PROCESS

The CDC follows the ISO31000 management standard in the management of risk. Below is the CDC's risk management framework and the process followed in managing risk.



This process is undertaken to manage risk both at corporate and Business Unit level with the Corporate level risks being submitted to and discussed at Board level. During the 2021/22 financial year, portfolio risk review sessions were introduced where risk management is applied at section level in each business unit. Portfolio risk review were a success as risks that emanate from the section level that could have a corporate wide impact were identified and subjected to proper treatment.

The risk management process is continuous in nature and to ensure that the organisation is not caught unawares, the environment in which the CDC operates is scanned on a regular basis to identify emerging risks. The consequences of climate change, being drought and water shortage in the Nelson Mandela Metro is one such emerging risk that the CDC must put measures in place to mitigate. There opportunities that relate to the reduced number of covid infections and the lifting of the related restrictions that the CDC must exploit.

ASSESSMENT OF RISK MANAGEMENT MATURITY

The CDC took part in a Risk Management Maturity Assessment project sponsored by the Eastern Cape Provincial Treasury. An action plan has been drawn up from the actions recommended in the report for improving the risk management maturity of the CDC towards being a risk intelligent organisation.

CDC Corporate Risk update summary:

Affected Strategic Indicators	No. of Risks Identified	Risks Remaining High	Notes on High Risks
Growths in Client Portfolio of Non-SEZ Services	3	1	Inability to perform optimally on existing external services clients and/or secure new clients.
Revenue Generated	3	2	• Delayed payment by client departments; and • Lack of funding to pursue revenue generating projects.
Cashflow from Operating Activities	1	0	
Procurement Spent on SMMEs	1	0	
Number of Investors Signed	1	0	
Multiple Strategic Indicators	1	1	Inability to benefit from the 4th Industrial Revolution.

Risk Management Maturity:

Affected Objective/ Outcome Indicator	Risks Identified	Mitigation Actions Applied	Risk Category	CDC Appetite
Procurement Spent on SMMEs	Reduced opportunities for SMMEs due to reduced infrastructure budgets in client departments and lack of competencies in SMMEs.	Ensure that provision is made for 33% SMME participation in all procurement for both construction and non-construction procurement of goods and services and capacitate the SMME Unit to enable implementation of the CDC's SMME strategy.	Strategic/ Operational	Open
Growths in Client Portfolio of Non-SEZ Services	Loss of market share on External Programmes (both new and existing clients).	Responding to bids for work in the Implementing Agency and consulting business.	Operations and Performance	Averse
	Inability to perform optimally on existing external services clients and/or secure new clients.	Undertake a skills audit and take proactive measures to upskill and reskill staff to be able to perform optimally on existing and new clients' projects.	Operations and Performance	Minimalist
	Major loss of stakeholder support, low BBBEE score and inability to achieve on employment equity targets.	Succession planning and aggressive assurance pursuance of achievement of employment equity targets during recruitment when vacancies arise.	Reputation and public image	Averse
Revenue Generated	Lack of funding to pursue revenue generating projects	Find new ways of gaining finance for projects.	Operations and Performance	Minimalist

Affected Objective/ Outcome Indicator	Risks Identified	Mitigation Actions Applied	Risk Category	CDC Appetite
Cashflow from Operating Activities	Failure to achieve financial sustainability due to delayed payment by clients.	Withdraw services for non-paying clients until payment is received.	Financial	Averse
	Challenges with repatriation of funds for work undertaken beyond the SA border.	Devise mechanisms to ensure that all payments are received prior to finalising assignments.	Financial	Averse
	Inability to attract and to realise the required/ projected revenue from existing Clients.	Improve the delivery model on infrastructure projects.	Financial	Minimalist
Number of Investors Signed	Inability to secure targeted investment sectors in the development of the SEZ.	Utilising online platforms as the main form of communication with prospective investors during the height of the Covid 19 pandemic.	Operations and performance	Minimalist
Multiple Outcome Indicators	Inability to benefit from the 4th Industrial Revolution due to lack of knowledge and the required skills to move with technological advances.	Overhaul the ICT systems to be in line with new technologies	Strategic	Open

Opportunities Identified:

Affected Objective/ Outcome Indicator	Risk No.	Risks Identified	Inherent Risk Rating			Risk Owner	Summary Update on Mitigation Action
			Impact	Likelihood	Rating		
Achieved financial sustainability	1	New business initiatives impacting positively on the CDC's cash flows due to best case scenarios materialising sooner than expected.	4	4	16	New Business Initiatives	Management endeavours to ensure alignment and support from the CDC systems and processes;
	2	More clients signing up with the CDC for implementing agency services due to CDC developing more competencies and diversifying its product offering thereby improving its value proposition to clients.	4	4	16	Business Development Non-SEZ	Currently submitting bids for Implementing Agency work and are soliciting work from existing clients.
	3	CDC extending its offering to external (Regional) markets.	4	3	12	Infrastructure Planning and Development	Ensuring that the CDC has the skills required to be able to perform optimally on all the projects that it gets appointed to.

Deputy Minister of the dtic, Hon. Mr. Fikile Majola, during the Orion Engeneered Carbons (OEC) Sod Turning Ceremony at the Coega SEZ in April 2022.

Orion Engeneered Carbons (OEC) CEO, Mr. Corning Painter, during the OEC Sod Turning Ceremony at the Coega SEZ in April 2022.

ADDRESSING STAKEHOLDER INTERESTS

STAKEHOLDERS

Stakeholders are all those individuals, groups or institutions which affect or influence – or are affected by or impacted by – the CDC's operations, services, products, and performance. As an agent of socio-economic transformation and development, the CDC relies on a complex network of stakeholders for its success in creating value, as well as achieving its outcomes.

The CDC believes that successful stakeholder management requires a commitment to actively engage with stakeholders, listen to them, build a relationship with them, and then respond to their concerns in a mutually beneficial way. However, stakeholder engagement is not an end in itself but a means to build better relationships with the societies, which ultimately results in improved business performance.

Objectives of CDC's Stakeholder Relationship Management

The following main objectives were met during the year under review:

- Implemented coherent guiding principles that outline and define the route towards better stakeholder engagement;
- Implemented a strategy and plan that adequately acknowledge the role, influence and impact of stakeholders;
- Engaged stakeholders in order to meet and, where possible, exceed their expectations;
- Involved all relevant stakeholders in the communication process to build trust and cooperation;
- Pro-active communication with key decision-makers and stakeholders to facilitate buy-in and support of the CDC's activities;
- Kept decision-makers, role-players and stakeholders constantly informed of the CDC's projects, milestones and developments;
- Measured the impact of stakeholder activities through stakeholder satisfaction surveys;
- Ensured high quality, simple and targeted communication was maintained for all users, internally and externally;
- Delivered the right information, to the right people, at the right time;
- Implemented a pro-active communication strategy as well as effectively responded to enquiries from either the media or other stakeholders, within the agreed time-frames; and
- Empowered stakeholders by providing a central point of contact for all enquiries about the CDC projects.

Key Stakeholder Communication Principles

The following communication principles were adhered to during stakeholder engagements in the financial year under review:

- **Open and Honest**
  Open and honest communications will ensure that all stakeholders share a single consistent message and that rumours and speculation are kept to a minimum. In addition, the reputation and credibility of all parties will be protected.

- **Face to Face**
  Changes that directly impact a particular group of stakeholders should be communicated face-to-face. This gives the stakeholders the opportunity to provide immediate feedback. Listening to stakeholders is an important communication skill.

- **Clear, Concise and Consistent**
  It is important to ensure that there is no confusion or misunderstanding of the messages received. Information shared must focus on facts and not on emotions or personalities.

- **Timely**
  As it happens, when it happens. Information should be provided as soon as it becomes available. Reducing delays to a minimum will decrease the risk of uncertainty, rumours and unauthorised leaks. We will tell employees what we know when we know it; we will tell them what we don't know and when we expect to know it.

- **Frequent**
  Stakeholders must be kept involved in the process by regularly engaging them through various communication channels.

- **Use Established Communication Channels**
  Tried and tested communication channels should be used to avoid the risk of ineffective message transfer through unfamiliar media. Social media should not be utilised to disseminate important stakeholder information unless the message is generic and targeted to a large audience throughout the province or South Africa.

STAKEHOLDER RELATIONS APPROACH

In compliance with King IV, Principle 16, in the execution of its governance role and responsibilities, the CDC adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. The governing body of the CDC assumes the responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation. The Social and Ethics Committee assists the governing body of the CDC in discharging its duties, as set out in the approved committee mandates and Terms of References. Furthermore, the CDC's responsible corporate citizenship efforts include compliance with the Constitution of the Republic of South Africa (including the Bill of Rights), law, leading standards, and adherence to own code of conduct and policies.

During the financial year under review, the CDC's Stakeholder Management Strategy, based on the instrumental value approach, was implemented. As a result, the relationship CDC developed with its stakeholders, i.e. shareholders, employees, SEZ investors, communities, organised businesses, SMMEs, youth organisations, NGOs, academia, and other stakeholders, has had a positive impact on the sustainability in terms of environmental, social, and governance (ESG). Furthermore, In the contemporary experience economy, especially, understanding the stakeholders' perceived experience about the CDC's activities is a key success factor for the success and survival of the organization.

During the current financial year, the CDC achieved overall score of 3.7 out of 5 (last year: 4.0) on its External Stakeholder Satisfaction Survey for the period 2021/22 financial year, as indicated below.

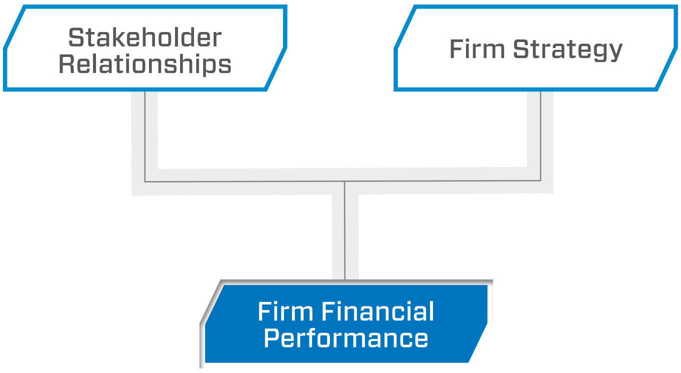
2021/22 Financial Year (summary of scores):

Categories	Total Invites Sent	Total Completed	Response Rate	Overall Score
External Stakeholders	886	351	40%	3.7

2020/21 Financial Year (summary of scores):

Categories	Total Invites Sent	Total Completed	Response Rate	Overall Score
External Stakeholders	997	246	25%	4.0

Despite some challenges identified during the year exacerbated by the Covid-19 pandemic, an acceptable level of engagements, albeit through digital platforms, was achieved. This notwithstanding, there were protest by the newly formed group of local small businesses, namely Local Business Forum (LBF) that was demanding to be awarded tenders. The issue was attended to the satisfaction of all stakeholders, by explaining applicable legislation and prescripts in the tendering process. Overall, stakeholder engagements remained effective. This achievement was possible because engagements were based on transparent communication with stakeholders, which assisted in building and maintaining trust and confidence in the CDC. Complete, timely, relevant, accurate, honest and accessible information was provided by the CDC to its stakeholders, customers and service providers, whilst having regard to legal and strategic considerations. More than 46 key stakeholder engagement activities were implemented during the financial year, as reported quarterly to the Social and Ethics Committee of the CDC.



Donaldson and Preston (1995) proposed that if stakeholders can affect the achievement of a firm's objectives, it follows that the firm's decisions, and hence its performance, may be affected by the activities of its stakeholders. The stakeholder approach is instrumental, in that managing stakeholders should result in the achievement of business goals: increased profitability, growth and sustainability. The stakeholder model also allows for the testing of the connections between managing stakeholders and reaching business targets. This is a posture toward stakeholders on the part of the firm, with the firm seeking to manage those stakeholders to maximise profits and value (orientation 1) – Instrumental Value Approach.

In addition, the CDC's approach to stakeholder engagement is based on a recognised framework designed to assist the organisation select the appropriate level of participation required for different stakeholder groups. There is a range of flexible approaches and tools depending on the goals, time-frames and resources available, and the interest of other parties. We recognise that different projects require different approaches, and that stakeholder needs can change overtime. Therefore, during the year under review, the following guided CDC's stakeholder engagement:

Deputy Minister of the dtic, Hon. Mr. Fikile Majola visit to the Coega SEZ in April 2022.

In compliance with King IV, Principle 16, in the execution of its governance role and responsibilities, the CDC adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. The governing body of the CDC assumes the responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation. The Social and Ethics Committee assists the governing body of the CDC in discharging its duties, as set out in the approved committee mandates and terms of references.

Stakeholder Engagement Methodology

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Stakeholder Engagement Goals	To provide balanced, objective, accurate and consistent information to assist stakeholders to understand the problems, alternatives, opportunities and/or solutions.	To obtain feedback from stakeholders on analysis, alternatives and/or outcomes.	To work directly with stakeholders throughout the process to ensure that their concerns and needs are understood and considered.	To partner with stakeholders in developing (where necessary) alternatives and the identification of positive solutions.	To place final decision-making in the hands of the stakeholder. Stakeholders are enabled/equipped to actively contribute to the achievement of outcomes.
Promise to Stakeholders	The CDC's information on projects would be relevant, current, timely, and address stakeholder needs and expectations.	The CDC will keep stakeholders informed, listen to and acknowledge their concerns and aspirations, and provide feedback on how stakeholder input influenced the outcome.	The CDC will involve/ work with stakeholders to ensure concerns, needs, and aspirations are directly reflected in the alternatives developed, and will provide feedback on how stakeholder input influenced the outcome.	Where possible, the CDC will look to stakeholders for advice, guidance, and innovation in formulating solutions and incorporate stakeholder advice and recommendations into the outcomes to the maximum extent possible.	The CDC will work closely with key stakeholders to implement programmes/ activities that deliver high impact to address the triple challenge of unemployment, inequality and poverty.
Methods of Engagement	Fact sheets Open days Roadshows Forums Newsletters Information packs Media External sources Websites Social Media Other relevant tools - and in collaboration with other agencies where feasible	Public comments Focus groups Surveys Public meetings Internet Social Media tools	Workshops Forums Social Media tools	Reference groups Facilitated consensus building forums for deliberations and decision-making. Experimental projects	Dialogue sessions Joint planning Forums Competitions Shared projects Capacity building

Specific Stakeholders Key to the CDC

GOVERNMENT	BUSINESS	COMMUNITIES	INTERNAL
Department of Trade, Industry, and Competition	Current Coega SEZ Investors	Communities impacted by CDC's programmes in SA	CDC Employees
Parliamentary Portfolio Committees on Trade and Industry & EC Economic Development	Potential Investors	Community Forums and Associations	CDC Executive Management
National Treasury, EC Provincial Treasury, Auditor-General, and SCOPA	International Investment Community	Civil Societies and Non-Governmental Organisations (NGOs)	CDC Board of Directors and Committees
EC Provincial Government, which includes the Office of the Premier and other provincial departments such as DEDEAT	Media, Influencers and Thought Leaders	Community Representatives	CDC Operational and Project Management Structures
Nelson Mandela Bay Municipality & Municipalities in areas of operation	Education and Training Institutions including Research & Development Institutions, TVET Colleges, SETAs, and Universities	Political Parties and Local Ward Councilors	
Key infrastructure project government stakeholders - EC DPWI, KZN & EC DoE, DSRAC, NDPW, COGTA, DSD, EC DoH, DRDLR, DMRE, and Provincial Governments: Mpumalanga, Northern Cape, Gauteng , City of Tshwane, etc.	Organised Businesses (NAFCOC, BMF, Nedlac, etcetera), SMME Forums, Local Business Agencies, Business Associations and Business Chambers, such as NMB Business Chamber, Border-Kei Business Chamber, and EC Maritime Business Chamber	Youth Organisations in the NMBM, EC Province, and throughout the country in areas where the CDC operates	
Public Sector Organisations: Transnet, TNPA, SANSA, CSIR, Eskom, IDC, PIC, Central Energy Fund, etcetera	Service Providers (SEZ and non-SEZ)		
Various oversight committees of government, nationally and provincially	General Service Providers		

OUR PERFORMANCE & OUTLOOK

RESPONSIBILITY STATEMENT OF THE CEO AND CFO

For the year ending 31 March 2022

The CEO and CFO, whose names are stated below, hereby confirm that:

(a) the Annual Financial Statements set out on pages 128 to 187, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the Auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves employees, and have taken the necessary remedial action.

Khwezi Tiya
CEO

30 September 2022

Lionel Billings
CFO

30 September 2022

CERTIFIED BY COMPANY SECRETARY

For the year ending 31 March 2022

Declaration by Company Secretary in terms of Section 268G (D) of the Companies Act. The Company has lodged with the Registrar all such returns as required of a private company in terms of the Companies Act, and all such returns are true, correct and up-to-date.

Sivuyile Boqwana
Company Secretary

The completed DHL / Mondelez Facility, in Zone 1 of the Coega SEZ.

2021/2022 CORPORATE PERFORMANCE

CORPORATE PERFORMANCE OVERVIEW

The CDC's five-year strategy is intended to provide a guiding strategic framework for the next five years until March 2025, recognising the tactical adjustments that require to be made as dictated by circumstances and feedback from stakeholders.

The 2015/16 – 2019/20 Sustainable Growth Strategy was premised on three pillars i.e., Financial Sustainability, Business Intelligence, and Strategic Partnerships. During that strategic period, the CDC pursued the following Strategic Goals: Financial Sustainability and Growth, Preferred Investment Destination and Achieve Socio-Economic Development and Transformation. At the core of the Sustainable Growth Strategy was to reduce the CDC's dependence on government funding. A review of the CDC's financial position and performance show that the CDC would still require government funding to achieve its five-year objectives. This, in particular, relates to capital expenditure for infrastructure and top structures.

The Strategic Plan 2021 – 2025 and this Corporate Plan seek to achieve three Impact Statements and Outcomes, i.e., Financial Sustainability, Increased Strategic Economic Advantage for Targeted Industries, and Increased Economic Opportunities for the Marginalised. These Outcomes will be achieved through improved investment attraction, retention of operational investors and customer satisfaction, and growth in the external programmes' portfolio, thus continuing to deliver customer and shareholder value.

Investment attraction remains one of the strategic priorities of the CDC as mandated by the SEZ Act hence the CDC will continue to increase strategic economic advantage for targeted industries. The focus of the strategy in the next five years is to maximize income from rentals through the operationalisation of targeted investments in the pipeline. The model developed by DNA Economics was used to set targets for the number of operational sustainable investors required to achieve a set revenue target.

The CDC's contribution to socio-economic development and transformation will be achieved by increasing opportunities for the marginalised through the Small, Medium and Micro Enterprises (SMMEs) development, employment creation and skills development. The strategy seeks to increase opportunities for the youth, people with disabilities and women.

Funding is a key enabler for the achievement of the strategic impact and outcomes of the CDC strategy. The strategy strongly focuses on financial sustainability and economic impact in the Eastern Cape Province. The strategy considers the CDC's need to contribute to the socio-economic factors which are mandatory deliverables and are therefore included as part of the objectives of the CDC. The SEZ Act defines the purpose of the SEZs, and the strategy aligns itself to achieve on the objectives of the Act.

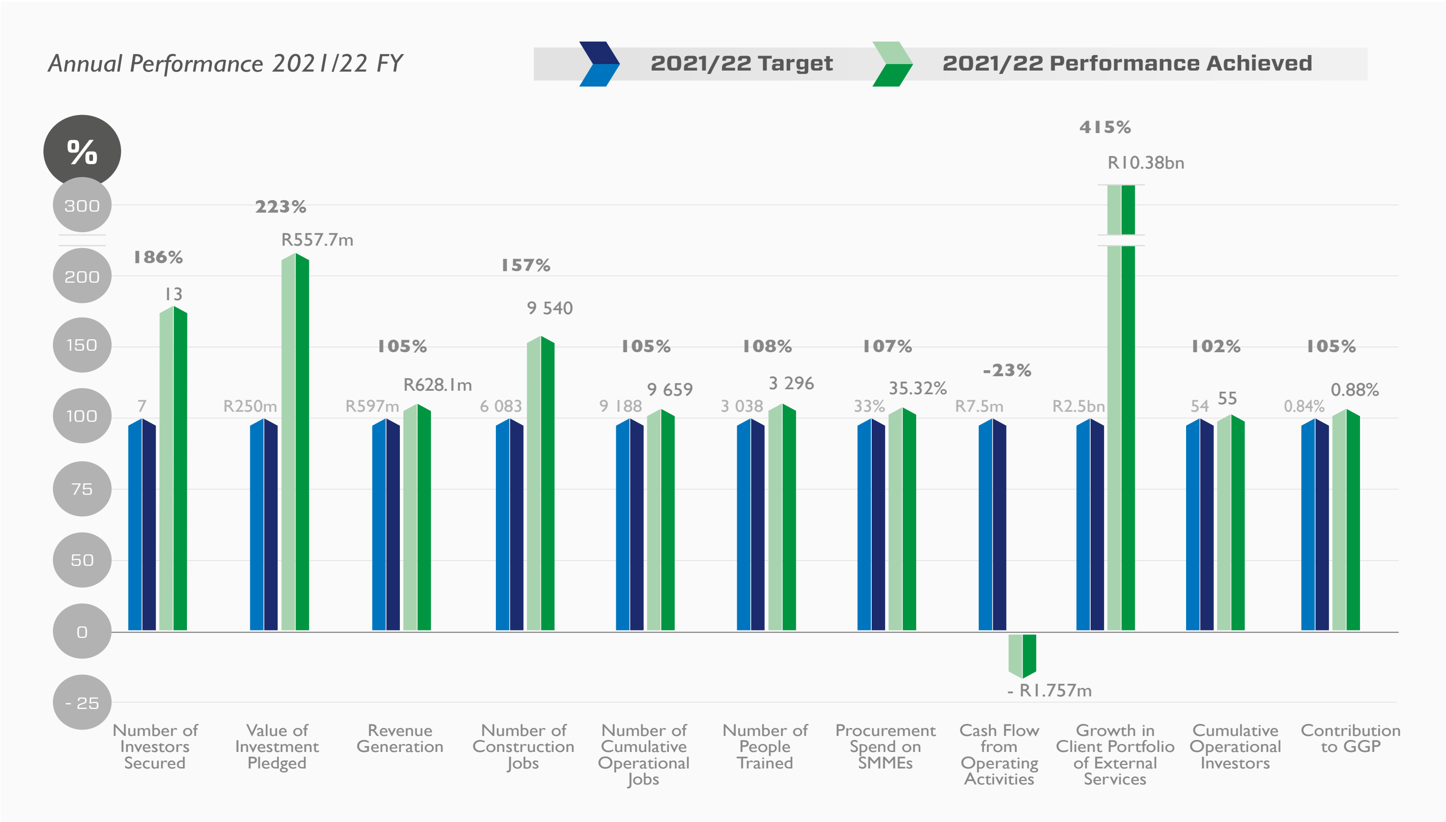
The table below describes the CDC Impact and Outcome Statements.

CDC Impact and Outcome Statements

IMPACT STATEMENT	FINANCIAL SUSTAINABILITY
Outcome	Outcome Indicator
Achieved Financial Sustainability	Cash Flow from Operating Activities
	Revenue Generated
Increased market share	Growth in Client Portfolio of External Services
IMPACT STATEMENT	**INCREASED STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES**
Outcome	Outcome Indicator
Grow the SEZ by increasing developed land	Number of Investors Signed
	Cumulative Operational Investors
Increased Economic Impact	Contribution to GGP
	Investment Value
IMPACT STATEMENT	**INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED**
Outcome	Outcome Indicator
Increased SMME participation in economic activities	Procurement Spend on SMMEs
Job Creation	Number of Construction Jobs
	Cumulative Jobs Sustained in SEZ Operations
Skills Development	Number of People Trained

ORGANISATIONAL PERFORMANCE OVERVIEW 2021/22

The CDC is pleased to report achievement on all, except one of its targets despite the many challenges experienced in the economy and the organisation.



The Head Office of the Coega Development Corporation, with the Port of Ngqura and TNPA Office in the background.

OVERALL ORGANISATIONAL PERFORMANCE 2021/22

The following provides the Overall Organisational Performance for the 2021/22 FY:

Impact Statements	Descriptors							
	Outcome	**Outcome Indicator**	**Measured**	**Baseline 2020/21**	**Target 2021/22**	**Achieved Performance 2021/22**	**Achieved Variance**	**Variance %**
Financial Sustainability	Achieved Financial Sustainability	Revenue Generated	Quarterly	R450m	R597.3m	**R628.1m**	105%	+5.2%
		Cash Flow from Operating Activities	Annually	R5m	R7.5m	**– R1.757m**	-23%	-100%
		Growth in Client Portfolio of External Services	Annually	R2bn	R2.5bn	**R10.38bn**	200%	+100%
Increased Strategic Economic Advantage for Targeted Industries	Grow the SEZ by Increasing Developed Land	Number of Investors Signed	Quarterly	6	7	**13**	186%	+86%
		Cumulative Operational Investors	Annually	50	54	**55**	102%	+1.8%
	Increased Economic Impact	Contribution to GGP	Annually	0.84%	0.84%-0.99%	**0.88%**	105%	+4.8%
		Investment Value	Quarterly	R300m	R250m	**R557.7m**	200%	+100%
Increased Economic Opportunities for the Marginalised	Job Creation	Number of Construction Jobs	Quarterly	7 084	6 083	**9 540**	157%	+56.8%
		Cumulative Operational Jobs	Quarterly	7 901	9 188	**9 659**	105%	+5%
	Skills Development	Number of People Trained	Quarterly	2 400	3 038	**3 296**	108%	+8.5%
	Increased SMME Participation in Economic Activities	Procurement Spend on SMMEs	Quarterly	33%	33%	**35.32%**	107%	+7%

NB: Variance percentages are expressed at a maximum of 100% (negative and positive)

ORGANISATIONAL PERFORMANCE FOR DISAGGREGATED TARGETS AND ACHIEVEMENTS

Number of Construction Jobs

DEMOGRAPHIC	TARGET	ACTUAL
Women	20%	13%
Youth	40%	54%
People with Disabilities	1%	0%

Cumulative Operational Jobs

DEMOGRAPHIC	TARGET	ACTUAL
Women	50%	52%
Youth	50%	45%
People with Disabilities	5%	0.42%

Number of People Trained (SDC & HCS)

DEMOGRAPHIC	TARGET	ACTUAL
Women	50%	35%
Youth	50%	72%
People with Disabilities	10%	3%

Procurement Spend on SMMEs

A disaggregated target was not set for this category; the Corporate Plan refers to the limitations in reporting on all categories. However, the CDC presents the achieved performance at financial year end, noting that a total of R1,559,956,087 as spent on SMME's for the year under review. The spend distribution on the disaggregated targets are as follows.

DEMOGRAPHIC	RAND SPEND	% SPEND
Black Owned	R1.3bn	84%
Black Women Owned	R419,3m	32%
Black Youth Owned	R38,9m	3%

PROGRAMME PERFORMANCE

The CDC's strategy was developed in a manner that enhanced a synergistic approach to performance management whereby various Business Units and Programmes contributes to a Key Performance Indicator (KPI). This approach enhances drivers across the organisation in pursuance of a common goal.

However, to satisfy compliance requirements the organisation had to segregate the indicators into Programmes to depict a Budget-Per-Programme methodology. The indicators are aligned to the Three Programmes, i.e., SEZ Investment Services, Central Support Services and External Services.

The absence of full funding for OPEX and CAPEX had a direct impact on the complete achievement of all targets. COVID-19 presented a series of challenges for the CDC, despite this the entity managed to achieve on all of its indicators.

Programme 1: SEZ Investment Services

The SEZ Investment Services Programme comprises of Business Development (BD), SEZ Property Development and Maintenance and Zone Operations. Business Development is tasked with achieving performance on investment attraction and Investment Value. BD is responsible for the acquisition of new investors in the Coega SEZ and the NMBLP. BD is focused on providing solutions for potential investors who are searching for an investment location in the identified sectors. Property Development and Maintenance is responsible for the development and maintenance of the SEZ and NMBLP to meet the requirements of the investors. Operations is responsible for the business continuity of the SEZ and NMBLP through other sections namely Safety Health Environment and Quality Services, Facilities and Estate Management, Commercial Services, Cost Engineering Unit, Safety and Security, Customs Controlled Services, Logistics solutions, and Spatial Development solutions.

SEZ Investment Services Programme Performance

Key Performance Area	Annual Target 2021/22	Annual Performance 2021/22	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generated	R235m	R241.1m	+3%
Impact Statement: INCREASE STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES	*Outcome: Grow the SEZ by Increasing the Developed Land*		
Number of Investors Signed	7	13	+86%
Cumulative Operational Investors	54	55	+1.8%
Impact Statement: INCREASE STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES	*Outcome: Increased Economic Impact*		
Contribution to GGP	0.84%-0.99%	0.88%	+4.7%
Investment Value	R250m	R557.7m	+100%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Job Creation*		
Number of Construction Jobs	1 768	1 476	-16%
Number of Cumulative Operational Jobs	9 188	9 659	+5%

NB: Variance percentages are expressed at a maximum of 100% (negative and positive)

EXPLANATION OF PERFORMANCE VARIANCES

a) Number of Investments Signed

The CDC secured 13 investors against a target of 7. The period under review presented a series of challenges for the CDC, considering the National Lockdown due to the COVID-19 pandemic.

The CDC achieved for the first time, a double digit in the number of new investors signed in a financial year and target exceeded by 86%. This was mostly attributed by investors taking up brown-field space in the multi-user facility and other available facilities. Although the number of signed investors has been exceeded, there remains a challenge with fundings for top structures for new investors, which might negatively affect performance of investment attraction in the following financial years if no supplementary or alternative solution is found.

(b) Investment Value

With the global economic challenges and the country still trying to recover from the Covid-19 lockdown and its after effects, the CDC is pleased to report an overachievement in the investment value and having exceeded the target by 100%. The investment value signed for the current financial year is R557m against a target of R250m. Seraphim New Energy is one of the investments concluded in the fourth quarter which contributed to the overperformance for the period under review.

The table below reflects number of investors signed in the FY2021/22 and the value of investment.

No.	Project Name	Project Description	Investment Value	Country of Origin
1.	TransMerch Africa	Automotive Components Manufacturer	R 37.5 million	South Africa
2.	WeidPlas	Manufacturing & Warehousing of Automotive Components	R 50 million	Switzer-land
3.	Vector Logistics	Ambient Store	R 19 million	South Africa
4.	VSL Group	Laser Cutting Services for the Automotive and Related Sectors	R 18 million	South Africa
5.	Akula Trading (Chemchamp)	Manufacturing of Machinery for Export Market	R 2 million	South Africa
6.	Flow Cultivation	Medicinal Cannabis Indoor Cultivations	R 12.1 million	South Africa
7.	Beyond Zero	Information Processing	R 12.9 million	South Africa
8.	AEGIS Outsourcing	Business Process Outsourcing	R 3.1 million	South Africa
9.	Council for Scientific and Industrial Research (CSIR)	Processing of Natural Fibres	R 3 million	South Africa
10.	Orion Engineered Carbons (OEC)	Tank Farm	R60 million	German
11.	SACO CFR (Zacpac)	Logistics Services	R 67.8 million	South Africa
12.	Mediter-ranean Shipping Company (MSC)	Container Depot	R 35 million	Switzer-land
13.	Seraphim New Energy	Manufacturing of Solar Panels	R 227 million	China

continued...

(c) Number of Cumulative Operational Investors

The Cumulative Operational Investors KPI is measured annually. The CDC has achieved 55 cumulative operational investors against a target of 54. The CDC has met the target successfully.

(d) Contribution to GGP

The total revenue generated within the Coega Special Economic Zone is a proxy of turnover while its gross profit represents the value added. In addition to the gross profit generated, the total employee costs as well as the depreciation and amortisation values will be added to have the aggregate contribution. Consequently, the sum of the companies' total profits, the total employee costs and depreciations will be benchmarked against the ECGGP to assess its performance. The rationale behind the suggestion of the ECGGP as the point of reference is because the ECGGP represents the aggregate performance the EC economy. The Organisation has achieved 0.88% against a target of 0.84%-0.99%, which is a positive variance 4.8% points above the target.

(e) Revenue Generated

The overall favourable variance of 3% or R6.1m is primarily attributable to the receipt of a municipal rebate of R23.6m and over performance in respect of utility charges to tenants of R19.8m.

This over-performance is offset by under-performance in respect of the rental income of R34.9m. This under-performance in the rental portfolio is due to a combination of factors including termination of leases and construction delays in completing tenant buildings resulting in delayed occupation.

(f) Number of Construction Jobs

SEZ Construction, consist of jobs that are created and sustained under the applicable reporting period on construction projects within the SEZ Infrastructure Programme (IIP) which are CDC funded projects and Investor funded jobs.

The CDC did not achieve the target for the SEZ Investment Services construction jobs.

The CDC Funded Projects, i.e., the construction of Ad-Hoc Infrastructure; Rejuvenation of Internal Roads; Construction of a project in the NMBLP and BPO Maintenance did not commence as there was no requirement during the FY for the implementation of such projects.

Normally the implementation of these projects is linked to Investor driven projects, where Investors do their own constructions and require the CDC to undertake the connection or enabling infrastructure connections. No Investors required such connections, and the funds were thus not used, and no jobs could be achieved.

Any rejection by the dtic of funding for the planned investor projects also has a direct impact on the achievement of this indicator.

(g) Number of Cumulative Operational Jobs

Operational jobs emanate from employment created and sustained by investors based in the Coega SEZ and Nelson Mandela Bay Logistics Park. The CDC over performed in the annual achievement of the indicator. The over-achievement is owing to two additional tenants which have created new jobs and new jobs created by existing tenants.

(h) Variances: Financial Information

SEZ Investment Programme Budget vs Expenditure

2021/22 Budget vs Actual Expenditure				
Programme Name	**Annual Budget for 2021/22 (R'000)**	**Unaudited Actuals for 2021/22 (R'000)**	**Variance (R'000)**	**Variance %**
SEZ Investment Services	**227 285**	**240,375**	**(13 090)**	**-6%**
Cost of Employment	72 918	69 813	3 105	4%
Goods and Services	154 367	170 562	(16 195)	-10%

The operating expenditure for the SEZ Investment Services programme reflects an overall unfavourable variance of 6% or R13.1m.

Cost of employment reflects a favourable variance of 4% or R3.1m. This favourable variance is due to ongoing efficiencies in the utilisation of resources and a delay in filling of vacant posts due to the slowdown of activity occasioned by the COVID-19 Pandemic.

Goods and Services reflect an unfavourable variance of 10% or R16.2m. In terms of economic classification, the areas where significant unfavourable variances are recorded are Municipal expenses of R36.7m, Licence fees of R1.7m, SARS Interest charges of R6.3m and Security expenses of R1.6m.

Areas of favourable variances in the Goods and Services category include COVID- 19 expenses of R2.7m, Project costs of R2.8m, Professional/ Consulting fees of R4m and Repairs and Maintenance expenses of R3.6m.

Challenges

Some of the challenges, which the SEZ faces, include:

(a) **CAPEX and OPEX Funding:** The success of the SEZ in terms of investment promotion is dependent on funding for top structures for the investors and funding for investment promotion activities. In addition, the current assets in the zone must be maintained which requires funding.

(b) **Water:** Environmental records of decisions (RoDs) require use of return effluent for industrial purposes instead of potable water, the result being a requirement for investment into large-scale processing, reticulation and storage facilities within the SEZs and adjoining municipalities. Done effectively, this could well be the most potent weapon in our value proposition and competitiveness but the lack of progress on the Return Effluent scheme reduces the ability of the CDC to advance qualifying Mega Projects to signing and/or implementation.

(c) **ICT Networks:** A strong ICT backbone is a prerequisite for success as SA SEZs attempt to find a balance between traditional industries and the fourth industrial revolution. The Coega SEZ requires capital funding to upgrade its legacy systems in line with new breakthrough technologies. The current underinvestment and/or limited ability to upgrade the ICT Networks, weakens the overall value proposition and may impede further development in the future. Increasingly, investors look at the "e-intelligence" of a location in much the same way that they look at utilities.

(d) **Electricity:** Supply fears are still present, and the predictability of costs into the future remain a concern and a deal-breaker for large energy intensive investment projects, amplified in part by the huge last mile/point of use installations for green-fields projects. The power crisis and uncertainty related to Eskom's alternative energy bid process which was not opened.

(e) **Legacy infrastructure:** The SEZ Fund does not provide funding for maintenance and upgrade of physical infrastructure that has passed its useful life. This becomes a serious challenge, as older SEZs will have to contend with diverting investment promotion funds to upgrade and maintain ageing infrastructure.

(f) **Investor Retention:** The loss of revenue due to loss of tenants and early termination of some leases as one tenant was liquidated after undergoing business rescue and billing had to be discontinued. New investors were unable to take occupation resulting in loss of revenue which is being assessed due to unforeseen delays in project implementation and the increasing risk of project terminations.

A few of the 55 Operational Invetsors at the Coega SEZ.

Programme 2: Central Support Services

Central Support Services (CSS) is considered as the administrative function of the CDC; however, there are sub-programmes within the programme that contribute to other KPIs such as revenue.

The Central Support Services Programme provides services such as strategy development and monitoring, human resources management, legal services and corporate governance, financial management, skills development, SMME development, employment relations and social facilitation, research and ICT systems services.

The indicators listed under the programme are reported here because of accountability of the programme. The SMME targets driven from the CSS programme but are contributed by both SEZ Investment Services and External Services.

Central Support Services Programme Performance

Key Performance Area	Annual Target 2021/22	Annual Performance 2021/22	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generated	R14.1m	**R20.0m**	+42%
Cash Flow from Operating Activities	R7.5m	**-R1.757m**	-100%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Increased SMME Participation is in Economic Activities*		
Procurement Spend on SMMEs	33%	**35.32%**	+7%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Skills Development*		
Number of People Trained	3 038	**3 296**	+8.5%

NB: Variances are expressed at a maximum of 100% (negative and positive)

EXPLANATION OF PERFORMANCE VARIANCES

(a) Revenue Generation

This programme reflects an overall favourable variance of 42% or R5.9m.

The over performance is primarily attributable to interest charged to customers and clients on overdue accounts of R6.4m.

(b) Procurement Spend on SMMEs

The CDC has exceeded target for the 2021/22 financial year and has achieved 35.32% against a target of 33% for the period under review. The over achievement is due to SMME expenditure in the programmes and the concerted efforts in ensuring SMMEs are employed in most contracts awarded where a minimum threshold is stipulated.

A further breakdown of the SMME procurement spend shows the disaggregated performance for SMME as follow:

BBBEE Disaggregated

Black Owned	R 628 160 121	84%
Black Women Owned	R 299 922 263	32%
Black Youth Owned	R 29 935 427	3%

Contracts awarded to generic companies are measured for payments made to subcontractors that are SMMEs, this is monitored through certified payments certificates and valid BBBEE certificates.

The Broad Based Black Economic Empowerment (BBBEE) Act incorporates Enterprise and Supplier Development (ESD) as a critical pillar meant to transform, accelerate growth and development of SMMEs. Enterprise and Supplier development involves initiatives intended to assist and accelerate development and financial sustainability of SMMEs.

It is important that the organisation takes a proactive role and creates an environment for SMMEs to access new business opportunities. The ESD programme will assist SMMEs to become sustainable through the following programmes:

- Raise awareness and encourage BBBEE compliance
- Provide assistance and guidance on obtaining BEE certificate under the amended codes
- Promote advancement of suppliers within the CDC's supply chain.

(c) Number of People Trained

The CDC delivers on the training mandate through three programmes, i.e., Human Capital Solutions HCS), Skills Development Centre (SDC), and Driver Training Programme (DTP).

The CDC realised positive performance for the number of people trained. The annual target for training was 3,038 and total achieved was 3,296.

The realisation of the planned performance target was mainly achieved due to the relaxation of the COVD-19 Lockdown restrictions re-adjusted to alert level 1.

The CDC believed that the training numbers could have been far higher had it not been for the postponement of the Unemployment Insurance Fund (UIF) Learnerships, restrictions of testing sites by the traffic department and reduced capacity of the number of learners in the classroom.

The skills development target is unfunded. Therefore, training achievement is a function of two factors: Namely the extent to which the CDC implements infrastructure on the SEZ and the external infrastructure programmes, and progress achieved on construction sites, as the training provision is a percentage of the construction spend. Any delay in construction site activity, or reduction in this portfolio directly impacts the extent to which training activities can be undertaken. Secondly the extent to which SETAs and other funders can roll out discretionary grant funded skills development interventions, and Coega's success in securing training funds.

For most of the year the technical training number lagged, despite the increase of training activities on the life skills and Expanded Public Works Programme (EPWP)-type interventions. A concerted effort was put in on the National Department of Public Works (NDPW) programmes which somewhat corrected this imbalance. still fell short of target on driver training numbers, however, the overall training target was met and exceeded.

The positive overall achievement is realised in an extremely difficult and constrained environment owing to challenges in successfully acquiring grant funding for skills development interventions. Efforts are ongoing to explore all possible avenues to obtain funding to support technical skills training interventions.

(d) Cash Flow from Operating Activities

The entity underperformed on this measure given the determination of the measure in accordance with the cash flow from operating activities per the cash flow statement. The intention was to reflect the net cash balance at year end per the statement of financial position. Cash balances were positive at year-end.

(e) Financial Information

Central Support Services Programme Budget vs Expenditure

2021/22 Budget vs Actual Expenditure				
Programme Name	Annual Budget for 2021/22 (R'000)	Unaudited Actuals for 2021/22 (R'000)	Variances (R'000)	Variance %
Central Support Services	**179 669**	**166 706**	**12 963**	**7%**
Cost of Employment	100 603	107 596	(6 993)	-7%
Goods and Services	79 066	59 111	19 956	25%

Central Support Services recorded an overall favourable variance of 7% or R13.0m.

The Cost of Employment category reflects an unfavourable variance of 7% or R7.0m. This is largely contributed to by a provision for incentives.

The Goods and Services category reflects a favourable variance of 25% or R20m. Significant contributors to the favourable variance include Special Projects of R4.3m, Professional/ Consulting fees of R3.3m, Staff training of R1.6m, Telephone costs of R1.8m and Research costs of R3.3m.

Challenges

(a) Number of People Trained: The main challenge related to the inability to secure funding for technical skills training, including apprenticeship, learnerships and other accredited training interventions. The CDC is entirely dependent on external funding to achieve its target for the number of people trained. In the past, the CDC was dependent on the inclusion of training for infrastructure projects, which became a challenge when projects and/or payments were delayed.

Grant funding from SETAs have also been reduced due to other government priorities. As much as the CDC achieved the overall target on the number of people trained, there is underperformance on technical skills due to lack of funding. Training is an unfunded mandate, and the CDC depends on external funding to execute training programmes. The delays by the Unemployment Insurance Fund (UIF) to approve the implementation of the apprenticeships and learnerships programmes contributed to below-par performance on technical skills.

Programme 3: External Services

The External Services programme is made up of several revenue generating sub-programmes that are aimed at creating and achieving financial self-sustainability for the CDC. The job creation indicator is the outcome of the performance of the various sub-programmes in infrastructure development projects.

External Services Programme Performance

Key Performance Area	Annual Target 2021/22	Annual Performance 2021/22	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generation	R348.2m	**R367m**	+5%
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Increased Market Share*		
Growth in Client Portfolio of External Services	R2.5bn	**R10.38bn**	+100%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Job Creation*		
Number of Construction Jobs	4 315	**8 064**	+86%

NB: Variances are expressed at a maximum of 100% (negative and positive)

EXPLANATION OF PERFORMANCE VARIANCES

(a) Revenue Generation

The CDC acts as an Implementing Agent for national and provincial government departments and other public entities. In addition, the CDC provides consulting services to a wide range of clients, and the revenue generated from these activities is allocated to Management Fees. External Services and some units of Central Support Services contribute to this income stream.

There is an overall favourable variance of 5% or R18.8m for management fees. This favourable variance is due to over performance by the Tshwane Automotive SEZ Programme of R34.3m, the TNPA Programme of R12.8m, the DoE (EC) Programme of R4.7m, the DoH Programme of R3.5m and various product lines within the Vulindlela Village of R14.7m.

This over-achievement is offset by underperformance of R53.9m in total as contributed by other Programmes due to projects suspended, declining portfolios from several clients, cash flow constraints experienced by certain client departments and the general slow recovery of economic activity resulting from the COVID-19 pandemic.

(b) Number of Construction Jobs

External Services/Programmes construction jobs consists of jobs that are created under the applicable reporting period and sustained number of jobs on construction projects that are being implemented by CDC on behalf of client departments beyond the boarder of the Coega SEZ.

The overperformance is welcomed for this KPI, positive variance is more than 100%. The overachievement is attributed to the TASEZ project as well as jobs sustained over the previous financial year.

(c) Growth in Client Portfolio of External Services

This indicator measures the additional awards made to the CDC as an Implementing Agent. The CDC is excited that it has overachieved the target of R2.5bn and achieved a value of R10.5bn in growth for the current financial year.

The CDC has managed to sign at least five new clients that has increased its profile and diversified in terms of geographic location and sector specific please see details on the below table:

Client Name	Scope of Work	Estimated Value	Type of Work
Transnet	a) Ngqura Manganese Export Terminal b) Common User Infrastructure (Pipeline and supporting infrastructure and equipment for transporting fuel for the Tank Farm) c) Port of Durban and Port of Richards Bay Technical Concepts Expert Validation d) Old Durban Airport e) Boegoebaai Secondment	R 10 billion R 60 million R 3 million (Fees)	Conceptual Framework Development, Infrastructure Implementing Agent
NDPWI	Various Implementing Agent Projects	R 3 billion	Various Implementation Agent Projects
Nelson Mandela University	SMME Support to Nelson Mandela University	R 4.3 million in fees	
AIDC	Bankable Business Plan Development	5% of fees	Development of Bankable Business Plans
NDPWI	Feasibility Study on the Building of Parliamentary due to the Fire	R 0.5 million	Feasibility study on the Safety Status of Parliament and the Rebuilding Costs

(d) Financial information

External Services Programme Budget vs Actual Expenditure

2021/22 Budget vs Actual Expenditure				
Programme Name	Annual Budget for 2021/22 (R'000)	Unaudited Actuals for 2021/22 (R'000)	Variances (R'000)	Variance %
External Services	**232 484**	**250 538**	**(18 054)**	**-8%**
Cost of Employment	144 537	160 849	(16 312)	-11%
Goods and Services	87 947	89 689	(1 742)	-2%

External Services recorded an overall unfavourable variance of 8% or R18.1m.

The Cost of Employment category reflects an unfavourable variance of 11% or R16.3m. The unfavourable variance was due to additional resources that had to be broad on board to successfully execute on the various projects at TASEZ. This, however, was recouped through additional management fees.

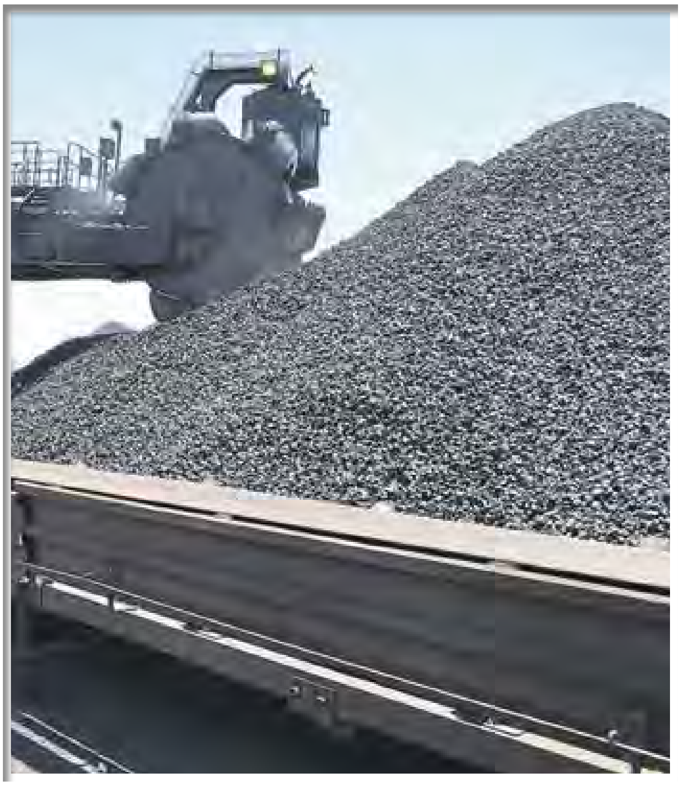
The Goods and Services category reflects an unfavourable variance of 2% or R1.7m.

Challenges

External programmes faced the following challenges when implementing various infrastructure projects on behalf of the sponsoring client government departments that have appointed the organisation as an Implementing Agent.

- Deferral of projects commencement;
- Delays in provision of project funding;
- Budget cuts from Client departments;
- Cancellation of projects; and
- Delays in payment from clients that also negatively impacts the External Programme's cash flows.

A developing trend is that government departments wish to reduce their dependence and use of implementing agents and have articulated a desire to implement their own programmes by employing their own professional service providers (PSPs). This in many cases is expected to have limited success and the CDC External Services is proactively and actively marketing itself as a value adding service.



Example of Manganese Export Terminal.

INVESTMENT PROMOTION

Investment promotion is vital to the CDC's growth and sustainability. Investment promotion provides solutions that are designed to attract potential investors across a range of key industry sectors, matching them to the most complementary product combination of serviced land in the zone and/or customized buildings according to their needs. Investors benefit from scalability of operations, innovation, business ecosystems, and strategic collaboration with various stakeholders in line with the Invest SA (One-Stop-Shop) programme in order to build symbiotic synthesis and enhance competitiveness. Local and international investors are assisted seamlessly in progressing investment projects from an idea or concept to construction and operations.

Investment promotion activities took place at the back of challenging factors. While the global economy is yet to fully recover following the Covid-19 Pandemic shock, some progress has been made which could be largely attributed to the speed of vaccination rollout and relaxation of lockdown regulations in some parts of the world. However, an imbalance can be observed as lower income countries are still battling to keep up. Lack of fiscal capacity to support the incomes of households and companies during lockdowns and low vaccination rates, are amongst some of the challenges that resulted in a modest economy rebound in lower income countries.

Fitch Solution projects growth in the region to decelerate to reach 3.4 percent in 2022. Slow progress with vaccinations is expected to underpin only a gradual recovery of domestic demand, with substantial downside risks clouding the outlook.

The National Institute of Economic and Social Research (NIESR) estimates that the conflict in Ukraine could narrow down the level of global GDP by 1 percent in 2023 which is approximately equivalent to US$1 trillion of global GDP; and could add up to 3 percent to global inflation in 2022. The current and ongoing conflict between Russia and Ukraine poses risks and setbacks to economic recovery. NIESR indicated that the conflict will affect the global economy through three main channels, namely financial sanctions, commodity price hikes, and supply chain disruptions.

Regarding Foreign Direct Investment (FDI), a report by UNCTAD notes that while the outlook for global FDI in 2022 remains positive, the rebound growth rate observed in 2021 of 77 percent is unlikely to re-occur.

With the global economic challenges and the country still trying to recover from the Covid-19 Pandemic and its aftermath, the CDC has continued to integrate sustainability issues, such as ESG, into investment decisions as it has a significant impact on investor sentiments and on CDC's ability to grow the number and value of investors in the Coega Special Economic Zone. Furthermore, the focus on Sustainable Development Goals (SDGs) affects strategic decisions and operations of businesses.

The results are beginning to show with a positive performance for the 2021/22 FY, by securing thirteen (13) new investors against a target of seven (7), which represents an achievement of 186%.

The total investment value pledges for the new signed investments is R557.7m, with Seraphim New Energy contributing an investment value of R227m; however, the table, below provides a detailed breakdown of these investments and sectors.

Coega SEZ – Number of Investments Signed during the 2021/22 FY

No.	Project Name	Description	Investment Value	Country of Origin	
1	TransMerch Africa	Automotive Components Manufacturer	R 37.5 million	South Africa	
2	WeidPlas	Manufacturing and Warehousing of Automotive Components	R 50 million	Switzerland	
3	Vector Logistics	Ambient Store	R 19 million	South Africa	
4	VSL Group	Laser Cutting Services for the Automotive and Related Sectors	R 18 million	South Africa	
5	Akula Trading (Chemchamp)	Manufacturing of Machinery for Export Market	R 2 million	South Africa	

Coega SEZ – Number of Investments Signed during the 2020/21 FY continued...

No.	Project Name	Description	Investment Value	Country of Origin
6	Flow Cultivation	Medicinal Cannabis Indoor Cultivations	R 12.1 million	South Africa
7	Beyond Zero	Information Processing (Health Services)	R 12.9 million	South Africa
8	AEGIS Outsourcing (Startek)	Call Centre Services	R 3.1 million	USA
9	Council for Scientific and Industrial Research (CSIR)	Processing of Natural Fibres	R 3 million	South Africa
10	Orion Engineered Carbons (OEC)	Tank Farm	R 60 million	Germany
11	SACO CFR (Zacpac)	Logistics Services	R 67.8 million	South Africa
12	Mediterranean Shipping Company (MSC)	Container Depot	R 35 million	Switzerland
13	Seraphim New Energy	Manufacturing of Solar Panels	R 227 million	China

It is important to mention that the following projects that were signed in previous years were among those that were operationalised in the 2021/22 financial year:

Description	Project Description	Investment Value (Mil)
1. APLI	Fruit packaging facility, fruit cold storage, and container depot	R 180
2. DHL	Distribution Warehouse	R 17.9
Total		**R 197.9**

DHL Distribution Warehouse

APLI Fruit Packaging Facility

The following projects are considered as critical and will have a positive impact on the CDC's overall success and socio-economic development of the region.

Gas-to-Power Readiness at Coega SEZ

The DMRE launched the Risk Mitigation Independent Power Producer (RMI4P) on 23 August 2020 through the Independent Power Producer Office (IPPO).

The RMI4P was designed to procure 2,000 MW of new generation / supply capacity from a range of energy technologies. Eight (8) preferred bidders were announced nationally on 18 March 2021, and two of these bidders will be using Liquified Natural Gas (LNG) as fuel source within the SEZ and the Port of Ngqura. These two projects are:

(a) The Karpowership Coega project, which entails the generation of electricity from a floating mobile powership moored in the Port of Ngqura. It proposes two ships berthing during the project lifespan, a Floating Storage Regasification Unit (FSRU) and a powership. An LNG Carrier will supply the LNG to the FSRU, which would then transfer the gas to the powership. The capacity of the Coega powership is 450 MW. The electricity will be evacuated via a 132 kV transmission line over a distance of 7 km to Eskom's Dedisa Substation in Zone 13 of the Coega SEZ, which feeds into the national grid. The Karpowership project at Coega was refused an environmental authorisation, mainly due to specialist studies that needed to be carried out. Karpowership appealed this decision and at the time of this report it was awaiting feedback from the DFFE.

(b) The Mulilo Total Coega project will entail the construction of a 200 MW gas power station in Zone 13 of the Coega SEZ, utilising reciprocating engines to generate electricity. Fuel will be imported in Ngqura Harbor in LNG form and transported to site with LNG trucks. The LNG will be stored on-site and regassified for use in the engines. There are discussions on whether these two projects could collaborate with regards to gas provision. An appeal was made against the partial EA for 200MW for Mulilo. Following this, the CDC provided a response in October 2021 to the Appeals Directorate of DFFE and is still awaiting the response at the time of this report.

The success of these two projects provides further impetus to the development of a natural gas sector at the Coega SEZ and the region.

Beijing Automotive Investment Company (BAIC)

The progress made on the project enablers that the CDC is responsible for to aid current and future operations of BAIC is as follows:

(a) All civil infrastructure has been completed including the bulk earthworks, water connections, fire pump station and reticulation, ring road and stormwater requirements.

(b) The last outstanding item is the connection to a new High Voltage substation, that is being constructed in Zone 2. The existing 132 kV infrastructure is configured in a ring arrangement, with 132 kV overhead power lines connecting Coega Main Substation, Recruitment Substation and Neptune Substation. The new 132 kV BAIC substation is next to the Aldo Scribante Race Circuit within Zone 2 of Coega SEZ which is fed from a new power line cutting into the existing 132 kV Recruitment-Neptune power line. The new BAIC 132/11 kV substation is a conventional, single bus-bar air-insulated substation. The substation is designed to accommodate two-line bays, two transformer bays and space for two future transformer bays.

(c) Construction on the substation building is complete and progress is on track. The current work includes the stringing of the line and installation of the equipment in the substation. The project is now 95% complete and is expected to be fully completed in the 2022/23 financial year.

The BAIC Plant is anticipated to be officially opened in the next financial year which would mean an increase in job opportunities and skills development for local communities. This will further strengthen the Coega SEZ's location as preferred investment destination in the automotive sector, and aligns very well with CDC's vision of being the leading catalyst for championing of the socio-economic development, and broader government objectives as set out in the National Development Plan (NDP) 2030, Economic Reconstruction and Recovery Plan (ERRP) and other government Policy Prescripts.

Aquaculture Development Zone

Environmental authorisation for land-based aquaculture development in Zone 10 of the Coega SEZ was obtained in February 2018.

A positive outcome of the Marine Pipeline Servitude (MPS) environmental impact assessment (EIA) was received in September 2021. This paves the way for marine aquaculture in the Coega ADZ as seawater can now be pumped onshore and be discharged back into the marine environment bearing in mind that environmental conditions as set out in the EIA must still be met.

Construction on Phase 1 of the ADZ started on 12 August 2020 and the Contractual Completion was 12 November 2021. The revised Completion date was initially revised to 9 March 2022 due to delays in delivery of electrical equipment. The anticipated project completion dates have again been revised to 27 May 2022 to accommodate additional works. The additional works entail the surfacing of two additional roads (Roads D and E). The Construction progress is however on track and currently at 90% of the Completion in terms of the approved Construction Programme.

The CDC is engaging several investors with the Thapi Aquakulcha salmon project already in design stage. The CDC is aiming to have the first operational aquaculture investor in 2022/23 FY.

Jiangsu Seraphim Solar System

In the 4th Quarter of 2021/22 FY, solar products manufacturer Seraphim New Energy - a South African subsidiary of Seraphim Solar of Jiangsu China - signed a lease agreement for the former 21 646 sqm DCD Wind Towers Warehouse in Zone 3, Coega SEZ. This is an investment of R227m in a 750 MW per annum Solar Photovoltaic module assembly factory manufacturing Solar Panels and ancillary components for exports and domestic market sales. The facility is earmarked to contribute to the South African economy with much needed jobs to the region of 279 permanent jobs. The company will start occupation of the former DCD building on 1 September 2022.

The investment by Seraphim follows on the heels of an earlier investment in a solar cells plant that was made by Seraphim at the Coega SEZ to the value of R362 million. This investment was a replacement of the previous investor that disinvested, namely AKACIA. The CDC is proud to inform our stakeholders that this investment by Seraphim formed part of the pledges that were announced at the South African Investment Conference (SAIC) 2022 by His Excellency, President Cyril Ramaphosa, and is expected to create 324 new jobs. This project will also assist in positioning South Africa as a manufacturing hub in the renewable energy sector.

Locating Seraphim within the Coega SEZ could potentially provide the necessary impetus for other solar upstream and downstream investors to consider investing at Coega. The project will advance socio-economic development and transformation in the Eastern Cape. This investment will create additional job opportunities and will directly contribute to the economic development of the Eastern Cape Province.

Orion Engineered Carbons

The CDC was approached by Orion Engineered Carbons (OEC) (Pty) Ltd in October 2018 to explore investment opportunities. OEC is one of the world's leading suppliers of Carbon Black (and is previously known as Algorax). They are currently operating from their facilities in Deal Party, in Gqeberha. OEC is the only local producer of a wide range of carbon blacks for the rubber and tyre industry in South Africa. The factory supplies its product to all the tyre manufacturing companies in Nelson Mandela Bay (Firestone, Continental, Good Year).

The project was supported by the Department of Trade, Industry and Competition (the dtic) - that provided funding of more than R200 million - and Transnet National Ports Authority (TNPA). Both entities (and other Partners) worked tirelessly to provide OEC with a solution that is meant to keep its business sustainable.

The existing plant employs 120 people, and the new plant at Coega will result in the construction of the storage facility and associated infrastructure which is estimated to create over 150 jobs (50 construction phase, and 100 jobs during the operational phase of the project), over a 10-month period.

OEC currently stores its raw material at the Port of Port Elizabeth, which is due to close in 2022, as a result the solution in the SEZ should overlap with this closure. Therefore, the CDC continues engaging with OEC to ensure that the storage solution in the Coega SEZ is delivered within a reasonable timeframe. Moreover, the organization is engaging with the Engineering, Procurement and Construction provider (EPC) to determine options for an accelerated delivery schedule and manage the risks on this schedule. It is encouraging that a Sod Turning ceremony was held in April 2022 to signify the start of construction.

The progress to-date on OEC project is as follows:

(a) The storage agreement between CDC and OEC has been finalised and signed;

(b) Environmental Impact Authorisation (EIA) for the construction of the OEC facility has been finalised. The Project is utilising the Latita EIA; and

(c) Construction timeline:
- The construction period has been negotiated from 14 months to 12 months;
- Project commencement date was 18 October 2021;
- Due to delays in finalising the use of the Latita Environmental Authorisation, the project has experienced delays; and
- Considering the 12 months construction period, the contractual completion date has been revised from 19 October 2022 to 06 December 2022.

LOOKING AHEAD

The CDC is making good progress in operationalising projects signed, which will contribute to the organization's financial sustainability.

The easing of the COVID-19 regulations across the world and increase in vaccinations would enable the CDC to continue the upward trajectory. However, the extent of the growth will depend on the world markets.

Three projects (TransMerch, VSL and Flow Cultivation) were secured at the back of diverse sectors (Automotive and Agro-processing) with R67 million combined investment value, and they benefited from CDC's readily available Multi-User Facility.

One company in the Automotive sector is currently in advanced stages of construction. They will be operational in the 2022/23 financial year.

The solar panels project benefited from a brown-field buildings, and is set to start operations during Quarter 2 of the 2022/23 financial year.

Two bidders awarded to generate energy from gas, namely, the Mulilo Total Coega project and Karpowership at Coega project, and are awaiting Environmental Authorisation.

The construction on Phase 1 of the Aquaculture Development Zone (ADZ) is almost complete, with the CDC expecting to break ground on the first aquaculture investment project in 2022/23 financial year. Engagements are currently on-going with potential aquaculture investors seeking to develop their businesses in the Coega ADZ.

Delegates attending the Orion Engineered Carbons (OEC) Sod-Turning Ceremony in 2022, from left, OEC Executive, Siyabonga Mhaluka, NMB Business Chamber CEO, Denise van Huyssteen, OEC MD, Roland Loganathan, CDC Board Member, Batandwa Mdyesha, Chemical and Allied Industries Association Director, Diedre Penfold, OEC CEO, Corning Painter, DTI Deputy Minister, Fikile Majola, CDC CEO, Khwezi Tiya, DEDEAT MEC, Mlungisi Mvoko, NMB Mayor, Eugene Johnson and CDC Board Member, Ayanda Mjekula.

COEGA SEZ OPERATIONS

The Coega SEZ Operations is a key contributor to the vision and mission of the CDC. On an annual basis, the Operations Business Unit reviews its strategy and the capacity to implement projects. The following sections contribute to operational excellence:

- Property Development and Maintenance (Facilities Management);
- Trade facilitation which include Investor Services and Customs & Logistics;
- Commercial Solutions;
- Safety, Health, Environment and Quality;
- Security Services;
- Spatial Development;
- Vulindlela Accommodation and Conferencing Centre;
- Event Management Services;
- Bluewater Bay Sunrise Hotel; and
- Crux Marine Solution.

Each operational section works according to their annual Implementation Plans which provides a detailed work schedule, aligned to impact and strategic outcome statements of the CDC. Furthermore, each section is managed according to international standards, which have been affirmed by auditing processes conducted on an annual basis in terms of the International Standards Organisation (ISO) quality standards, details of which are provided elsewehere in this section.

PROPERTY DEVELOPMENT AND MAINTENANCE (PDM)

PDM consist of Property Development and Facility Maintenance. It is located within the Coega SEZ Operations Business Unit, and supports the strategic plan of the CDC by developing the SEZ to be a world-class investment destination. The unit is the delivery arm of bulk infrastructure, enabling infrastructure, and top structure buildings for current and new investors. It conceptualises, plans, designs and execute all infrastructure and top structure requirements, as required by investors.

Property Development

Property Development (PD) ensure unique requirements of investors are scoped together with their deliverables. Based on the detailed background obtained from potential investors, site allocations and cost estimates are prepared to enable the Commercial Business Unit of the CDC to commence with negotiations and rental agreements. All work is implemented according to the approved Project Management Methodology to ensure that infrastructure and buildings comply with municipal standards.

After completion, the buildings are operated and maintained to the highest standards to ensure that investors remain confident in the Coega Project, and to operate in a safe and secure environment.

The unit's master planning of bulk services continues to play an active role in water conservation through various water saving initiatives. PDM is also working closely with the Nelson Mandela Bay Municipality (NMBM) to plan for portable water and sanitation mega projects, of which water is currently receiving big focus to ensure water sustainability in the NMBM.

Infrastructure Overview

PDM Projects over period 2021/22 FY

Planned	Construction	Completed
Dairy campus Whey facility	Weidplas Automotive Plastic Component Manufacturing Plant in Zone 2	Fruit Logistics Zone 1 (APLI)
Cannabis Processing Facility	Seraphim Solar Cell Manufacturing Facility in Zone 3	DHL/Mondelez Logistics Facility in Zone 1
Desalination 15 ML Plant	BAIC Electrical infrastructure in Zone 1 & 2	Multi Use Facility Phase 2 in Zone 3
Bulk Sewer Connections for Eastern Side of Coega River	Construction of OEC Tank Farm in Zone 7	
Tyre Extraction Facility (TEE)	Construction of Zone 10 enabling infra to enable ADZ development	
Security Upgrades Phase 2	TBA	
Bentler Extension (NMBLP)	TBA	

Projects under construction in 2021/22 FY

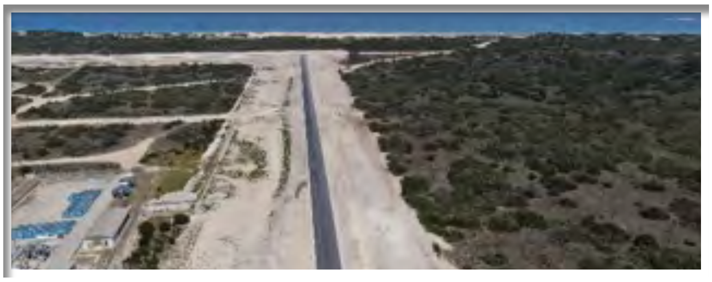
Weidplas Automotive Plastic Component Manufacturing Plant

Zone 2 HV Electrical Upgrades

Seraphim Solar Cell Manufacturing Facility in Zone 3

Construction of OEC Tank Farm in Zone 7

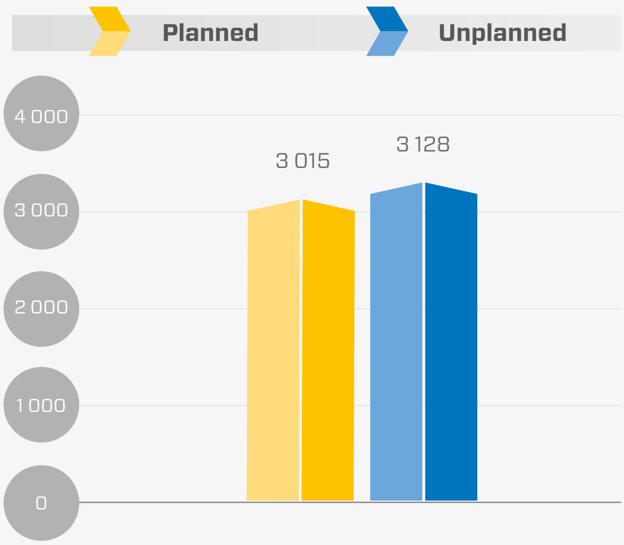
Zone 10 Aquaculture Infill



SEZ Maintenance

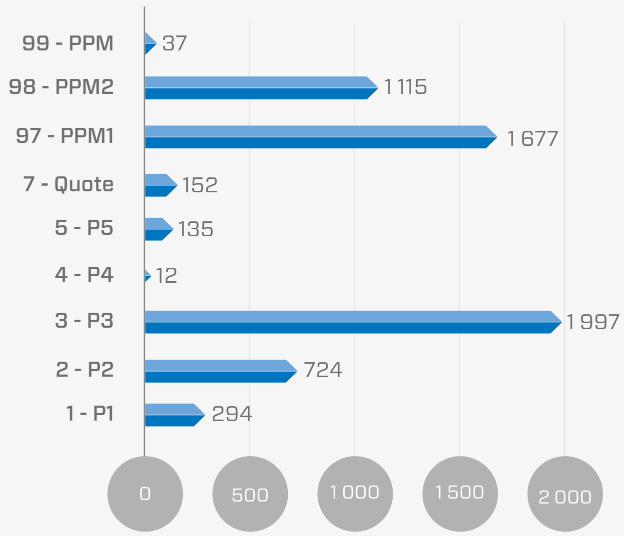
The Coega SEZ buildings and infrastructure maintenance is supported by the call centre, utilising Computerised Maintenance Management Software (CMMS) system. During the financial year, a total of 6 143 calls were handled, which comprise of planned and unplanned (ad hoc).

CMMS All Calls - Planned vs Unplanned



The detail split between ad hoc and planned maintenance can be shown in the graph below. Ad hoc maintenance is categorised based on urgency and importance from P1 to P5. PPM, PPM1 and PPM2 are automatically generated job cards issued to respond to preventative maintenance programme.

Total Calls - Maintenance Categories



TRADE FACILITATION

The Trade Facilitation Unit optimizes the functions of Customs, Investor Services and Logistics into a holistic trade facilitation focal area for the Coega Special Economic Zone (SEZ) and Nelson Mandela Bay Logistics Park (NMBLP). Trade facilitation measures are particularly beneficial to developing countries, which generally take three times longer to export goods, with twice as many documents and six times more signatures than developed countries. The CDC's Trade facilitation aim to ensure continuous business activity through "the simplification, standardisation, and harmonisation of procedures and associated information flows required to move goods from buyer to seller and to make payment". These Business-to-Business (B2B) activities are executed through the trade facilitation principles of Transparency, Simplification, Harmonisation and Standardisation, as identified from the UNECE (2012) Trade Facilitation Implementation Guide. The CDC addresses the challenge of facilitating trade through a range of organizational structures focusing on key aspects of trade facilitation such as: customs, environmental (SHEQ), infrastructural services, investor services, logistics, security and spatial planning. Over the past financial year, considerable progress has been made, but, further scope exists for harmonising, simplifying, standardising and creating more transparency with increasingly complex procedures.

The CDC, through its trade facilitation section, located its One-Stop-Shop facilities within Zone 1 of the Coega SEZ, a response to government's recognition of the importance of trade facilitation by establishing a range of other countrywide initiatives, such as the One-Stop-Shop. The CDC will continue to focus on Trade Facilitation principles to promote the Coega SEZ as a preferred investment destination.

Investor Services

Investor services provide customer/investor aftercare, including providing a One Stop Services (OSS) centre. Investor aftercare remain a key and critical area for business sustainability. Investor Services are located within the One Stop Services (OSS) centre at the entrance to Zone 1 (South) of the Coega SEZ, which is the logistics zone. Investor Services conducts Bi-annual surveys to assess satisfaction levels amongst SEZ tenants and to identify areas of concern. Investor Services satisfaction performance remain high, it scored a weighted average score of 4,2/5 during 2021 (3,9/5 in 2020). The next assessment will be commissioned next year.

The One-Stop-Shop facility assists prospective investors with, amongst others, visa applications, labour concerns, and municipality services. In addition, the OSS is the first point of call for any investor-related issues within the SEZ; it provides a single window to the full suite of services and support mechanisms, and maintains an information network to ensure a speedy resolution of issues.

One-Stop-Shop Facility in Zone 1 of the Coega SEZ.

Customs

The Customs function has repositioned itself to align to the new CDC Strategy and to respond to challenges due to the Pandemic. During the 2021/22 financial year, despite the negative effect of Covid-19 on business, Customs helped to expedite the branding of the OSS, and secured a tenant for the Customs Depot, thereby contributing to revenue and financial sustainability of the CDC.

Furthermore, the Inspection Services for Imports & Exports for the Customs Controlled Area Enterprise's (CCAE's) continued even during the lock down period, despite the constraints of the Pandemic, thereby maintaining a steady revenue stream.

LOGISTICS

Growth interventions for the Ngqura Port in the Coega SEZ complex will require institutional and governance integration between the responsible entities to support a strong logistics industry (including hinterland traffic), the provision of trade facilitation measures, and the availability of labour. While there is an assumption that ports bring local economic development, advances in transportation technology indicate the need for logistics industries to support the port, a presence not guaranteed in the case of Transshipment hubs. Support for the conveyance and storage of abnormal loads continued during the financial year, but was negatively impacted by the downturn in abnormal load traffic, largely as a result of change in licensing requirements associated with the wind energy sector. Good progress has been made in respect of establishing a logistics strategy for the CDC utilising the available toolkits and methodologies for trade facilitation within the context of a back-of-port SEZ and requirements for hinterland connectivity.

COMMERCIAL UNIT

The Commercial Unit is integral to CDC's strategic outcomes, in ensuring the conversion of investor proposals to leases with the aim of achieving financial sustainability. The unit's core function includes, inter alia, negotiations, reviewing the viability of business cases, and improving internal operational models for efficiency.

The 2021/22 financial year has been a success with the signing of thirteen (13) investment projects, that include WeidPlas and Orion Engineered Carbons that have commenced construction. Land leases were also concluded with SACO, CFR, and MSC Shipping to self-develop facilities.

The Commercial Unit continues to engage in negotiations for strategic projects including but not limited to Energy, Agro-processing, and Logistics sectors with the aim of signing agreements in the next financial year.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

The SHEQ unit is responsible for managing safety, health, environment, and total quality management at the CDC. CDC is a responsible global business citizen which continues to contribute to the global sustainability by ensuring all its stakeholders operate in a safe and healthy working environment. The SHEQ unit thus ensure that all SEZ and non-SEZ external services units of the CDC comply to the CDC's strategy for all safety, health, environmental and quality standards.

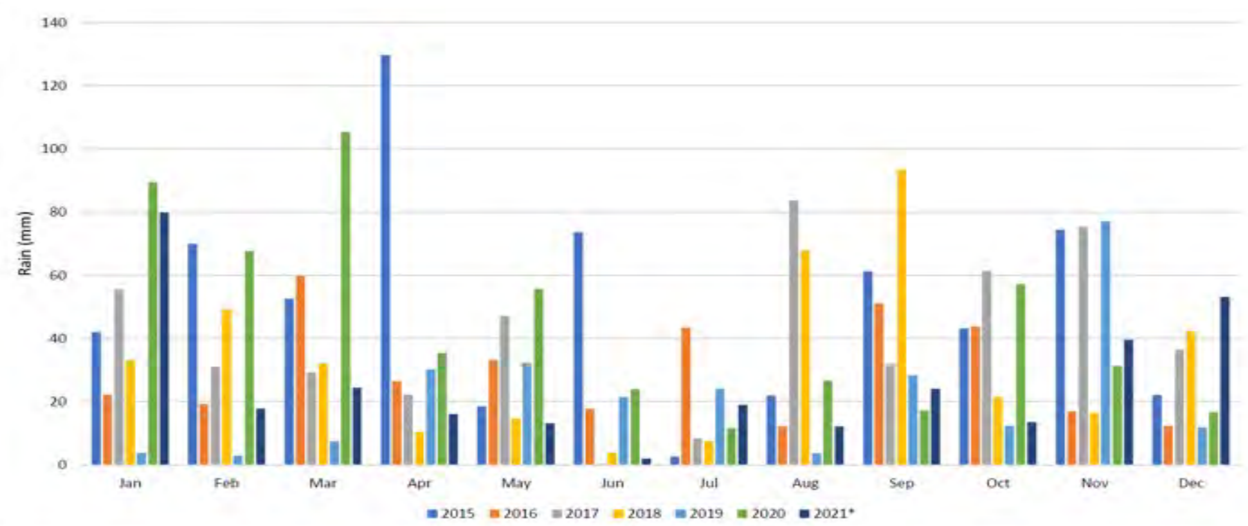
Air Quality Management in the Coega SEZ

The Coega Development Corporation has three ambient Air Quality Monitoring Stations (AQMS) in the Coega SEZ. The table below shows the variables monitored at each of the three AQMS.

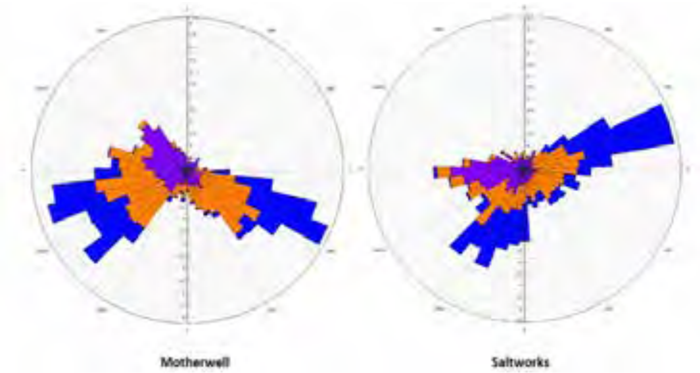
SALTWORKS	AMSTERDAMPLEIN	MOTHERWELL
SO_2	SO_2	SO_2
NO_2	NO_2	NO_2
NOx	NOx	NOx
NO	NO	NO
PM2.5		O_3
PM10	PM10	PM10
Wind Speed	Wind Speed	Wind Speed
Wind Direction	Wind Direction	Wind Direction
Temperature	Temperature	Temperature
Relative Humidity	Relative Humidity	Relative Humidity
Atmospheric Pressure		
Solar Radiation	Solar Radiation	
Rainfall		

Rainfall is also monitired and that recorded in the Coega SEZ over the past 7 years has shown a decreasing trend, as shown in the table and graph below.

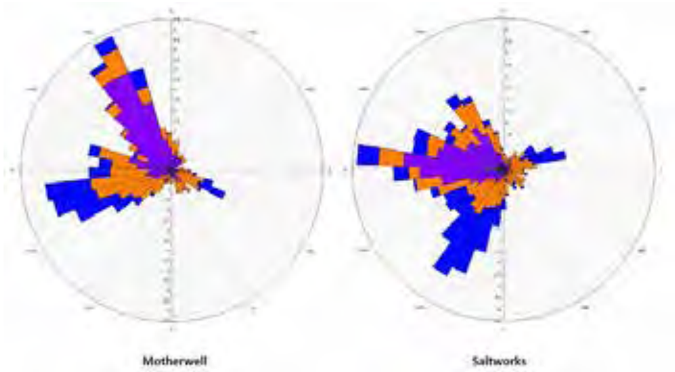
2015	2016	2017	2018	2019	2020	2021	Average
612 mm	360 mm	483 mm	393 mm	256 mm	539 mm	315 mm	423 mm



Prevailing summer season winds are westerly and easterly winds, whereas prevailing winter season winds are predominantly easterlies as shown in the wind roses below.



Summer season wind roses, Coega SEZ.



Winter season wind roses, Coega SEZ.

The total validated data recovery rate based on hourly averaged data for the CDC's three Air Quality Monitoring Stations (AQMS) over the past seven (7) years is compared in Table 1.3 below. Data recovery for the stations shows a decreasing trend from 2015 to 2019, due to station vandalism, power failures, load shedding and lack of stand-by / spare equipment. The three stations were returned to full working condition during 2019 and the total data recovery rate has improved to 85%. However, the Amsterdamplien AQMS was vandalized in December 2020, again reducing the total data recovery rate. The CDC has upgraded the security system to all three AQMS and is in the process of returning the Amsterdamplein AQMS to service. Data recovery at the Saltworks AQMS is over 95%.

YEAR	SALTWORKS (NAQI)	AMSTERDAMPLEIN	MOTHERWELL	TOTAL DATA RECOVERY RATE (AIM-75%)
2015	82.4	87.3	86.7	85%
2016	93	81	85	86%
2017	92	91	23 (vandalised)	69%
2018	93.4	19 (vandalised)	0 (vandalised)	37%
2019	84.9	42	44.5	56%
2020	96.6	78.9	78.4 (vandalised)	85%
2021	95	78	0 (vandalised)	58%

Data availability / recovery is affected by power supply constraints due to load shedding, extended power cuts and bouts of erratic power supply. Equipment breakages also results in extended periods where no data was captured. During 2021, the Motherwell AQMS PM10 & SO2 analysers both required offsite work. The NOx analyser was allocated to the Saltworks AQMS. The Saltworks AQMS's NOx analyser was removed for diagnostics and repair due to a failure to span.

The National Department of Environmental Affairs identified the CDC's Saltworks AQMS to be included as a National Air Quality Indicator (NAQI) Station, to assist in managing and reporting the state of air quality. In 2018, a new PM2.5 analyser was installed in the Saltworks AQMS, as part of the National Air Quality Indicator (NAQI) Programme. The CDC reports the Saltworks data on the South African Air Quality Information System (SAAQIS).

The CDC's three AQMS receive regular maintenance, the meteorological equipment is calibrated annually and the analysers are calibrated quarterly and are fully compliant with SANS 1929 and SANAS TR07-03.

When comparing the year-on-year SO2, NO2 and PM10 data recorded at the three AQMS, there appears to be no significant increase over the seven-year period.

During the 2021/22 financial year, there were a total of two (see table below) exceedances of the National Ambient Air Quality Standards in the Coega SEZ. The exceedances were of the daily particulate matter (PM10) limits, recorded at the Motherwell AQMS. The sources of these exceedances can be attributed to emissions from increased informal residential developments in close proximity to the Motherwell AQMS.

DATE	PARAMETER	LIMIT	EXCEEDANCE	WIND DIRECTION	WIND SPEED
26 June	PM10	75 µg/m3	93 µg/m3	345°	5 m/s
3 July	PM10	75 µg/m3	92 µg/m3	230°	10 m/s

The CDC identified the need for comprehensive air dispersion modelling (ADM) to determine the cumulative impact of air emissions from new investors in the Coega SEZ. The CDC must ensure that the cumulative effect of air emissions from tenants' activities within the SEZ does not exceed the legislated limits for the criteria pollutants for which ambient air quality standards have been published. The ADM gives the CDC the ability to determine the effect of proposed activities to assist decision making on the desirability of proposed investors, by screening prospective investors to determine the effects of their air emissions on the ambient air quality in the SEZ. Licensing authorities that issue air emissions licenses and other environmental permits consult the CDC's Air Dispersion Model to enable decision-making for applications in the SEZ.

Clean air is a critical element for good health. The CDC's air dispersion model aims to improve the understanding of air space consumption by industries within and in close proximity to the SEZ. In so doing, the CDC is able to manage air space consumption, which means more investment can be attracted to the SEZ, which in turn improves the economy and increases job creation.

It is evident that the CDC is still setting the best example in air quality management in South Africa, firstly because we have a good air quality monitoring system in place, with many years of valuable data and importantly, the data availability is in excess of 80%, and secondly, because the CDC, together with the local authorities, has taken a stand in enforcing environmental best practice when it comes to managing fugitive emissions in the Coega SEZ.

The stockpiling and the handling of manganese ore in the Nelson Mandela Bay Municipal region has long been identified as an environmental challenge, specifically because of the fugitive air emissions generated from open ore stockpiles and more specifically from the handling interfaces. Manganese ore is being exported from the Port of Port Elizabeth. It is stockpiled in open piles close to the export terminal within the Port. When the ore is handled, and particularly on windy days, fine manganese ore dust is windblown and deposited on the adjacent dune vegetation, parking areas, residential areas and recreational areas. Manganese ore dust can cause health related and environmental problems.

The solution is to relocate the existing manganese stockpiles and export terminal from the Port of Port Elizabeth to the integrated Coega Special Economic Zone and the Port of Ngqura. However, one cannot transfer the existing environmental and health issues from one Port to another. This is the environmental challenge that we as the Coega Development Corporation (CDC), have been in the process of solving over the past few years.

Years of air quality monitoring, air dispersion modelling, environmental studies and workshops with the environmental decision-makers and experts in the air quality field have led to the CDC employing an ethos of environmental best practice and developing minimum requirements for ore stockpiling and handling in the Coega Special Economic Zone (SEZ).

A key consideration that informed the CDC's decision to disallow open ore stockpiles in the SEZ is Section 28 of the National Environmental Management Act (NEMA) which speaks to Duty of Care and requires every person who causes, has caused or may cause significant pollution or degradation of the environment to take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimize and rectify such pollution and degradation of the environment.

CDC's extensive air dispersion modelling programme has identified potential hot-spot areas within the Coega SEZ and also up to 10km from the boundary of the SEZ, with regards to air emissions from various sources that include traffic, shipping, industrial and residential emissions. This assists the CDC's investment planning to ensure that we effectively manage our air space to maximize investment and job creation, without compromising the air quality.

Alternative technologies to the open stockpiling and handling of ore have been considered and will be implemented in the SEZ. These technologies include the storage of ore in closed facilities such as silos and the use of totally enclosed conveyors to transport the ore to the ships for export. An example in practice within the SEZ is a cement manufacturing facility that received environmental authorisation on condition that all feedstock material was stored in a fully enclosed area.

Besides the reduction in impacts on air quality, enclosed ore storage also minimizes the use of water for dust suppression. The Nelson Mandela Bay area is suffering a severe drought, with our water resources critically impacted. Every effort must be made to ensure that we change the way we do business, towards the sustainable and responsible use of our water resources.

The CDC is serious about implementing environmental best practice within the Coega SEZ. Emphasis is placed on the economic value of our natural resources, which include our water resources, air quality, faunal and floral resources as well as our heritage resources. Development of the SEZ is done with due consideration of our natural resources. Further examples of environmental stewardship employed by the CDC include use of return effluent as a construction water resource, where potable water is not allowed to be used. Investors in the Coega SEZ are encouraged to recycle their industrial water. Faunal and floral search and rescue is done prior to any bush clearing of developable sites within the Coega SEZ. Professional teams are employed to conduct the search and rescue, where all plants of special concern are used in the rehabilitation and landscaping of sites within the Coega SEZ. Sensitive ecological habitats within the Coega SEZ are conserved and managed according to an approved Open Space Management Plan. Over 20% of the SEZ is set aside for its conservation value.

The CDC's environmental stewardship philosophy is entrenched within its business development, investment, planning and operational sectors. We recognize the value of sustainable development, not only on our natural resources, but in the long-term sustainability of the Coega SEZ and our ability to attract investment and to offer a word class investment destination.

Environmental Best Practice

Following the environmental best practice example cited in the section above, a further example of environmental best practice was implemented during the design and construction of stormwater infrastructure in Zone 10 of the Coega SEZ. This project involved the construction of bulk services in Zone 10, in preparation for development and servicing of the Aquaculture Development Zone (ADZ). This entails, inter alia, installation of bulk services (storm water, sewer and telecoms infrastructure), 2 sub-stations and construction of roads and parking areas (on the coast), as well as refurbishing the Hougham Park farmhouse in a later phase of the project. The construction work was carried out in accordance with the Environmental Authorisation (EA) issued for the Coega ADZ and in terms of CDC's Change in Land Use EA. An Environmental Control Officer (ECO) was appointed for the duration of the contract.

Micro-siting of the storm water outfalls in Zone 10 was conducted, together with the CDC, the appointed design engineers, SANParks and the Marine Pipeline EIA consultants. This followed the recommendation from SANParks that stormwater should be retained on land, as far as possible, rather than being discharged to the marine environment. The proposed stormwater outlet designs were amended, following the micro-siting process, where the principle of attenuating and retaining stormwater on land is being implemented. The foredune integrity will therefore be maintained, without placing a stormwater trench through the dune onto the beach zone. This is one of the principles of sustainable development and climate change mitigation.

Faunal and floral search and rescue were also undertaken prior to development. An archaeologist was appointed to monitor the bush clearing activities. The archaeologist found three middens that required a permit from ECPHRA for the excavation of the middens and the recording of the artefacts at the Albany Museum. A palaeontologist was on site to monitor all excavations greater than 3 m depth. Nothing of palaeontological significance was found.

Environmental best practice implementation has also come in the form of water-savings initiatives. Since the onset of the Nelson Mandela Bay water crisis, the CDC has consistently put stringent measures in place to conserve water and reduce consumption across its growing SEZ.

Testament to this is the CDC's Environmental Merit Award at the 2021 Exporter of the Year Awards. As an example of Environmental Best Practice in sustainable resource use, Coega investor Q-Plas, saved 171.72 kilolitres of water from August to October 2021 through rainwater harvesting alone. This is enough to fill thirty-four of the facility's thirty-six 5000-litre water tanks. Located in the Nelson Mandela Bay Logistics Park (NMBLP), the automotive component supplier plans to install additional tanks to increase its rainwater harvest capacity from 180 000 to 360 000 litres. This will not only lead to the attainment of 20% water savings set by the Municipality for the SEZ but will provide the necessary water relief to distressed areas within the Nelson Mandela Bay Municipality (NMBM) benefiting from the water savings within the SEZ.

Q-Plas utilises water in its manufacturing processes and day-to-day operational requirements. As a business decision, and supported by the CDC, Q-Plas committed to reduce dependency on municipal potable water and ensure that their operations aren't interrupted by municipal water shortages or faults on the main water supply, by installing water tanks to harvest rainwater from the roof area of their buildings. The rainwater harvesting system was installed in July 2021 and is now showing a significant reduction in potable water consumption and dependency on external water sources, which equates to a water saving of 171.72 KL over the past three months, with concurrent significant rand value savings to Q-Plas. The savings above allow Q-Plas to operate for three weeks solely from harvested rainwater.

Owing to ageing infrastructure, coupled with severe drought throughout the Eastern Cape, investors are all encouraged to apply principles of environmental best practice, which include measures to reduce water consumption and to harvest rainwater. The CDC recognizes the measure by Q-Plas as an example of leading the way in sustainable resource use. The CDC is committed to implementing environmental best practice within the Coega SEZ and the NMBLP. Emphasis is placed on the economic value of our natural resources, which includes our water resources.

The CDC has environmental approval to develop the metro's first desalination plant. In addition to supplying Nelson Mandela Bay with drinking water, the future plant is expected to add a much-needed boost to the local economy. Furthermore, from a facility maintenance perspective, water pressure is reduced through pressure reducing valves in ducts and restricted aerators on taps in CDC-owned buildings. The CDC has installed water tanks in all its operational facilities to supplement municipal supply and established a dedicated a call centre for the reporting of all leaks. The CDC has appointed a pool of service providers who attend to any reported water leak 24/7. The organisation maintains a water wise garden boasting a range of drought tolerant Eastern Cape thicket plant species. The CDC has also implemented the mandatory use of rainwater tanks in Site Development Plans.

Contractors in the SEZ are not allowed to use potable water for construction purposes. Return effluent from Fish Water Flats wastewater treatment works (WWTW) is used as an alternative construction water source. The CDC recognizes the value of sustainable development, not only in terms of our natural resources, but in the long-term sustainability of the Coega SEZ and the NMBLP and our ability to attract investment and offer a word-class investment destination.

To achieve sustainable socio-economic development, the availability of natural resources must be secured.

Rehabilitation and Landscaping in the Coega SEZ

It is a requirement of the CDC's Environmental Authorisation that faunal and floral species of special concern are rescued and relocated. The CDC chose to develop a plant nursery for the safe-keeping of rescued plants (flora), which are used for landscaping and rehabilitation in the SEZ.

The following principle applies with regards to plants from search and rescue operations in the SEZ:

a) Plants are used in the rehabilitation of identified areas in the SEZ. The identified areas include all road verges that have been disturbed as a result of development. Instead of grassing the verges, they are being rehabilitated using plants from search & rescue operations. The Zone 5 borrow pit is also a rehabilitation site, and is being incrementally rehabilitated and landscaped, as specific areas within the stockpile are shaped;
b) Plants are used in the landscaping of water-wise gardens within the Coega SEZ; and
c) If the investor requests to use the plants in the landscaping of their site following construction, then the plants are held in the nursery.

Prior to the development of any industrial site in the SEZ, search and rescue operations are undertaken to relocate plant species in accordance with the best practice environmental management mechanisms which are applied within the Coega SEZ. Such mechanisms also provide the public with an opportunity to collect plants from the Coega SEZ for home use.

As part of the CDC City Sustainability initiative, the CDC is advocating the use of common Coega plants in business, home and institutional gardens throughout Nelson Mandela Bay. Our plants are drought resident, water wise and can add considerable value to home environments. Home gardens play an important role in promoting an appreciation of our uniquely indigenous flora while also serving as biodiversity corridors for the maintenance of key ecological processes. Indigenous gardens also play an important role in mitigating climate change.

The CDC hosts Plant Rescue Open Days, where members of the public are invited to search and rescue plants from sites to be developed in the SEZ.

Coega's Open Space Management Plan (OSMP)

The CDC has an approved Open Space Management Plan (OSMP) for the Coega SEZ, coupled with the demarcation methodology contained in an approved Work Instruction. The demarcation methodology distinguishes between open space to be demarcated by the CDC and open space to be demarcated by contractors, in the event where construction will take place adjacent to the open space. The purpose of demarcating the open space is to ensure that no construction occurs within the approved open spaces and/or no accidental damage occurs to vegetation within the open spaces in the SEZ.

CDC conducts faunal search & rescue prior to any development taking place in the Coega SEZ. One of the species which we are required to relocate is the blue duiker, a threatened species, which occurs within the coastal mesic succulent thicket of Zone 1. The CDC is incrementally developing this thicket zone, which is reducing the habitat size for the remaining blue duikers. Besides poaching, habitat reduction will impact negatively on the remaining numbers of duiker within the zone. The CDC has therefore, in collaboration with SANParks, considered a capture and relocation programme for the blue duiker.

Alien Plant Eradication in the Coega SEZ

The CDC has developed an invasive species monitoring, control and eradication plan. Alien vegetation must be eradicated in accordance with this plan. Plant species to be eradicated include Acacia cyclops (rooikrans), Acacia saligna (Port Jackson) and Salsola kali (Russian tumble weed). Implementation of this programme will assist the SHEQ Unit to fulfil the conditions of the Environmental Authorization, advancing socio-economic development and transformation in Nelson Mandela Bay by creating jobs and encouraging development of entrepreneurs; ensuring maintenance clearing of alien vegetation in the Open Space System and developed areas of the SEZ.

A budget of R1 million was approved for the 2021/22 financial year, and an additional R1.3 million has been approved for the 2022/23 financial year. The scope of the alien clearing is maintenance clearing in identified areas within the Coega Open Space Areas (OSMP), including storm water infrastructure. One service provider has been appointed by the CDC for the period of two years to provide the Alien Plants Eradication Management.

End Product: The scope of the clearing for this year will be maintenance clearing in identified areas within the Coega OSMP, including storm water infrastructure. Follow up work will also be conducted on areas that have been cleared in the past to remove secondary growth. Grave sites to be cleared as and when required.

Water Quality Monitoring in the Coega SEZ

As per the CDC's Environmental Authorisation, Water Quality Management in the SEZ must be undertaken by the CDC. The CDC set up a water quality monitoring system in the mid-2000's and has subsequently developed an extensive baseline of water quality in the SEZ. The CDC's water quality monitoring programme consists of quarterly monitoring of ground water, surface water and storm water within the Coega SEZ in order to determine potential impacts to these environments as a result of activities at the Coega SEZ and within the vicinity of the SEZ.

The annual report for groundwater, surface water and storm water which has considered January – December 2021, has highlighted some exceedances.

Surface water
Surface water resources monitored for the Coega SEZ exhibit symptoms of chronic low-level pollution associated with surface runoff carrying the results of animal activities and illegal dumping, namely high levels of biological pollution.

Care should be taken by communities using the water for drinking and cooking purposes, especially where extremely high levels of chloride and sodium are found. No exceedances were observed from the results of toxic parameters. Parameters such as chlorides, sodium, electrical conductivity, and dissolved solids are usually high and may not result in ecological damage, erosion and are not harmful to aquatic life as they are naturally found in seawater. General findings are that the areas have animals that will contribute to exceedances for microbiological parameters. There is illegal dumping of domestic waste around these areas, therefore, contributing to the exceedances. There is no way to control the animals or the dumping unless Coega SEZ can investigate putting a fence.

Groundwater
Groundwater monitored for the Coega SEZ exhibits no symptoms of pollution form industrial activities. This is indicated by the toxic parameters that were found to be relatively low and within acceptable limits. The exceedances are due to naturally occurring parameters found in groundwater in the region.

Stormwater
Markman, Zone 4 and Port Culvert have had consistent readings of total dissolved solids looking at historical data from 2018, these points exhibit presence of salts and exceedances in microbiological parameters. Total Dissolved Solids (TDS) is a term associated with freshwater systems and consists of inorganic salts, small amounts of organic matter, and dissolved materials in water. The inorganic anions include carbonates, chlorides, sulphates, and the cations include sodium, potassium, calcium, and magnesium. The natural causes are due to leaching from soil.

The exceedances are due to shallow standing water, vegetation growth and algae. The points are all attenuation ponds designed to store storm water for gradual release by infiltration into the soil or into an existing drainage system. Since the water does not dry there will be consistent readings of these parameters.

Sediment Sampling
Sediment sampling for Coega SEZ indicates no sign of contamination. Heavy metals are reported at the lowest concentrations at all sites. Since heavy metals are generally reported at relatively stable concentrations this indicates limited impacts from the site. All results with supplied limits were reported below limits.

Potable Water and Trade Effluent Sampling and Monitoring

Potable water
Potable water sampling and analysis is conducted monthly at the Coega SEZ and Nelson Mandela Bay Logistics Park (NMBLP). This is done to ensure that the quality of potable water supplied to the Coega SEZ by the Nelson Mandela Bay Municipality (NMBM) meets the standards stipulated in SANS 241-1:2015 for Drinking Water. Results obtained during the 2021/2022 financial year have indicated that the water supplied to Coega SEZ, is fit for human consumption and use. The potable water sampled at the NMBLP end of January 2022 indicated exceedances in Heterotrophic Plate Count, Total Chromium, Aluminum and Turbidity; and was unsafe for human consumption. The Nelson Mandela Bay Metropolitan Municipality made a public announcement in February 2022 that the water must not be consumed without taking precautionary measures (i.e. boiling the water) as the reports indicated that it was unsafe. February and March 2022 reports indicated that the water was safe for consumption.

Trade effluent
Trade effluent sampling and monitoring is also conducted monthly. This monitoring assists the CDC to ensure that the quality of trade effluent discharged into the Municipality's sewerage system complies with standards stipulated in Water and Sanitation Services By- Laws of the NMBM. The Tenants are also required to monitor the quality of their trade effluent. The results during the financial year 2021/2022 have indicated that the quality of trade effluent discharged into the municipal sewerage system complied with the standards only 50 % of the time. The exceedances are linked to a tenant who discharged non-compliant effluent from their premises. A non-conformance report was issued to the Tenant who continually contravened the By- Laws and corrective action submitted to the CDC is anticipated to be fully implemented at end April 2022. Should there be continual exceedance, a fine will be imposed.

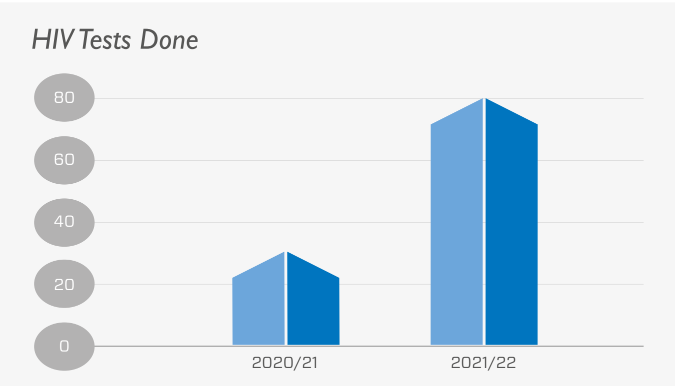
Environmental Approvals Issued to the CDC

The CDC received an Environmental Authorisation for its marine pipeline project, which is set to abstract seawater to service the approved Aquaculture Development Zone and the proposed power stations at Coega SEZ.

Other Environmental Authorisations received include the storage and handling of manganese in silos at Coega, the manufacturing of solar cells and a Polyethylene terephthalate (PET) Polymer Plant.

CDC Health and Wellness

HIV & AIDS Statistics (Voluntary Counselling and Testing)
It is not compulsory for CDC employees to subject themselves to HIV voluntary counselling and testing (VCT). The CDC needs to provide awareness to encourage employees to undergo VCT. During the 2021/22 financial year, the strategy to create awareness was changed to educating employees on the importance of testing for HIV during their visits to the Wellness Centre and this yielded positive results in that more employees tested for HIV than in 2020/21.



During the period April 2021 to March 2022, 81 employees tested for HIV and 3 results were positive which translates to 4% who tested positive.

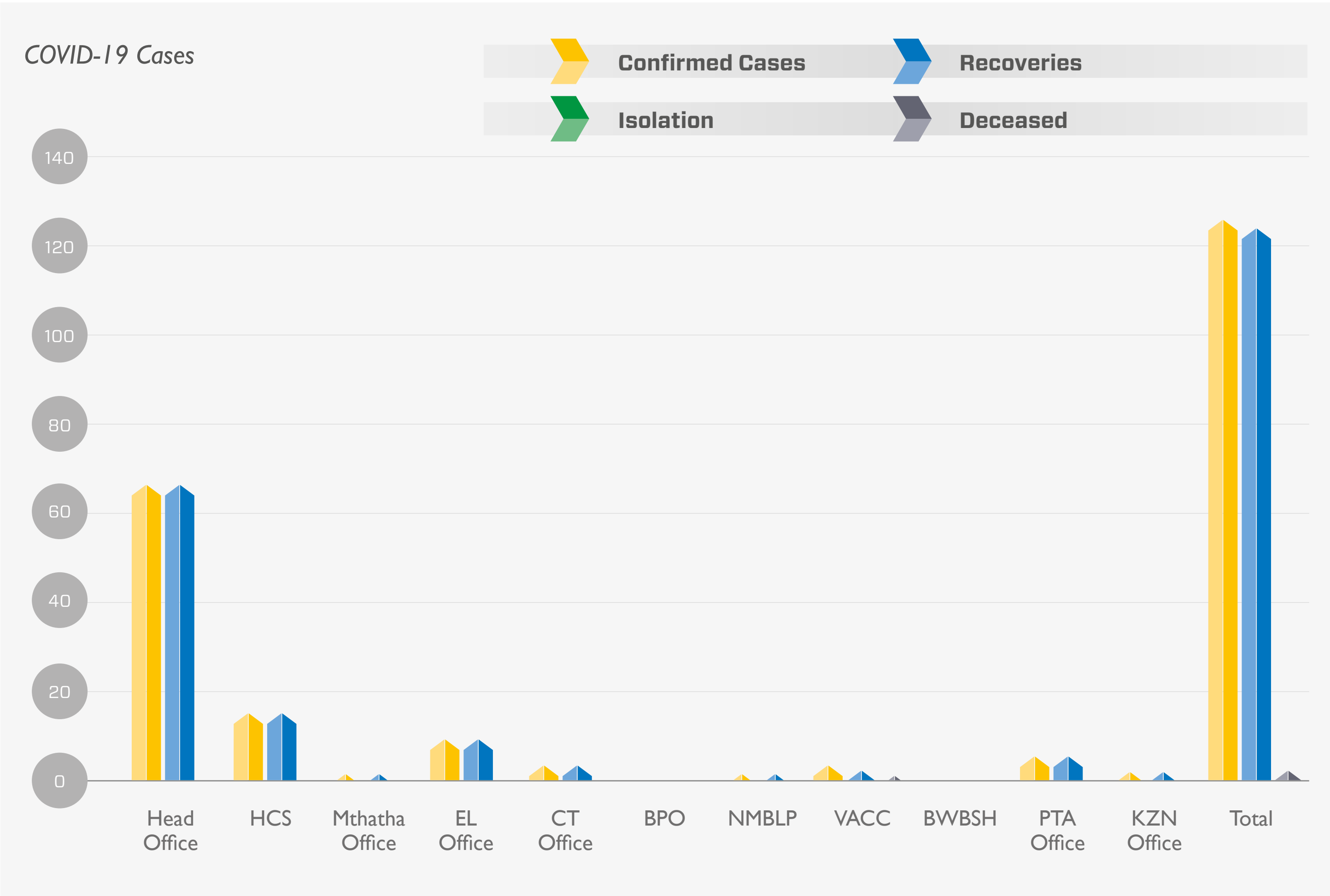
COVID-19 Pandemic Management

The CDC established, implemented, and maintained a Covid-19 Operational Plan which focused on ensuring organisational readiness for all lockdown levels to protect its employees, clients, investors, and stakeholders.

The CDC implemented the following measures in accordance with the Regulations:

(a) Appointment of a COVID-19 Compliance Officer;
(b) Continual procurement of personal protective equipment and related consumables;
(c) Social distancing measures in offices and queuing areas were strengthened;
(d) Employee rotation plan to limit numbers in offices; and
(e) Workplace awareness training which also encouraged employees to be vaccinated against COVID-19.

Summary of the confirmed COVID-19 Cases
Since the inception of the pandemic, CDC has recorded 125 positives cases and 2 deceased, see graph below. In the 2021/22 financial year, CDC did not lose any employees due to COVID-19.



Establishment of COVID-19 Vaccination Centre
The Department of Health approved the CDC's COVID-19 vaccination centre for providing vaccines to CDC employees, SEZ Tenants and members of the nearby community. The vaccination services commenced on 02/08/2021. The table below, depicts the statistics of the vaccines administered at the CDC vaccination centre for the above-mentioned groups:

MONTH	CDC	TENANT	CONTRACTOR	COMMUNITY MEMBERS	TYPE OF VACCINE		TOTAL
					J&J	PFIZER	
02 Aug - 03 Sep	77	198	151	46	32	440	472
06 Sep - 01 Oct	70	274	133	92	10	559	569
04 - 29 Oct	69	175	202	87	49	484	533
02 - 26 Nov	31	153	57	118	68	291	359
29 Nov - 15 Dec	7	38	29	53	30	97	127
03 - 28 Jan	3	20	15	31	43	26	69
31 Jan - 28 Feb	3	7	0	5	5	10	15
01 Mar - 01 Apr	22	32	17	21	34	58	92
TOTAL	282	897	604	453	271	1 965	2 236

Integrated Management System

The purpose of the CDC's IMS is to support the business so that processes, services and systems consistently and effectively meet customer expectations, applicable regulatory legal requirements as well as the provision of mechanisms for continual improvement. The organisation is certified in ISO 9001 Quality; ISO 45001 Health and Safety; ISO 14001 Environmental. The current certificate which was obtained in August 2019 will be expiring in August 2022. The CDC has since conducted a recertification audit and the new certificate will be issued which will be valid for the next 3 years.

End Product: Certification: ISO 9001:2015, ISO 14001:2015, ISO 4500:2018, ISO 20000-1:2018, ISO 27001:2013.

Construction Works Management

The projects have been managed by the assigned CDC SHE Project Manager. The CDC project and contract management principles applied on award of the Contracts from initial, construction until completion and project closeout.

The appointed Professional Construction Health and Safety Agent (PrCHSA) has administered the Management and Supervision of Occupational Safety, Health and Environment on site due to the complexity and size of works dependant on risk matrix. The CDC SHE Project Manager oversees the services of the PrCHSA. Any scope changes are approved by the CDC prior to commencement and any adjustment of the Contract value through scope changes submitted to the CDC Change Review Committee for prior approval.

CDC SHE Project Manager has developed a relationship with the Department of Employment and Labour in response to the prescribed 30 days permit application process. In previous experiences CDC has managed to secure construction work permit certificates within 14 days response.

Compliance and Quality
Quality assurance is monitored on an on-going basis by the CDC SHE Project Manager. The CDC SHE PM represents the SHEQ unit at organizational structures i.e. PMEC, BSC and PC to ensure compliance at all levels. Attending monthly progress and technical site meetings to evaluate independently the compliance and report any deficiencies at these meetings. Any non-compliance matters with any contractual obligations are immediately reported to the Agent for remedial actions on the Contractor. No reportable incidents have been recorded and reported in all projects executed and completed in the last financial year of 2021/22.

Project Expenditure

The project expenditure was closely reviewed every month based on work performed and the payment certificates certified by the Principal Agent. A baseline cost plan and monthly cash flow were managed whereby actual expenditure was tracked to measure cost performance. Any deviations on the cost plan were discussed at progress site meetings as to ensure that the projected cash flows can be achieved and that remedial action be taken to ensure such expenditure materialises. The cost plan was also critical to ensure payments have been raised to ensure that CDC at all times has adequate funding to effect payment to both the contractor and the consultants on the project.

SECURITY SERVICES

Coega SEZ Security has recognized the importance of an effective Security risk appropriate management process and adopted an enterprise wide approach to physical security risk and the protection of assets. The CDC Security Risk Framework is aligned with international best practice of Physical Security Standards Guidelines and Management of Information Security Standards guidelines. Our approach to reducing crime or security incidents through the strategic design of the built environment typically employing organizational, mechanical, and natural methods to control access, enhance natural surveillance and territoriality, and support legitimate activity. The CDC physical asset protection (PAP) program encompasses a systematic approach to identify threats and vulnerabilities the organization faces so that physical security threats against personnel and all property & assets, investors, contractors and visitor in the SEZ are appropriately addressed.

During 2020/21 financial year and with the provisions of DTIC funding, the Integrated Security Systems has been upgraded in terms of various technical security projects with a great anticipation of creating a safe and secure environment. Our main objective to create the new Command & Control Centre has been achieved and is operational 24/7. This has enhanced our security controls around SEZ and other CDC related operations, enabling a more proactive and reactive approach when dealing with security and other related emergency incidents. Further Security upgrades can be expected for the year ahead as this has been made possible through the DTIC approval of further funds for our phase 2 security upgrades. This in essence shows that the CDC and DTIC is committed to Physical Asset Protection Program.

CDC is currently on a third year with the appointment of security guarding and technology services provider Falcon Security Group (FSG), to adequately improve protection in terms of access control, perimeter patrols and overall protection of people, property and assets within the SEZ.

CDC security have continued, to successfully conduct security risks assessments for all high profile planned and unplanned events within the SEZ supported by other law enforcement agencies and external security stakeholders. CDC Security looks forward to continuing to support all business activities within the SEZ in the year ahead.

As part of CDC's security service offering, we have extended support to various programmes in ensuring physical security design and implementation remain security risks appropriate. New software technology and upgrades on access control systems had been successfully completed with full systems integration into the command-and-control center. The total discontinuation of manual access systems is now obsolete in the operation and lead by technical digital advancements like the access hand-held devices used for access and that was pivotal during the COVID-19 in ensuring proper protocols be followed by all persons and that CDC remained compliant to COVID-19 regulation.

A total of 116 cameras on high mast cameras strategically positioned is powered by solar power with back up battery power, is a small contribution to release the stress of Eskom grid, however, is a step in a right direction for ensuring uninterrupted security services remain in place when securing the SEZ. The installation of future fiber technology on the SEZ fence line around zone 1 and 2 is expected to be completed 2nd Quarter of 2022 and will enhance security intrusion detection mechanism once completed. The introduction of online intelligence software tool into operations enables effective and efficient reporting mechanism that informs CDC's approach to security risk management, review and approach. CDC's agility and flexibility to continual improvements is key in ensuring the security and safety of all that operate within the SEZ and CDC related operations.

Coega SEZ's Command and Control Centre

SPATIAL PLANNING AND DEVELOPMENT

Spatial Development provides services within 3 broad areas namely: Spatial Planning, Drawing Management and Geographic Information Systems (GIS). Spatial Development appreciates land has various conflicting uses from environmental sensitivity to economic development opportunities. Using GIS and preparation of plans, a strategic road map is developed which enables sustainable development by ensuring adequate areas are earmarked for environmental conservation, alignment to policy interventions, requirements per economic sector development is accommodated, infrastructural services are provisioned for sufficient flexibility and agility.

During the 2021/22 financial year, the unit focused on broadening the product offering beyond the boundaries of Coega SEZ and developing the use of technology in planning, monitoring, and decision-making. Spatial Development acquired a new drone to monitor construction, conduct aerial assessments of facilities and vegetation. A reconfiguration of the GIS architecture is underway, the intention is to enable seamless integration with other organizational system interfaces. As assets are location based, the utilization of GIS in the operations and sustainable functions is a huge game-changing area of advancement. From smart metering application compatibility to enable real-time information collection to monitoring and evaluating project progress. These enhancements will improve decision- making ability, operations functionality and achieving sustainability targets. It is an area of development and due to its potential impact, it is important to ensure the foundation is solid to allow growth, expansion and adaptability.

Planning Applications

Site Development Plans (SDP) within the Coega SEZ is reviewed and assessed by the Design Review Committee, a structure facilitated by Spatial Development. SDPs are considered in relation to compliance to the Development Framework Plan Rev1 (2006), Architectural and Landscape Guidelines, Engineering Masterplans, Zone Rules and applicable environmental Authorisations. Once assessed and accepted the plans are recommended to Nelson Mandela Bay Metropolitan for approval. The below table lists the SDP's reviewed during 2021/22 financial year.

Site Development Plans Reviewed 2021/22 FY

Project	Zone
Weidplas	Zone 2
Orion Engineered Carbons (OEC)	Zone 7
BAIC Revised Landscaping plan	Zone 1S
Seraphim Revised Landscaping plan	Zone 3
CEMZA Revised Landscaping plan	Zone 5
Truck Stop/ Staging Facility	Zone 1S

Spatial Development facilitates the Occupation certificate process with the municipality. Adherence to National Building Regulations and building Standards Act 103 of 1977, conditions of the SDP and environmental authorisation, where applicable are considered prior to issuing an Occupation Certificate. The below table summarises the Occupation Certificates issued during the period 2021/22 financial year.

Occupancy Certificates Issued 2021/22 FY

Project	Zone	Date
Multi-user Phase 2	Zone 3	06-May-21
Vector Ambient Store	Zone 1S	09-Jun-21
DHL/Mondelez	Zone 1S	04-Aug-21
APLI	Zone 1S	07-Dec-21
CEMZA	Zone 5	09-Dec-21
VACC Phase 1C (18 Units)	VACC	09-Dec-21

Rezoning Applications have been submitted for Erf 220, Coega within Zone 10 and Erf 8769, Wells Estate. Both applications are under review by the municipality.

Land Valuation & Property Replacement Cost Assessment

During the period, all CDC owned assets were valued including land and top structures were assessed. Per legislation, it is incumbent upon CDC to conduct these property valuations every three (3) years to ensure assets are listed at market value for accounting purposes.

A subsequent exercise was conducted to assess the replacement cost of CDC owned structures, confirming the properties are adequately insured. Changes were actioned where applicable.

Drone Technology Applications

Drone imagery is/ has been used to monitor construction progress at the following facilities within the Coega SEZ: APLI, Seraphim, Cemza, Orion Engineered Carbons (OEC) and Weidplas.

Weidplas Drone Imagery

The unit provided drone imagery of all the Department of Public Works & Infrastructure identified sites for the inaugural EC Property Conference held in March 2022. The properties were also mapped and made available on the online portal for viewing.

Drone Imagery for DPWI-EC Bid Book

CDC Programme Support

The unit supports Programmes such as the Wild Coast SEZ, Tshwane Automotive SEZ, Transnet and provides planning and implementation services for Department of Tourism and other new/ existing industrial park applicants. The unit provided services for the inaugural EC Property Conference hosted by DPWI, providing drone imagery and an online portal to view all properties. The below is the concept plan prepared for Port St Johns (PSJ) Waterfront Precinct.

PSJ Waterfront Precinct Plan

VULINDLELA ACCOMMODATION AND CONFERENCE CENTRE (VACC)

The location of VACC is convenient as it is on the boundary of the Coega SEZ and can accommodate large groups. Private companies and individuals continue to make use of the Bed and Breakfast and Conference facilities as well as long and short-term rentals. The VACC has several clientele, namely government departments, construction companies, private companies, individuals, and tenants. Government departments utilises the facility to host large conferences and book accommodation for groups. Investors in the SEZ utilises the VACC as a base for accommodation and events.

During the financial year, the VACC hosted investors and stakeholders such as Transnet National Ports Authority, Coega Steel, Discovery Health, Coega Dairy and Linathi Engineering, whilst creating jobs for the local community.

Furthermore, the VACC demonstrated its capabilities in the packaging and delivery of large quantities of food parcels for Transnet employees located in KwaZulu-Natal during the July riots in the province, thus enabling the Ports of Durban and Richardsbay to function throughout this period.

Challenges

The VACC still faced challenges during the 2021/22 financial year, which included the decline of revenue due to Covid-19 Pandemic and the restrictions on the hospitality industry. Government spending also declined sharply as funds meant for events may have been redirected to assist with the Pandemic. Most of these challenges affected the whole sector, not just the VACC. Furthermore, VACC continuous improvement projects were delayed due to lack of funding.

Revenue and Expenditure 2021/22 FY

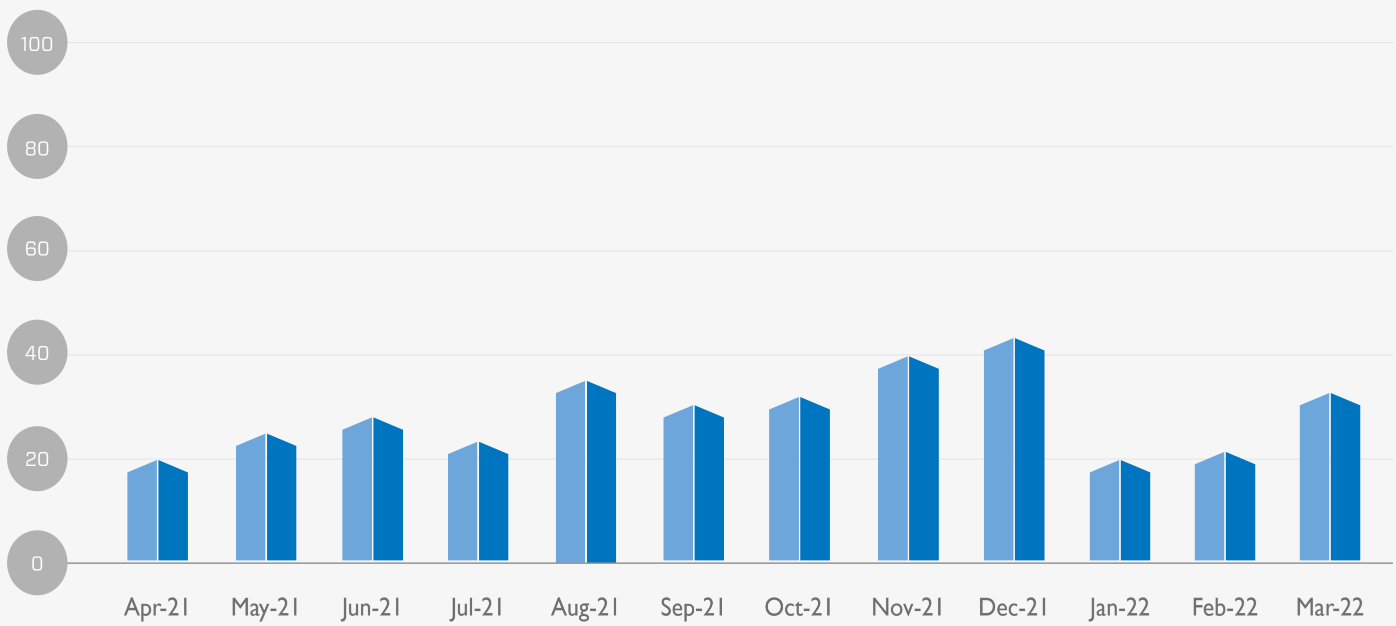
Notwithstanding the above-mentioned challenges, the VACC secured two new clients for conferencing and accommodation, thereby generating the total revenue of R43 864 513, and incurred the expenditure of R41 577 117. The increase in total revenue was attributed to the Transnet food parcels transaction of R14 million; excluding this, total revenue of R29 million was generated against a target of R26 million.

The VACC remains one of few quality and affordable establishments in the region that has the ability to host large groups of 600 persons or more for accommodation, 1000 persons or more for conferencing and meals. This remains its competitive advantage within the Nelson Mandela Bay Metropolitan area. The VACC remains self-sufficient and plays a significant role in the cross subsidisation of the broader CDC business.

BLUEWATER BAY SUNRISE HOTEL

The Bluewater Bay Sunrise Hotel (BWBSH) is a 4-Star Boutique hotel that contributes to the CDC's overall hospitality offering to a wide client base from international, local and governmental clients. Following the soft opening on 1 November 2020, and Marketing Strategy being developed, the Bluewater Bay Sunrise Hotel was officially opened by the then Minister of Tourism, Honourable Mmamoloko Kubayi on 23 March 2021. Thereafter, the Hotel forged full steam ahead and was able to operate for its first full year. Having opened at the height of the Covid-19 Pandemic, occupancy has shown a very steady and positive growth with the financial year's occupancy averaging at 30,54%, and December 2021 showing the highest occupancy at 43.66% for the 2021/22 financial year.

Occupancy Percentage 2021/22 FY



The BWBSH seems to be a preferred location for events and has without fail hosted at least one event per week since opening in 20221. Guests use the Hotel for baby showers, celebrations such as birthdays, graduations, anniversaries and even weddings. Seeing the uptake of the Hotel's Food and Beverage offering, the 319 Experience was launched. This is a 5-course food and beverage journey that is set in a private room with romantic, background music and a personal waitron. During the day, the couple has the Bluewater Bay Beach as the backdrop. At night-time to enhance the experience, the room is decorated by tealight candles and red or white petals. Couples use the 319 Experience for proposals, anniversaries, birthdays or an enhanced datenight experience.

In order to expand its offering as a four-star Boutique Hotel, BWBSH partnered with On the Go Mobile Spa to provide Spa Treatments for Hotel guests.

For a Hospitality business, staff turnover has been very low at 8.57%, and thus contributing to creating sustainable jobs. The Hotel also joined platforms such as Booking.com, TripAdvisor and Expedia to expand its market reach and gain more bookings using digital platforms. The social media following is also growing with 5194 followers on Facebook, 1388 followers on Instagram and 280 followers on Twitter. As part of the marketing strategy, going forward, the Hotel will take advantage of CDC's LinkedIn Platform that currently has more than 47 000 followers, and has grown by more than 14 000 new followers since March 2021.

During the financial year, BWBSH had the pleasure to host Transnet employees for long stays. Some of the guests stayed for three months while others stayed for eleven months. Travel Agents such as Tourvest Travel Services, Harvey World, Willard's Travel, Siyawela, Turnamart, to name but a few, have shown a keen interest to the Hotel. Other entities such as SEDA, Eastern Cape Liquor Board, ECSECC, SALA and Beyond Zero have also expressed support and given repeat business to the Hotel. All Eastern Cape local municipalities have been visited to market the Hotel's products and services, value proposition, and differentiators, with most pledging to visit and explore the Hotel facilities.

A good partnership exists between the BWBSH and Crux Maritime Solutions (CMS), the Hotel generates most of its revenues from hosting crew members. Good collaboration also exists between the BWBSH and Coega Vulindlela Accommodation and Conference Centre (VACC). The VACC sends senior government officials to stay at the BWBSH. There is also room for collaboration between the BWBSH and Coega Corporate Travel to penetrate local municipalities more and some government departments.

With the country no longer being in a National State of Disaster and restrictions on Travel and Tourism being lifted, the future looks promising for the BWBSH. The Hotel will be able to host more conferences as this is where the revenue and future lies.

SUNRISE MOMENTS

EXCEEDING EXPECTATION • GOING THE EXTRA MILE • CREATING A LIFELONG MEMORY

Customer Value Proposition

A luxurious Boutique hotel 10 minutes from the hustle and bustle of Gqeberha where exceptional service, decadent food and opulent facilities combine with the ocean breeze to deliver a warm and unique experience.

Vision

To be the best 4-star boutique hotel in the Eastern Cape, in terms of guests experience and satisfaction while ensuring sustainability in a socially and environmentally responsible manner.

Mission

Innovative foods and beverages offering a dynamic service to leave a personalised outstanding guest experience.

Values

Integrity –. Honesty, Reliability, Trust
Innovation – Needs based service innovation, continuous improvement
Partnership – Teamwork, building lasting relationships with guests and stakeholders
Service Excellence – Delivery, speed, quality, guest focus
sustainability – Social, economic and environment growth

Service Culture

S = Smile
U = Understand
N = Never say No
R = Respect
I = Integrity
S = Selfless
E = Exceed

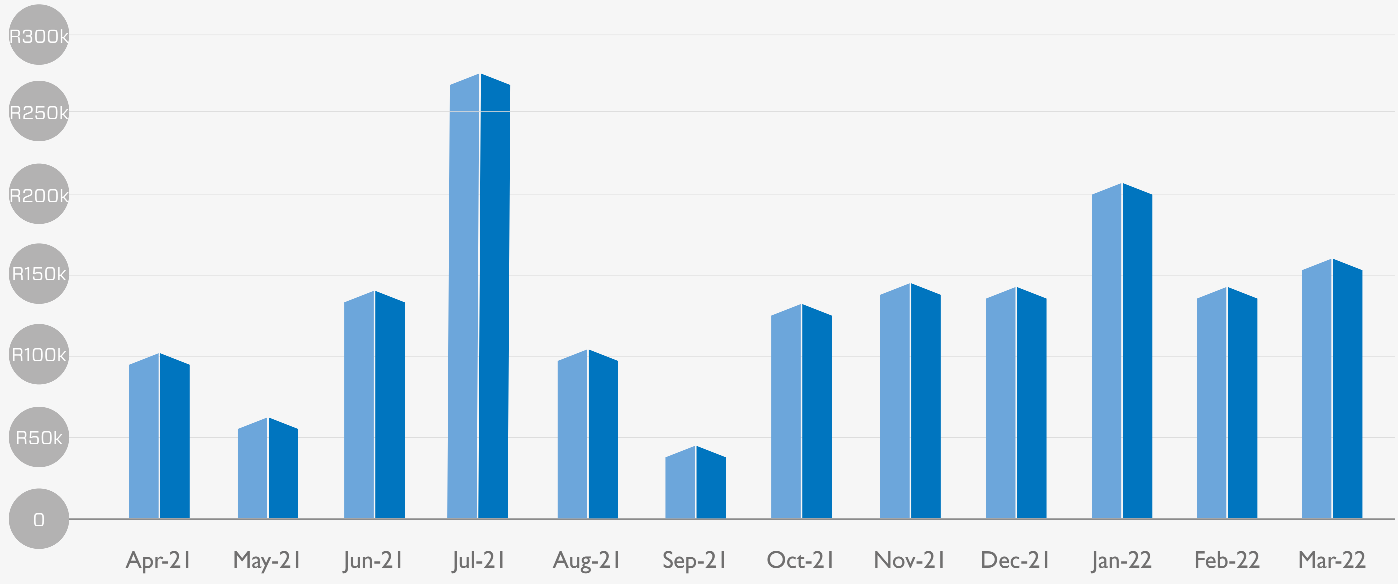
CRUX MARITIME SOLUTIONS (CMS) – VESSEL

CMS is a marine transportation services entity transporting people and breakbulk to off port limits, which started operating in October 2020 as unit in the Coega Development Corporation.

The 2021/22 financial year marked the first full year of operations of Crux Maritime Solutions (CMS), having operated for less than 5 months in 2020/21 as part of CDC's strategy to enter the Ocean Economy arena.

The full year of operation provided an opportunity for the new venture to test the assumptions made during the conceptual stage of developing the business. The business offers the transportation of human and break-bulk cargo from quay to vessels out at anchorage. However, South Africa's position on allowing human cargo movement in certain South African ports due to COVID-19 still hampered the off-shore activity in the Algoa Bay. Despite those challenges, the movement of liquid cargo by the bunkering operators created a hopeful situation for CMS. A consistent requirement to retrieve bunker samples,

OPL Revenue 2021/22 FY



transportation of lube oils and spare parts created some demand for CMS services.

Over the course of the year, the South African government relaxed restrictions on the movement of humans, cargo, and crew transfers, although vessels would have to employ the service of a health professional to test the crew for COVID-19 Pandemic. This created a new opportunity for offshore service providers such as CMS. As the year approached its conclusion, the offshore operations approached their normal state. Notwithstanding some of the challenges highlighted above, the CMS team was able to generate R1.4 million in revenue, which did not meet the expected performance for the first year of operations. The team has been able to deliver various offshore operations such as crew transfers, stores or cargo, sample pick-ups, professional services, spare parts, and cash to master. The future does present with some exciting opportunities ever since the South African Maritime Safety Authority (SAMSA) has published, in March 2022, the marine notice on the standard of boat that must be allowed to conduct offshore operations.

The CMS vessel Zamora easily meets the major requirements, with minor additions that can be complied with in the short term such as seat belts. The team believes that the new rules will limit the number of vessels that can compete with CMS, although the existing vessels have been provided 6 months to comply with the new standards.

Internally, CMS has created significant business for the Bluewater Bay Sunrise Hotel to the value of approximately R1.3 million by offering accommodation services to the crew that is transported by the vessel Zamora from quay to vessels out at sea and vice versa. The CMS team continues to look for other symbiotic opportunities within the CDC group of brands.

CDC's Chief Executive Officer, Mr. Khwezi Tiya, on the CMS vessel.

LABOUR STABILITY AND SOCIO-ECONOMIC DEVELOPMENT

The Coega Human Capital Solutions (Coega HCS) is responsible for providing an integrated human capital and business management solution to the Coega SEZ. The Coega HCS has two core mandates:

(a) ***The provision of a stable labour environment for SEZ investors –*** During the 2021/22 financial year, Coega HCS maintained an unprecedented non-disrupted construction statistic of 99.9% uptime over the past 20 years, where less than 0.1% of construction days have been lost through labour and community conflict, since construction commencement late 2002. This extremely low strike statistic not only significantly outperforms the South African average, but rivals best international practice. Unsurprisingly, the Coega SEZ is regarded as a best practice site by the International Labour Organization's (ILO) Fair Labour Standards Working Group following a comparative evaluation of more than 3 500 SEZs worldwide.

(b) ***Ensuring that investors and construction contractors have access to appropriately skilled local workforces –*** During the 2021/22 financial year, 3 296 people benefitted from training initiatives undertaken by Coega HCS in the Eastern Cape, while an average local labour absorption rate of 88.7% was achieved on all Eastern Cape projects supported by Coega HCS.

In keeping with the corporate objective of achieving financial sustainability, Coega HCS added a range of consulting services to its portfolio, and currently supports the CDC non-SEZ external services - infrastructure portfolios through the provision of labour management and social facilitation services. Revenues earned through consulting activities met expectations, despite a challenging operating environment due to COVID-19 Pandemic. Similarly, relentless cost containment and continual improvement programmes improved the profitability outcome of the Unit.

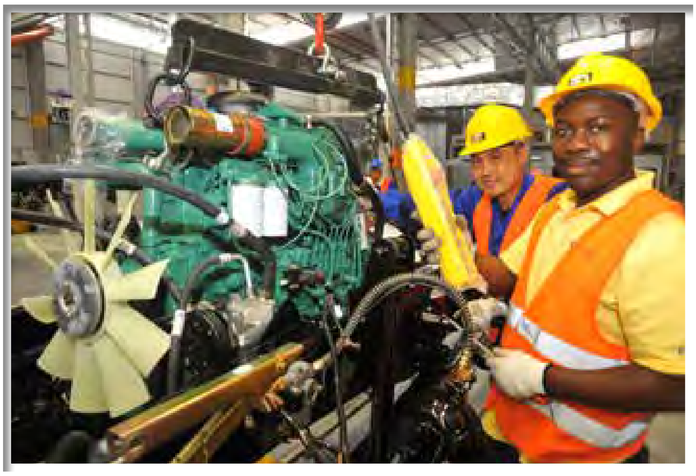
During the financial year, several new services were added to the portfolio, including a robust uLwazi e-learning capability. Coega HCS incubated the delivery of business advisory services for South African investors who wish to position businesses for export and who would be eligible for location on the SEZ. The service offering included assistance with the development of business plans, project viability studies, and assistance in achieving financial closure. This offering has since been relocated to the newly created Capital, Investment and Funding Unit located within the CDC Finance Business Unit.

Regarding Coega HCS's strategic orientation, continued focus over the next few years will be to further develop the Coega HCS business model through several initiatives:

The first will be to extend the range and depth of labour management support, social facilitation, and conflict resolution offerings to CDC's current clients. This project includes the packaging and deployment of Coega HCS systems to third parties on a software-as-a-service model, thereby rapidly expanding our datasets and reach. This offering will be combined with a capacity transfer programme enabling other social facilitation teams to achieve the consistent community and labour stability that characterises Coega HCS projects, thereby unlocking many projects currently beset by community and labour conflicts.

A second initiative is to further develop the quantitative and predictive capacity of CDC's labour and community model which already complies with the International Finance Corporation's Standard 6 (Labour and Social Risk Management) supporting the Equator Principles. This will allow developmental finance institutions and participating banks to adequately assess the risk of project disruption and delays to better inform the pricing of large infrastructure project finance, project disruption risk assessment and mitigation, and the resulting covenants. Given the extent of large project infrastructure finance requirements in support of the national recovery plan, this capability is essential for CDC's clients and partners. This project, having started in this reporting year, is progressing well.

COEGA HCS TEAM: Providing integrated human capital and business management solution to the Coega SEZ.



LABOUR STABILITY AND SOCIO-ECONOMIC DEVELOPMENT: Coega HCS providing a stable labour environment for SEZ investors.

Coega HCS will further seek to improve the capability of the extensive ICT systems deployed by the Unit, and particularly data security and analytical capabilities.

Having achieved substantive results in the development of occupational skill sets in the semi-skilled and skilled categories, the focus going forward will be on the development of advanced skills and research and development capabilities in support of advanced manufacturing, finance, ICT, and engineering. The objective of this initiative is to increase the value addition of South African manufacturing. This year, HCS partnered with the MICT-SETA in the delivery of targeted graduate internships to 50 unemployed ICT graduates, in addition to HCS's existing partnership with the BRICS Skills Council on the development of skills for 4IR. An advanced ICT Cluster project led by the Coega ICT Business Unit and Partners at the CSIR, SANSA and several private sector Partners is well under way.

These initiatives combined, will further position Coega HCS favourably to take advantage of emerging market shifts and trends, support its transition to the digital economy, and extended its reach into the African continent.

The current Coega HCS social facilitation model has outperformed its market competitors on two fronts:

(a) The model has delivered unprecedented and consistent results in terms of local labour absorption, labour peace and community support across all projects where it has been implemented in comparison with its market peers; and
(b) The Coega HCS social facilitation service has been consistently offered in a wide range of permutations, as it is extremely flexible and is available at lower cost than its closest competitors.

The ongoing system developments and packaging of the model for third party use, combined with the advanced analytics and predictive capability will further enhance Coega HCS's capability to extend its reach, scale and deliver an enhanced offering at a fraction of the cost. The value created by the model will translate in a significant enhancement of operating profit and client diversification, improving the resilience of the business.

Coega HCS is still the main contributor to the CDC's corporate training target in supporting economic transformation in the country. Over the past 19 years, more than 81,000 individuals have benefited from training interventions provided by the Coega HCS. However, achieving the annual target is not always easy. Coega HCS does not receive a training budget allocation with which to meet the training target, has no training facilities and does not employ training facilitators. Instead, with a network of external funders, Coega HCS meets the challenge of raising the R100m average required per annum head-on and working with a diverse range of best-in-class South African training institutions continue to deliver occupationally relevant training in support of investor requirements and labour market demand. In doing so, Coega HCS is providing a meaningful response to youth unemployment.

The decision not to get directly involved in training provision was informed by several factors:

(a) Partnering with best-in-class providers who have achieved excellence in their respective fields allows CDC to deliver the absolute best for investors. CDC's approach is to support and amplify excellence where we find it and to continue partnering with training providers and higher education institutions and support their development.

b) A key failure in the South African training system is workplace integration and relevance. With CDC's large recruitment centre and diverse client base, we are uniquely positioned to assist our network of excellent skills development providers to access relevant workplace experience under the appropriate supervision and mentorship. Similarly, working with our investment and partners, the CDC is often at the forefront of ground-breaking projects, and here the focus is to give our best and brightest young graduates the opportunity to work alongside their global peers on new technology and some of the country's largest projects.

c) The workplace relevance of skills development is often questioned. Curricula tend to lose sight of shifting industry realities and requirements, and the quality of labour and skills forecasting is often questionable. To respond to these challenges, Coega HCS works with industry, universities and TVET Colleges to foster industry partnerships with our domestic and international Partners that continue to support various placement opportunities for the students and their instructors, as well as the exchange of technology and adaptive skills delivery systems. CDC continues to work with the BRICS Skills Council in facilitating the broad adoption of the BRICS foresight methodology to position our people to participate in the 4IR economy, and to respond to the massive displacement the lower skilled segments of our workforce will likely face. Likewise, CDC continues to support the Eastern Cape HRD Council and SETA's by leveraging our extensive labour market intelligence and forecasting capabilities in support of their skills planning efforts.

Coega HCS continues several strategic partnerships. These include the CSIR, with whom the Business Unit is jointly developing a biofibre hub in the Coega SEZ. The first phase of this saw the retention of critical fibre and textiles research and product development equipment, including of an industrial demonstration plant in the province. During the financial year under review, this facility was relocated from the Nelson Mandela University Campus to the SEZ. This means it will be accessible to both academia and industry for research and product development purposes.

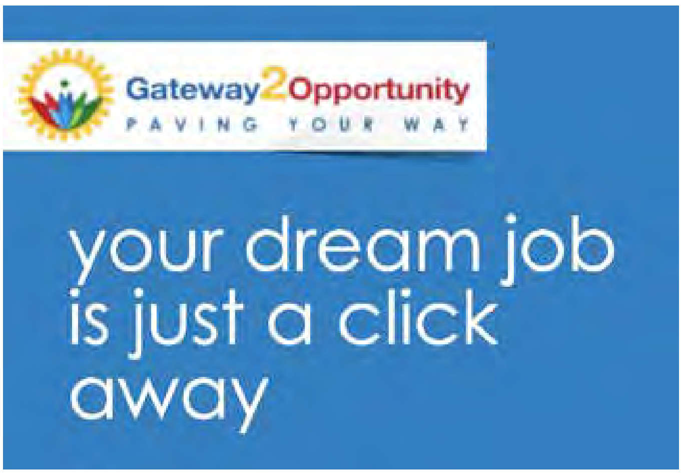
The focus going forward is to secure industrial demand, greening of production, value addition to the biofibres already produced in the Eastern Cape (wool and mohair) as well as plant-based fibre (for example hemp and other fibre and oil crops). This will not only enhance manufacturing value-add, support localisation requirements and the entry of emerging industrialists, but also several ESG objectives, the development of export markets, and support rural livelihoods.

Coega HCS continues to partner with SALGA, working to enhance current Local Economic Development practices and investment recruitment into local municipalities in support of local job creation and sustainable economic growth. This partnership builds further on our existing collaboration on the BIGM Project jointly implemented by SALGA and the Canadian Federation of Municipalities that seeks to improve climate resilience, green municipalities, municipal asset management and economic growth.

Ongoing partnership development work is aimed at facilitating the exposure and participation of our people in several developing economic sectors. These include the terrestrial applications of space technology, offshore oil, and gas, fintech, advanced manufacturing and agri-tech, as applied to restorative agricultural practices inclusive of soil and water restoration, advanced genetics, and aquaculture.

LOOKING AHEAD

Given the continued interest in Coega HCS's work, our business outlook for the coming financial year is indeed promising, and our consulting portfolio revenues continue to support our developmental work. Opportunities on the Continent are indeed exciting and going forward, our dedicated multi-disciplinary team will continue to expand their reach and capacity to respond to emerging market requirements and remain at the cutting edge of social design, facilitation and development.



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LABOUR STABILITY AND SOCIO-ECONOMIC DEVELOPMENT: Coega HCS exhibits at Working World Exhibitions (WWE).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Coega Development Corporation's social responsibility programmes focus on education, human development, and the socio-economic development of disadvantaged communities with a bias towards youth, women and persons with disabilities. The programmes are designed to meet the interests and needs identified in the Eastern Cape and in areas where the CDC implements its programmes.

The CDC believes that Corporate Social Responsibility (CSR) needs to have a demonstrable and positive developmental impact. In keeping with its vision and in compliance with the King IV code on corporate governance (Principles 3 and 16), Environmental, Social and Governance (ESG), and international best practice, the CDC aims to create value and make long-term sustainable investment in communities. CSR forms part of the CDC's sustainability initiative to respond, amongst others, to the Sustainable Development Goals (SDGs), as part of the United Nation's 2030 Agenda.

Furthermore, the CDC aims to make long-term and sustainable investments in communities throughout the Province, with the focus on education and skills development, rural development, health, crime prevention, anti-corruption education, as well as sport and recreation.

The CDC's CSR Policy outlines the company's CSR objectives, and its involvement in community development projects. It further sets out the processes and procedures by which the organisation will identify, manage and support its Corporate Social Investment (CSI) activities.

The investment in communities during the Covid-19 Pandemic negatively impacted the 2021/22 financial year through offering limited CSR programmes. However, the successful Maths and Science, Internship, and Disability Affirmation Programmes continued.

Covid-19 Vaccination Site

The CDC Wellness Centre was approved by the Department of Health, as a Covid-19 Vaccination Site on 29 July 2021. Vaccination services were available to all eligible and willing to be vaccinated CDC employees, Special Economic Zone (SEZ) and Nelson Mandela Bay Logistics Park (NMBLP) Tenant employees and members of the surrounding community. The establishment of the vaccination site further indicates that CDC is an employer that cares for employees, tenants, and the community.

Maths & Science Programme

The CDC established the Maths and Science Programme (MSP) eleven years ago, targeting 2nd opportunity grade 12 learners from disadvantaged communities. The MSP is presented at the Coega Skills Development Centre which is located at the Coega Human Capital Solutions premises in Zone 4 of the Coega SEZ, in Gqeberha.

Since its inception, the programme has benefited over 1000 learners, who upon completion have been able to further their studies in disciplines requiring Maths and Science.

The success of the Class of 2021, despite very trying and challenging circumstances, was no exception to the past. In 2021, the MSP enrolled 100 learners from different areas within the Eastern Cape Province, of which 71% were female and 29% male. Out of the 100 learners in the programme, 97 rewrote their final matric examination in Mathematics and Physical Science. The remaining three learners left the programme to pursue Learnership opportunities that presented themselves during the course of the year.

2021/22 Learner's Performance in Mathematics

Mathematics							
Level	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Percentage	0 - 29	30 - 39	40 - 49	50 - 59	60 - 69	70 - 79	80 - 100
Entry Results	37	37	19	4	3	0	0
Exit Results	3	11	25	35	9	10	4

It is commendable that 4 learners who did not perform well at entry into the programme achieved more than 80% in mathematics.

2021/22 Learner's Performance in Physical Science

Physical Science							
Level	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Percentage	0 - 29	30 - 39	40 - 49	50 - 59	60 - 69	70 - 79	80 - 100
Entry Results	23	41	25	6	4	1	0
Exit Results	3	6	26	34	16	5	7

It is commendable that 7 learners who did not perform well at entry into the programme achieved more than 80% in physical science.

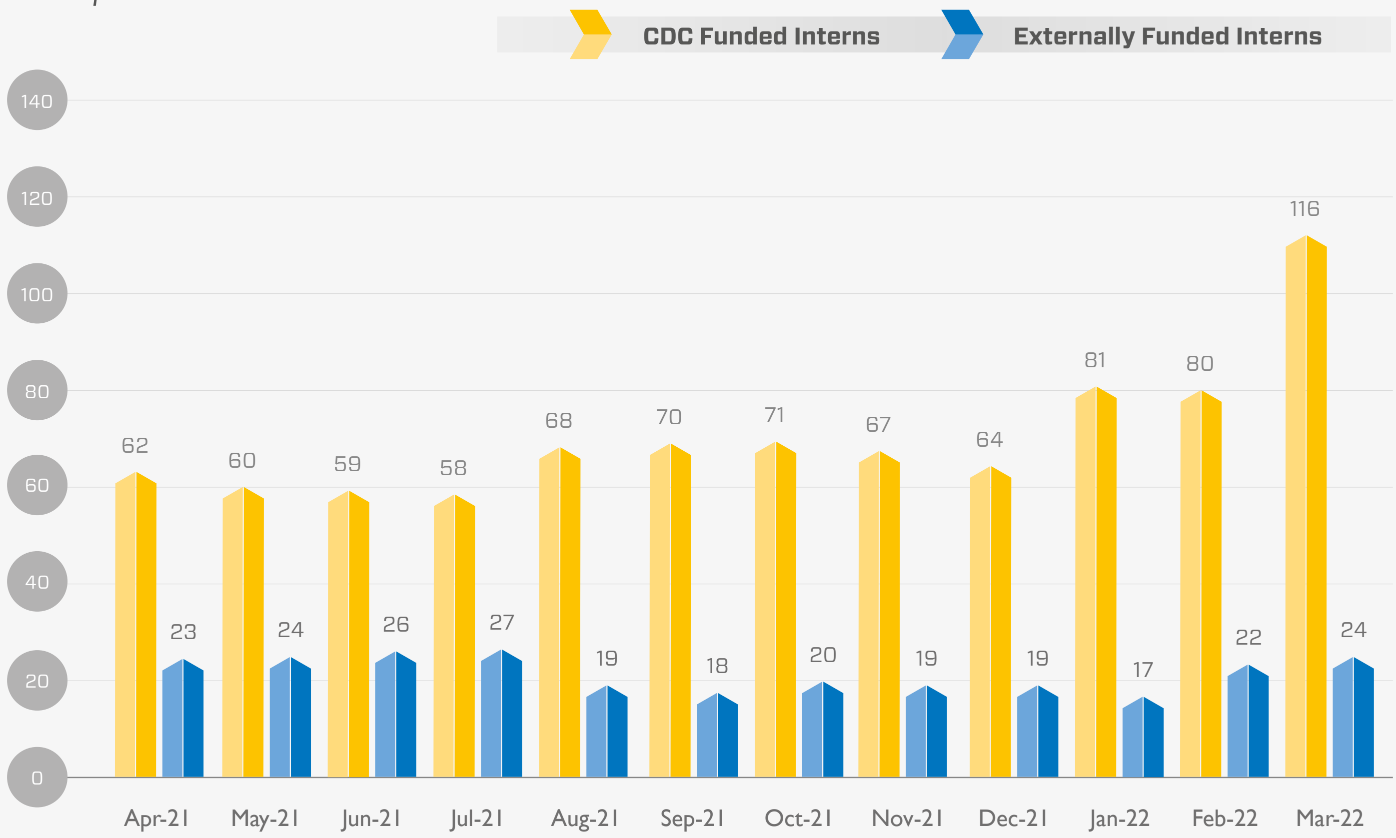
Internship Programme

Since its inception in 1999, in line with its vision, CDC remained steadfast to provide the youth an opportunity to acquire work experience which opens many employment opportunities, either at Coega SEZ or elsewhere in the country and abroad. Over the years, beneficiaries of this 18-month long Internship Programme have secured employment in various economic sectors across the country, with a large number swelling ranks within the CDC and Coega SEZ.

The purpose of the Internship Programme is to provide unemployed graduates with an opportunity for experiential learning and to acquire work experience that increases their chances of employability. In the 2021/22 financial year, the CDC not only continued to provide opportunities for the placement and development of interns in various business units and programmes across the organisation, but additionally secured SETA funding for the placement of 50 ICT graduates. The CDC, in partnership with the Nelson Mandela University's School of IT, is providing experiential learning opportunities and technical mentorship for these graduate interns.

The graph below shows the monthly number of interns who acquired experiential work opportunities from the CDC, as at 31 March 2022.

Internship Headcount as at 31 March 2022



Disability Affirmation Programme

The Disability Affirmation Programme (DAP) aims to restore the dignity of persons living with disabilities by providing them with skills that enhance their opportunities to secure employment.

The programme is intended to facilitate their integration into the mainstream economy, and to enable them to earn a living with less dependence on government grants or welfare interventions.

In terms of the CDC's Employment Equity Plan, the organisation has an annual target of 5% of employees living with disabilities.

As at 31 March 2022, the CDC had 14 (3.2%) of employees living with disabilities in its employ placed in different business units and programmes across the organisation.

The CDC also provides work-related transport to employees with disabilities. The CDC is constantly working towards finding practical and innovative solutions to create a conducive environment for employees with disabilities which adds to the recognition of diversity, and the development of talent pipelines, that benefits both the employer and employee.

The following table provides other programmes undertaken during the financial year:

CSR PROGRAMMES AND BENEFICIARIES	
Driver Training Programme	Establishment of a registered COVID-19 Vaccination Centre in the SEZ.
Social Assistance to Families adversely affected by the COVID-19 Pandemic	Unemployed graduates from disadvantaged communities
Job-shadowing Programme / Career Guidance	Grade 12 Learners
Breast Cancer Screenings	Women-owned cooperatives
Non-profit organisations and disadvantaged communities	Orphans and vulnerable children
Persons With Disabilities	Women in rural communities

Coega Development Foundation

The CDC established the Coega Development Foundation (CDF) to contribute towards the alleviation of socio-economic challenges through skills development and ancillary services. The CDF provides needs-driven, holistic education and skills development solutions that prepare participants for lifelong learning, employability and/or entrepreneurship, contribute to the improvement of early childhood development, and facilitate the funding of socio-economic development initiatives.

Training services provided by the Coega Development Foundation include short courses, skills programmes and stand-alone unit standards, learnerships, and apprenticeships. The other CSR initiatives, such as the Driver Training Programme, Maths and Science Programme, and support to underprivileged communities are also housed under the Coega Development Foundation.

In 2021, the Coega Skills Development Centre secured funding for 571 beneficiaries to enable a range of vocational training programmes to be delivered to selected beneficiaries.

Although budget constraints necessitated that CDF's Driver Training Programme model once again be adjusted from a "free" programme to a "contracted" programme funded by client organisations, during the financial year, funding was secured through the Transport Education and Training Authority (TETA) to train 45 disabled beneficiaries on a skills programme, which is a part qualification towards the National Certificate NQF level 3 Professional Driver.

Working World Exhibition

The CDC supports the Working World Exhibition and Outreach Programmes. This annual event has taken place for the past 21 years, and its objective is to introduce the youth of the Eastern Cape Province to career opportunities available to them within the changing world of work.

Without relevant and up-to-date labour market information, students often are ill-prepared to make the informed subject choices necessary to enable them to access institutions of higher learning and occupational training, and to access employment opportunities in the job market. To help address this problem, the CDC's approach is two-pronged:

(a) The CDC continues to run the Eastern Cape Occupational Projection System (ECOPS), one of the most advanced labour market projection and forecast models available in the country.

The detailed labour forecasts anticipate sector shifts, as well as technological and social changes impacting the labour market. This forecasting capability also offers key support to the Eastern Cape HRD Council in planning skills development priorities for the province.

(b) Cascading this data to schools and students in an accessible format that makes it usable for individual decision-making.

To this end, the CDC continues to support the annual publication of the World of Work Exhibition (WWE) Workbook – a career guidance instrument and teaching tool fully aligned to the Department of Education's CATS curriculum statement. Some 20,000 copies are normally distributed annually to rural schools where the CDC works with teachers, community-based organisations and NGOs to assist scholars to engage in their future career planning, on an informed basis.

During the 2021/22 financial year, the physical exhibition normaly held annually in Gqeberha and East London could not take place due to COVID-19 Pandemic, which necessitated a shift to a digital exhibition supported by Coega Human Capital Solutions through distribution of digital Career Guidance Workbooks and the production of a Future of Work short video which was distributed to schools in the Eastern Cape Province.

Scan QR code to watch Fututre of Work video.

COEGA CSR PROGRAMMES: Focussing on education, human development and socio-economic development.

SMALL, MEDIUM AND MICRO-SIZED ENTERPRISES

The CDC has a dedicated SMME Development Unit, which facilitates the development and support of Small, Medium and Micro-sized Enterprise (SMMEs). As an empowerment-driven organisation, the CDC is conscious of the role it plays to empower the small business sector in the region and in areas where it has operations, throughout the continent. Therefore, the CDC continues to make headways in creating a conducive environment for small business empowerment through a range of its small business support programmes, as articulated herein.

SMME UNIT: *Unathi Maholwana, Ziyanda Kaleni, and Ntombozuko Sijila.*

BBBEE PROGRAMME

The CDC's BEE Programme is guided by the revised Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice; and as a public entity, the CDC's performance is also measured against the targets of the Specialised Scorecard, which focuses on four scorecard elements. These include, management control, employment equity, skills development, and socio-economic development.

Furthermore, the CDC is committed to B-BBEE through initiatives implemented to promote economic empowerment and compliance. The organisation continues to embrace transformation and to ensure economic participation of disadvantaged communities it serves.

Living by example, the CDC conducts an annual B-BBEE audit through accredited institutions. During the 2021/22 financial year, at the time of this report, the CDC's B-BBEE status level assessment was pending. Last year, Level 3 was achieved due to a decline in B-BBEE point on the Skills Development element.

SMME DEVELOPMENT PROGRAMME

The development of entrepreneurs is one of the most effective ways of stimulating economic growth, transformation and job creation in our communities. The CDC recognises that a growing small, medium and micro-sized enterprise (SMME) sector is vital for broadening participation and delivering on our country's economic development objectives. The programme targets SMMEs that are at least 51% Black-Owned with a CIDB grading of 1-7.

The SMME development programme comprises of Training and Mentorship of SMMEs. Through the training programme, SMMEs are equipped with the following:

- Tender for construction contracts;
- Apply basic business concepts;
- Apply health and safety to a work area; and
- Understand and apply business finance.

As at the end of 2021/22 financial year, a total of 288 SMMEs benefited from the training programme; of these, 132 SMMEs received CETA Accredited Training and 156 SMMEs received Non-Accredited Training.

Further to the above, the total value of contracts awarded to SMMEs through the Development Programme amounts to R686 352 009.12.

The mentorship programme implemented during the financial year ensured that 80% of SMMEs awarded contracts successfully completed the programme, while 72 SMMEs successfully upgraded on CIDB from one grade to another through CDC's intervention and support.

Economic Empowerment of SMMEs

Access to economic opportunities remains one of the key aspects of driving SMME development, and the CDC's objective is to facilitate, promote and drive the inclusion of SMMEs in procurement opportunities.

The CDC's policy is premised on a compulsory SMME Corporate Target of 33% of procurement spend, to be implemented across all CDC Projects.

During the financial year 2021/22, the CDC achieved 35.32% of the Procurement Spend towards SMME against a target of 33%.

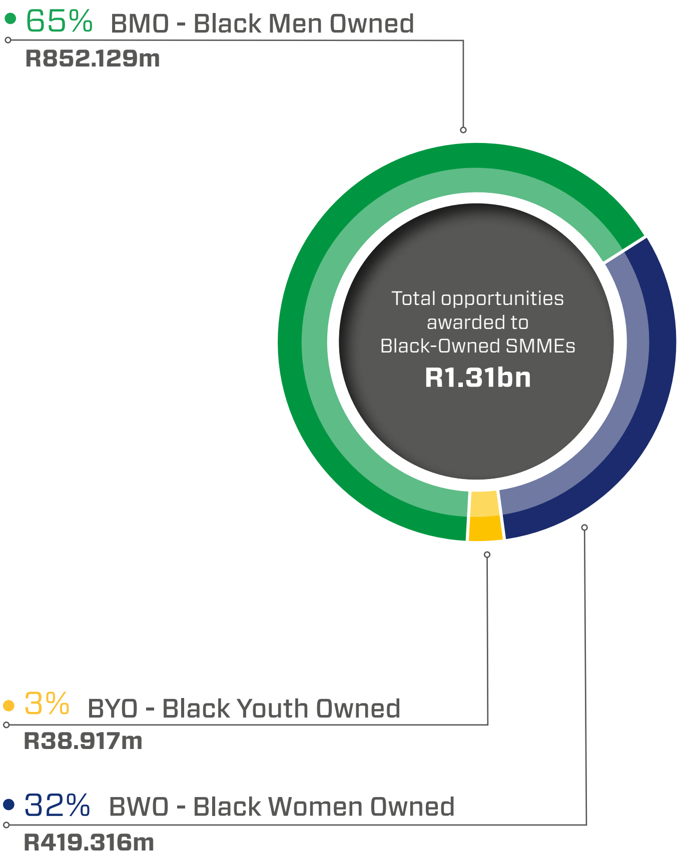
In pursuit of SMME corporate target, a total spend of R1 569 219 792,87 was achieved during the 2021/22 financial year.

The illustration on the next page covers the empowerment opportunities derived from the contracts awarded by the CDC during this period, based on the empowerment criteria of Black-Owned SMMEs.

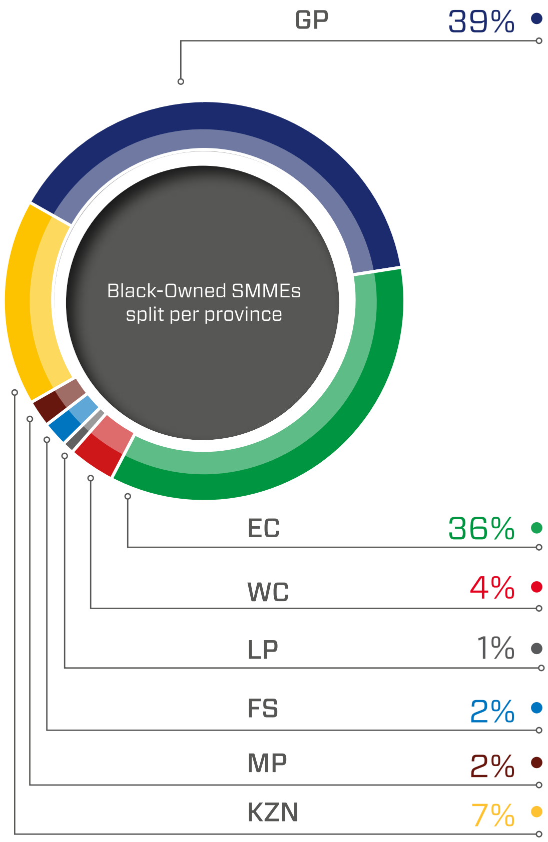
LOOKING AHEAD

The promotion of Small, Medium, and Micro Enterprises (SMMEs) is widely recognized as a driving force behind economic development of the country. The South African (SA) government is the country's largest buyer of goods, services and construction works. The public sector is a critical platform to enhance and boost the involvement of SMMEs in economic activities of the country and the key tool / driver to fast-track improved public procurement for SMME participation. To ensure an environment in which an equitable procurement system can flourish, barriers to entry need to be reduced for SMMEs and emerging contractors.

Total opportunities awarded in respect of Black-Owned SMMEs



SMME split per province for 2021/22



As an empowerment-driven organisation, the CDC is conscious of the power of the small business sector in terms of job creation and its contribution to economic development in the province and the country. The CDC has pursued several initiatives which prioritise empowerment, unlock opportunity and talent and stimulate the local economy – particularly in the infrastructure, construction and built environment sectors.

In pursuit of realising the development of the small business sector and skills to go with it, the SMME unit will be rolling out the following Enterprise and Supplier Development initiatives:

- **Supplier Development**
  - Promote advancement of suppliers within the CDC's supply chain; and
  - Encourage Black Industrialists in line with the dtic programmes.

- **Enterprise Development**
  - Encourage and support the development of small business outside CDC's supply chain;
  - Promote entrepreneurship activities; and
  - Intensify access to tender opportunities.

- **Black Industrialist Development**
  - Promote access to funding;
  - Facilitate access to markets; and
  - Encourage access to non-financial support.

- **Training and Development**
  - Sector specific training programmes;
  - Database creation of qualifying small businesses;
  - Build the capacity of small business;
  - Promote the management and development of sound business principles;
  - Conduct compliance training;
  - Facilitate access to accredited training programmes and opportunities; and
  - Developmental partnerships with key stakeholders.

Access to economic opportunities remains one of the key aspects of driving Small, Medium, Micro and Enterprise (SMME) development and the organization's objective is to facilitate, promote and drive the maximum inclusion of SMMEs in procurement opportunities.

NON-SEZ SERVICES

INFRASTRUCTURE PROGRAMMES

The Coega Development Corporation (CDC) business continues to evolve every year to diversify revenue streams to achieve financial sustainability. Coega has expanded its reach in both sea-based and land-based activities. The seabased activities consist of bunkering and maritime services, while the Land-based activities are further divided into Special Economic Zones (Coega SEZ and Wild Coast Industrial Park) and non-SEZ activities. The latter include the Implementing Agency Services on infrastructure, which entail, amongst others, Technical Advisory, SEZ & Industrial Parks development, and Project Management (Engineeering, Procurement and Construction). Moreover, the Implementing Agency Services include domestic (South African) and continental activities. In the last few years, the CDC has been involved on the continent in both Anglophone and Francophone countries, such as the Central African Republic, Cameroon, and Zimbabwe.

During the financial year, new markets were added to the Portfolio of Clients, namely in Senegal and Nigeria, and more are in the pipeline.

Performance Results

The financial target for the 2021/22 FY was R2,5 billion, a target which was exceeded to achieve R10,38 billion, despite the challenging operating environment because of the COVID-19 Pandemic, which restricted international travel.

The non-SEZ services portfolio includes the following main clientele, as at the end of the financial year:

Programme
Eastern Cape Department of Health
National Department of Health
KwaZulu-Natal Department of Education
KwaZulu-Natal Department of Social Development
Department of Basic Education (ASIDI - KZN)
National Department of Public Works and Infrastructure (Cape Town)
Northern Cape (Office of the Premier)
Tshwane Automotive SEZ Programme (Phase 1)

New Work Secured during the 2021/22 FY is shown in the table below:

No.	Client Name	Capital	Fees	Comments
1.	Nelson Mandela SME Appointment	-	R4 281 600	Fees Only
2.	NDPWI Parliament	-	R383 295	Feasibility Assessment
3.	DPWI Facilities	-	-	Part of the Database as applied
4.	IDC SEZ	-	R1 500 000	Secondment Fees
5.	TASEZ Operations	-	R2 000 000	Operation Advise
6.	Transnet	R10 380 247 279	R14 532 988	Capital and Fees
	Total	**R10 380 247 279**	**R22 697 883**	

As a public entity, and the only developer and operator of SEZ in South Africa, and arguably in the rest of the continent, the CDC's achievements in non-SEZ infrastructure development and project management is commendable, especially as it continues to deepen the state capacity to fast-track project implementation. The prevailing legislation and prescripts allow for Agency Agreements between public entities, as well as following the tendering process. Coega will continue to pursue Agency Agreements, looking for both unsolicited and solicited bids in the market to ensure its continued survival into the future. Furthermore, the CDC plans to take full advantage of the government's South African Economic Reconstruction and Recovery Plan, which is largely driven by aggressive infrastructure investment, employment-orientated strategic localisation, re-industrialisation and export promotion, and energy security, to mention but a few.

Wild Coast Industrial Park

During the 2022 State of the Province Address (SOPA), the Premier of the Eastern Cape, the Honourable Lubabalo Mabuyane, stated, amongst others, that the "Wild Coast Industrial Park is no longer a dream, it is a reality." This project has benefited SMMEs and created jobs for local people. The next phase is the implementation of bulk infrastructure, which includes sanitation, water, and electricity. The Department of Trade, Industry and Competition has invested R49.5 million for installation of bulk infrastructure and the project will be completed in November 2022. The signed investment pledges to locate in the Wild Coast Industrial Park entail those in the following sectors: vegetable cultivation and processing, beverage manufacturing and cold storage, poultry processing, and starch manufacturing.

The CDC is an Implementing Agent of Choice for the Wild Coast Programme, responsible for its development. The land for the Wild Coast Industrial Park is located around the Mthatha Airport, and is approximately 226 hectares.

The key characteristics of this industrial site are:

- It is adjacent to the Mthatha Airport, and thus has potential for a future transshipment hub for high value or short shelf-life produce;
- Proximity to high accessibility transport routes, namely the R61 connecting to Queenstown and the N2;
- Bulk infrastructure is being developed;
- The land is almost at a central point (distance) between the three district municipalities; and
- The industrial site is within the most populated local municipality in the region, as compared to others.

Briefly about the Wild Coast region, it incorporates three districts, namely the Alfred Nzo District Municipality (ANDM), OR Tambo District Municipality (ORTDM) and Amathole District Municipality (ADM) (excluding the Buffalo City Metropolitan Municipality). The development of the Wild Coast Industrial Park will require funds for upgrading existing enabling bulk infrastructure and developing new ones.

The three primary objectives of the Wild Coast Industrial Park are:

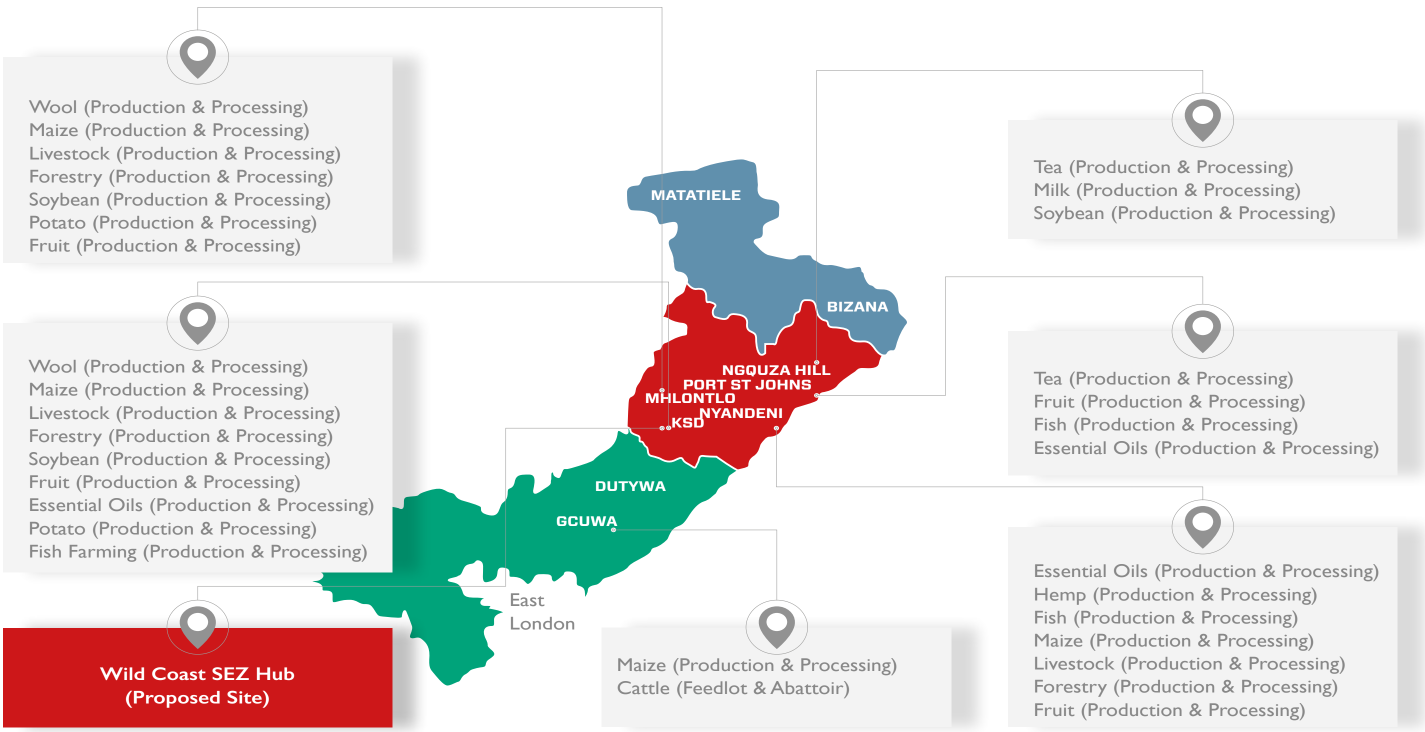
a) Grow the agro-processing sector in the eastern region of the Eastern Cape;
b) Promote beneficiation and further value addition to the region's agricultural resources, and the development of solid manufacturing capability to enhance its economic competitiveness; and
c) Revitalise Mthatha and its surrounds, as a key industrial node.

According to the Honourable Minister of Trade, Industry and Competition (the dtic), Mr. Ebrahim Patel, during the 2022 budget vote, "...transformation is about building an economy that works where our people are, bringing development to rural provinces and districts. Our revised approach to spatial industrial policy, informed by the District Development Model, will see the dtic supporting projects that create jobs, infrastructure and innovation in Districts across the country." The Wild Coast Industrial Park is very much in line with this approach, and the Eastern Cape Provincial Government is currently driving the Wild Coast SEZ or Industrial Park Strategy.

During the financial year, the following progress was made regarding implementation:

- There are 5 (five) investment projects that were signed between the 2019/20 and 2020/21 financial years, which have a combined investment value of R1.8 billion. These are expected to create an estimated 1 018 operational jobs;

Agricultural Value Chains and Agro-processing Potential in the Broader Wild Coast Region



- CDC has appointed a Professional team to design and implement the Wild Coast Foods Project. Procurement of service providers on the Mojo Chic, MFVP and AAP Industries projects is in progress;
- The Fencing Project - southern precinct is complete. The northern precinct is 95% complete. The Bulk Infrastructure phase 1 – detail designs complete, and tender documents published;
- The application for subdivision and rezoning of Farm Portion 4 and 75 Umtata was approved with conditions on the 26/08/2019 by the KSD Municipality;
- The designs for data centre services that need to be built within the industrial park have been completed. Underway: securing funding, leveraging of ICT investments, market study across the wild coast region to establish services and telecommunications with planned completion date of 30 April 2022;
- Physical security guarding commenced via the appointed CDC contract security service provider. The WCIP site is secured 24/7 mainly focused on Phase 1 of the project;
- Environmental Impact Assessment done;
- The Wild Coast IP has to date employed 43 people during its implementation of Phase 1 (Fencing Project) of the Wild Coast IP; and
- A total of eight (8) SMME contractors were appointed with a total value of R1,7 million.

The Fencing Project at the Wild Coast Industrial Park

COEGA AFRICA PROGRAMME

Regional integration is a development priority for Africa. As such, the African Continental Free Trade Area (AfCFTA) has emerged as an essential tool to end the defragmentation of Africa's economies and boost the productivity of its economies. Forty-four African heads of state established a framework in March 2018 to build a single continental market for goods and services, with free capital and corporate travel. The AfCFTA will simplify trade and investment flows, influence the outcome and direction of foreign direct investment flows into Africa, as well as enhance market efficiency and lower the cost of doing business by providing opportunities for economies of scale. The South African Parliament ratified AfCFTA in January 2019.

Ultimately, AfCFTA aims to improve the continent's economic integration in line with the Agenda 2063's Pan-African vision of "an industrialised, stable, and peaceful Africa." The agreement also aims to eliminate customs tariffs for intraregional trade, to improve capital and individual mobility, and to facilitate investment at the national and continental levels.

The CDC alignment to Africa's Regional Integration

In line with the continental objectives and strategies, regional integration is also a development priority for Africa. The South African Government continued to encourage business leaders to explore business opportunities on the continent. Moreover, it is also opening its borders to businesses that want to trade with the country in a way that creates win-win potential for inclusive economic growth, job creation, and sustainable development. The CDC welcomed the South African Parliament's ratification on the AfCFTA in 2019, which emphasised the country's commitment to promoting intra-African trade. To this end, His Excellency, President Ramaphosa alluded to the fact that not only will the AfCFTA provide limitless opportunities for South African businesses going forward, South Africa's Economic diplomacy, through the Department of International Relations and Cooperation [DIRCO], will primarily focus on the continent, as this is where the country's fortunes lie.

With 23 years expertise and capabilities in infrastructure development, engineering, procurement, project management, construction and facilities management, and industrial parks development, the CDC is committed to being the leading catalyst for economic development in keeping with the broader African regional developmental agenda and economic imperatives. Therefore, the CDC understands where its fortunes lie, as such it is intensifying business development in new markets outside the borders of South Africa. This is in line with the CDC's Strategic Plan for 2020-2025, in which the organisation has prioritised its continental journey foray, for joint development collaboration with African states and partners in the development of SEZs, industrial parks, dry ports and logistics bases. In doing so, global recognition and brand awareness will be key not to mention strengthening international partnerships, as well.

In December 2021, His Excellency, President Cyril Ramaphosa undertook a week-long, four-nation visit to the Western Africa.

CDC footprint in the rest of Africa

The President visited Nigeria, Côte d'Ivoire, Ghana and Senegal. The visit, which concluded on 7 December 2021, served to reinforce South Africa's bilateral relations with the countries concerned and strengthened partnerships directed at African development and cooperation in multilateral forums. This visit by the President in West Africa coincidently corresponded with the period where CDC secured two projects, namely:

- Technical Advisory and Co-Development Partnership with the Gulu Integrated Agro-Industrial Park (GIAIP) in Abuja, Nigeria; and
- The Feasibility Study for the development of an Automotive Strategy for the Republic of Senegal, funded by the Africa Development Bank (AfDB).

With the secured projects in West Africa, CDC reaffirms its position as the implementing arm of Government strategy in the rest of Africa. CDC will continue to explore ways to leverage the opportunities presented by the African Continental Free Trade Area (AfCFTA) for mutual benefit and with greater support for businesses conducting intra-African trade and investment.

The opportunities that are currently being pursued by CDC in the rest of Africa are in Special Economic Zones (SEZs) advisory, Dry Ports/Logistics Bases development, and Public Infrastructure implementing agency. The implementation of the projects secured in Cameroon and in Zimbabwe, were delayed due to the COVID-19 pandemic, which has considerably affected business operations and restricted international travels.

The projects in Zimbabwe and Cameroon are at different phases of implementation and much ground still needs to be covered in the deliverables of these assignments:

- Technical Advisory and Implementing agent services for Norton Business Park (NBP) and Ecosoft SEZs in Zimbabwe:
    - Owner's Engineer in the development of a Water Treatment Plant in Norton;
    - Development of an Agropole facility in the Ecosoft SEZ;
    - Branding and Marketing services; and
    - ICT shared services.

  The contract came to end in March 2022.

- 20 years concession for the development of Logistics Bases in Douala, Cameroon: The project is for the construction of centralised multimodal logistics platforms for stocking and storing in transit goods, originating, or going to the Central African Republic, through the Ports of Douala and Kribi. The project is expected to reach financial closure on a non-recourse project finance in 2022.

  It should be noted that the CDC has previously signed a preliminary concession agreement with Central African Republic (CAR) on 29 October 2019, to develop two Logistics Bases in the port cities of Douala and Kribi, in Cameroon (CMR). In May 2021, CDC was invited by CAR officials for a meeting with the CAR Minister of Finances and Budget in Bangui on 14 and 15 June 2021, to conclude and sign the amendments to the concession contract. Without a signed amendment to the contract, it will not be possible to reach financial closure. The business trip to Bangui was a success and the financial closure process is currently in progress. The business trip to CAR was coordinated with the South Africa's missions in CMR and in CAR.

Signing Ceremony of the amendments to the Logistics Bases Concession Contract: Former Prime Minister of the Central African Republic M. Henri-Marie Dondra and CDC CEO Mr Khwezi Tiya, Bangui 15 June 2021.

- From 27 February to 02 March 2022, the CDC travelled to Abuja, Nigeria, for an inception meeting of the Technical Advisory and Co-development Partnership to the Gulu Integrated Agro-Industrial Park (GIAIP). The objective being to assist GIAIP in the development of business cases for quick wins projects that have the potential to reach financial closure. During the trip, the CDC paid a courtesy visit to the South African High Commissioner in Nigeria, H.E. Mseleku.

CDC will continue to explore ways to bridge the commercial opportunity gap between South Africa and the rest of Africa, by partnering and leveraging on South African companies' expertise , which are willing to expand their African footprint, and in support of South African Government.

CAR delegation and CDC project team on 5 April 2022 in Douala, Cameroon.

OUTLOOK

The CDC's Strategic Plan 2020 - 2025 is directly aligned with government's priorities. The CDC drives inclusive economic growth and other socio-economic development initiatives in line with its vision. Infrastructure development, small business support and development, job creation, skills development, and expanding manufacturing in the SEZ are the cornerstones of the CDC. The sixth administration of the South African government released the following priorities in 2019, which the CDC continues to support through its business activities and programmes:

- PRIORITY 1 : Economic transformation and job creation.
- PRIORITY 2 : Education, skills and health.
- PRIORITY 3 : Consolidating the social wage through reliable and quality basic services.
- PRIORITY 4 : Spatial integration, human settlements and local government.
- PRIORITY 5 : Social cohesion and safe communities.
- PRIORITY 6 : A capable, ethical and developmental state.
- PRIORITY 7 : A better Africa and world.

The CDC's Strategic Plan 2020 – 2025 seeks to achieve three impact statements and outcomes, i.e., financial sustainability, increased strategic economic advantage for targeted industries, and increased economic opportunities for the marginalised. The strategic outcomes will be achieved through, amongst others, improved revenue and cashflow, increase signed investors, the retention of operational investors, increased market share and customer satisfaction, growth in the external programmes portfolio, increased small business support, all of which will increase contribution to GDP and generate value for customers and shareholders. However, access to funding is a key enabler for achieving the impact statements and strategic outcomes of the CDC strategy.

The CDC will continue to generate alternative sources of revenue. It has become clear that the organisation cannot rely on a single revenue source from grant funding of government, as a result, it is actively exploring how best to diversify its revenue streams, grow market share of external services locally and through the Coega Africa Programme.

In addition to the current strategies embarked upon by the CDC to increase revenue, the current five-year Strategic Plan aims to broaden the CDC's footprint and the scope of products and services offered. Its intent is driven by the pursuit of liquidity and profitability. The CDC does not have a solvency problem but a liquidity challenge. In light of the Provincial Government (ECPG) and the dtic's reduction in funding over time, the CDC can no longer solely depend on obtaining 100% funding for projects from these sources for infrastructure development in the SEZ. It will therefore have to seek alternative funding in the open market, as well as alternative funds within the state. The implication of this is that the CDC will have to perform careful planning regarding which projects it undertakes and how reserves of capital will be allocated for these projects. During this year, a new office was established to drive solutions towards capital attraction and investment, as indicated in the following section.

Capital, Funding, and Investment

Core to its strategy, during the financial year, the CDC established a Capital, Funding and Investment Office as a specialist unit under the CDC Finance Department with the brief to explore and secure additional sources of funding in support of the CDC growth strategy and Financial Sustainability objective. The Capital and Funding Unit is responsible for capital raising and report to the newly established Capital Allocations Sub-Committee of the CDC Board which will oversee all capital and investment projects.

The strategic mandate of the Capital and Funding Unit is to provide the CDC with a viable optionality framework on funding solutions for different projects and portfolios, and funds that can be strategically deployed to:

(a) Fund projects and acquisitions that will enhance the CDC's market access, the diversification of current revenue streams (both here and on the Continent) and enable its entry into new markets (for example the EPCM role on infrastructure projects).

(b) Improve returns on the overall portfolio. This could include rethinking the ways in which the industrial property portfolio is being financed, leveraging the existing portfolio to release capital for investment into higher return investment projects, and placing strategic investment into economically enabling infrastructure that presents the CDC with additional revenue streams, for example, wheeling fees generated from utilities.

(c) Strategically enhance the value proposition of the CDC's existing offerings. In terms of the Coega SEZ location value proposition, strategic equity placements in selected projects could be used to de-risk viable investment projects or lower the overall cost of capital (thus enhancing the location value proposition of the Coega SEZ). This could be achieved while creating an additional revenue stream derived from investors' operational activities, or in the case of infrastructure projects allows the CDC to create its own portfolio of large, economically enabling infrastructure projects in partnership with other SOE's by becoming more active in project origination and finance. This fundamentally transforms the CDC's infrastructure value proposition (implementing projects under contract where funds were already secured) to active project partner.

Following an extensive outreach to financial markets, during which the CDC was extremely well received, the Capital and Funding Unit is currently working on:

a) The financial closure of the Logistics Bases adjacent to the Ports of Douala and Kribi in Cameroon in support of the Coega Africa Programme's fulfilment of a concession granted by the government of the Central African Republic;

b) The proposed 15ml/pd Coega Desalination Plant;

c) The CDC's participation in a Joint Development Agreement in support of the Coega LNG Project with the Central Energy Fund (CEF) and Transnet, in respect of the LNG importation and storage infrastructure requirement in support of the announcement by the Minister of the

Department of Mineral Resources and Energy to position the Coega SEZ as the national gas hub;

d) The Solar Rooftop project on the Coega SEZ;
e) An Agro-Processing Zone in Northern Nigeria in support of the Coega Africa Programme;
f) The Bhisho Office Complex; and
g) Securing the appropriate PFMA listing of the CDC to fully enable the activities of the Capital and Funding Unit.

A key focus for the next financial year is to achieve closure on the CDC's existing R6.9bn economically enabling infrastructure pipeline on the Coega SEZ and the NMBLP, which will see, amongst others, the full unlocking of the Coega SEZ's Aquaculture Zone. This will support infrastructure for oil and gas, the establishment of an industrial water return-effluent scheme which will alleviate pressure on the drought stricken NMB water system by using return effluent instead of potable water for industrial purposes, and the further enablement of industrial scale green energy solutions including green hydrogen, and further localisation of supply in the automotive sector.

To enable the work of the Capital and Funding Unit, the CDC Board approved the Capital Allocation Framework and the Development and Operating Partnership Framework that would enable the Capital and Funding Unit to onboard equity and operational partners and prioritise projects for limited recourse finance and the establishment of the appropriate project vehicles.

Investment Attraction

Investment attraction remains a strategic priority for the CDC, as mandated by the SEZ Act No.16 of 2014. As a result, the CDC will continue to increase strategic economic advantage for targeted industries, including growing the manufacturing at Coega. The focus of the strategy in the next three years of the current Strategic Plan is to maximise income from rentals through the operationalisation of signed investments and converting targeted investments in the pipeline. However, we have to take into account the complex global operating environment. Global investor fears are mounting due to the sharp decline in bond yields in various countries (US, UK, Japan, Italy, amongst others) since the Russia and Ukraine conflict began. While the global economy is yet to fully recover following the COVID-19 Pandemic shock, the current and ongoing conflict poses other additional risks and setbacks to economic recovery.

The National Institute of Economic and Social Research (NIESR) mentioned that the invasion will affect the global economy through three main channels: financial sanctions, commodity prices and supply chain disruptions.

In terms of the economic outlook, which will influence investment, GDP growth is projected at 3.6 percent for 2022 and 3.2 percent in 2023 (Bloomberg & Fitch Solutions, March 2022). In addition to the pandemic-related risks and inflation uncertainty, rising challenges in China's real estate and consumer sectors, and rising geopolitical uncertainty in Europe surrounding the Russia-Ukraine conflict are raising downside risks to global economic growth. NIESR estimates that the conflict in Ukraine could narrow down the level of global GDP by 1 percent in 2023 and is approximately equivalent to US$1 trillion of global GDP; and add up to 3 percent to global inflation in 2022. Among Sub-Saharan Africa's (SSA's) larger economies, Fitch Solution revised downward South African economic growth from 2.1 percent to 1.5 percent for this year as the country is more integrated into global supply chains than most of its African peers, and is hit harder by disruptions to global demand.

Moreover, the Chinese economy was expected to grow by 5.2 percent in 2022, now revised to 4.4 percent. After reaching an estimated 5.2 percent in 2021, Euro area growth is projected to slow to 3.3 percent in 2022, revised down to 2.8 percent. The US real GDP is expected to grow at an annual rate of 3.1 percent in 2022, revised by the IMF to decelerate to 3.3 percent. With regard to Foreign Direct Investment (FDI), a report by UNCTAD notes that while the outlook for global FDI in 2022 remains positive, the rebound growth rate observed in 2021 of 77 percent is unlikely to re-occur.

Out of the geopolitical conflict, and global uncertainties, opportunities abound where South African companies may be able to increase exports into the European markets. Accordingly, the Orion Engineered Carbons (OEC), one of the Coega SEZ investors, has increased its export to Europe, said the OEC's Chief Executive Officer, Mr. Corning Painter, during the Sod Turning held at Coega in the beginning of 2022.

"The new exports to Europe, due to this tragic situation that we hope will be resolved peacefully soon, are an example of how working together here in South Africa to solve local challenges can create opportunities for support elsewhere," Mr. Painter said. "Our European customers are looking to replace approximately 40% of their carbon black needs that were served by Russia, Belarus and Ukraine. This is a chance for our South Africa operation to fill a gap and provide crucial support to Europe."

Mr. Painter added, "Because of the new confidence we have in the Coega SEZ project, we are upgrading several key pieces of equipment and feel excited about the facility's potential and future. Overall, we have a terrific story in South Africa. We import raw materials from the U.S., perform high-value manufacturing in Nelson Mandela Bay and export high-grade carbon black to Europe. Let's keep this great momentum going."

Non-SEZ Services

Non-SEZ services will continue to play a critical role in diversifying revenue streams for the CDC. These services include international (under the Coega Africa Programme), national, and provincial infrastructure Programmes for government departments, new business initiatives (NBIs), the Bluewater Bay Sunrise Hotel (BWBSH), and other subsidiaries, such as the SBFS and the Coega Development Foundation (CDF), to mention but a few.

Finally, driven by its vision to be the catalysts for championing of the socio-economic development, the CDC's contribution to socio-economic development and transformation will continue to focus on increasing opportunities for the marginalised through, amongst others, SMME development, employment creation and skills development. In doing so, the CDC will pay particular attention to increase opportunities for the youth, women, and people with disabilities.

GOVERNANCE

Review of the Chairperson: Audit and Risk Committee (ARC)

CORPORATE GOVERNANCE STATEMENT

A governance system that is beyond reproach is one of the commitments that the CDC has made to its shareholders and investors. As such, the CDC complies both with applicable legislation, as well as aligning itself to non-binding rules, codes and standards such as the King IV Report and governance protocol.

It is through ethical, effective corporate governance that public entities are controlled, managed and held to account. Corporate governance defines the distribution of rights and responsibilities among all the stakeholders and determines the rules and procedures for decision making. Most importantly, it defines where accountability lies.

In addition to legislative requirements based upon the CDC's enabling legislation and the Companies Act No.71 of 2008, corporate governance is applied through the precepts of the Public Finance Management Act No.1 of 1999 (PFMA), Treasury Regulations and in accordance with the principles contained in the King IV Report on Corporate Governance and the Protocol on Corporate Governance, 2002.

Company Secretary and Professional Advice

All directors have access to the service of the Company Secretary, who is responsible for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the organisation and the organisation's expertise.

Report of the Audit & Risk Committee

The Audit and Risk Committee (ARC) has adopted formal terms of reference, which have been approved by the Board. In meeting its responsibilities as set out in the terms of reference, the ARC has reviewed the following:

- The functionality of the risk management internal control system;
- The functioning of the internal audit department;
- The risk areas of the entity's operations to be covered in the scope of the internal and external audits;
- Financial information provided by management;
- The accounting or auditing concerns identified as a result of the internal or external audits;
- The entity's compliance with legal and regulatory provisions; and
- The credibility, independence, and objectivity of the external auditors, as well as their audit reports.

The ARC is satisfied that internal controls and systems have been put in place and that these controls have generally functioned effectively during the year under review. This is except for the lapse of controls identified within the Skilll Development Unit's payroll processes that resulted in the fraud that was covered in the media.

The ARC has evaluated the annual financial statements of the Coega Development Corporation Proprietary Limited for the year ended 31 March 2022 and has concluded that they comply, in all material respects, with the requirements of the Companies Act (Act 71 of 2008) and International Financial Reporting Standards (IFRS).

The ARC has:

- Reviewed the credibility, independence and objectivity of the external auditors;
- Reviewed significant adjustments resulting from the audit;
- Reviewed the external audit report and audit opinion; and
- Met with the external auditors to ensure that there are no unresolved issues.

The ARC agrees that the adoption of the going concern premise is appropriate in preparing the annual financial statements.

The ARC has therefore recommended the adoption of the annual financial statements by the Board of Directors.

Ayanda Mjekula
Chairperson: Audit and Risk Committee

Progress being made on the Weidplas Automotive Plastic Component Manufacturing Plant in Zone 2 of the Coega SEZ.

AUDIT & RISK COMMITTEE

In order to ensure independent oversight of the organisation's response to material issues via financial controls and risk management, the membership of the Audit and Risk Committee (ARC) is weighted towards independent, external members.

AYANDA MJEKULA
CHAIRPERSON

Appointed: 2002 (ARC Member); 2010 (ARC Chairperson)

See Ayanda Mjekula's profile under Board Member profile.

BATANDWA MDYESHA

Appointed: 2019

See Batandwa Mdyesha's profile under Board Member profile.

TEMBA ZAKUZA

Appointed: 2010

Temba Zakuza is an audit partner at Nkonki Inc. Chartered Accountants and has extensive experience in public sector governance. He was previously the head of the Department of Accounting at the University of Fort Hare; an IRBA Board member and chaired the education, training and professional development committee of the Independent Regulatory Board for Auditors (IRBA).

Zakuza chaired the audit and risk committees of the South African Local Government Association (SALGA), Centlec, and, currently, Walter Sisulu University and Mbizana Local Municipality.

Zakuza has a BCom degree from the University of Limpopo and postgraduate accounting diplomas from UCT. He qualified as a Chartered Accountant (CA (SA)) in 1999 and as a Certified Internal Auditor in 2000.

NOMFUNDO QANGULE

Appointed: 2010

Nomfundo Qangule is a Chartered Accountant (CA(SA)) with extensive board and audit committee experience. She currently serves on a number of Boards and Audit Committees including Afrox Ltd, Nozala Investments, Hans Merensky Holdings and Rebosis Ltd, to name a few.

Qangule was previously the CFO of Harmony Gold Ltd and served on various other boards including Afrocentric Health Ltd. She has a strong banking background and worked for Nedbank Corporate and in its international division.

PHELISA NKOMO

Appointed: 2021

See Phelisa Nkomo's profile under Board Member profile.

NOLUNTU BAM

Appointed: 2019
Resigned: 2021

Noluntu Bam has 15 years' experience in financial services regulation and was part of a leadership cohort at the FAIS Ombud that resolved disputes between members of the public and financial services providers. She was the head of the FAIS Ombud institution during the last eight years of her employment.

Her role demanded an in-depth understanding of the way government works, deep understanding of government policy, policy formulation, government programmes and enhanced appreciation of the interconnectedness of the various limbs of government and how these should co-operate with one another.

Bam has an MBA from Wits Business School and a Post Graduate Diploma in Financial Planning Law from the University of the Free State. She also holds a LLM (with specialisation in Income Tax Law) from UNISA, an LLB from the University of KwaZulu Natal and a B.Proc from Walter Sisulu University.

Bam is a professionally registered member of the Financial Planning Institute South Africa and has been an Admitted Attorney of the High Court of South Africa since 1998.

LINDA NENE

Appointed: 2021

Linda Nene is currently employed by PetroSA SOC Ltd from 2007 to date. He has held multiple executive roles at PetroSA and is currently the Chief Risk & Compliance Officer (Acting) from 2019 to date. He is responsible for developing the strategic risk and governance for PetroSA, amongst his other duties such as maintaining a healthy risk management culture, ethics and integrity management, compliance assurance, combined assurance implementation, business continuity management, fraud prevention and forensic investigations and ensuring continuous improvement in risk management across the Group.

Linda holds a BCom in Accounting from the University of Cape Town; a Post Graduate Diploma in Management, Specialising in Corporate Governance; and a Master of International Business from the Monash University, among various other qualifications including Certificate in Risk Management Strategies in the Public Sector - Southern Business School, FIIASA (Fellow of the Institute of Internal Auditors SA);CCSA (Certification in Control Self-Assessment); CRMA (Certification in Risk Management Assurance); and CPrac (SA) Compliance Practitioner (South Africa).

RAKESH BHIKA

Appointed: 2022

Rakesh Bhika is the founding member and CEO of GrowthStone, a boutique Advisory and Assurance firm. He was previously a senior Partner (as well as being the youngest partner at age 27) and having been part of the Executive Committee of SNG (SizweNtsalubaGobodo), the 5th largest Audit and Advisory firm in South Africa, which currently has become Grant Thornton SNG. He has a wealth of experience in both the Assurance and Advisory space having been instrumental in seeing the firm grow from 50 staff members to a staff complement of over 800. He has thus been with the firm close onto 20 years and has played various leadership and strategic roles, and viewed as one of the founding partners of this organisation.

CAPITAL ALLOCATION COMMITTEE

The primary objective of the Capital Allocation Committee (CAC) is to assist the organisation in ensuring a fair and equitable allocation of its capital resources, including allocations for working capital, investment funding, capital expenditures, compliance with the Company's financial policies, and ensuring realisation of return of capital for the CDC in order to achieve financial sustainability.

BATANDWA MDYESHA
CHAIRPERSON

Appointed: 2019

See Batandwa Mdyesha's profile under Board Member profile.

AYANDA MJEKULA

Appointed: 2002 (ARC Member); 2010 (ARC Chairperson)

See Ayanda Mjekula's profile under Board Member profile.

MZUVUKILE MQUQU

Appointed: 2019

See Mzuvukile Mququ's profile under Board Member profile.

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee (HRRC) makes recommendations to the Board on matters including general staff policy, remuneration, bonuses, Directors' fees, service contracts, and other employee benefits.

NOMONDE MTEMBU
CHAIRPERSON

Appointed: 2019

See Nomonde Mtembu's profile under Board Member profile.

DR. PAUL JOURDAN

Appointed: 2000

See Dr. Paul Jourdan's profile under Board Member profile.

PHILA XUZA

Appointed: 2019

See Phila Xuza's profile under Board Member profile.

GLEN ZAMISA

Appointed: 2019

Mr. Glen Zamisa started as an Industrial Engineering Technician within the automotive industry in the early 80s, and later moved from Industrial Engineering and Production into HR.

He studied for various management diplomas at the then Port Elizabeth Technikon.

In 1992, he was sent by VWSA to do an advanced management programme at the University of Cape Town Business School. Mr. Zamisa completed his Master's in Business Administration (MBA) with Stellenbosch University at its Bellville campus in 2004. He also boasts a diploma in company direction with the Graduate Institute of Management and Technology (GIMT) in Johannesburg in 2007.

He has been the Human Resources Manager for various companies (mostly in the automotive sector), and is currently the HR Manager at Borbet SA in Gqeberha since 2010. He is a long-standing member of the Black Management Forum, and previously served as provincial chair, as well as on the national board.

M Zamisa is the Chairman of the Board of the African Pioneer Group (APG), a BEE investment company based in Gqeberha, and is a member of the Audit and Risk Committee of Nelson Mandela University, the Port Elizabeth TVET College Governing Council, and the board of trustees of Medimed Medical Scheme.

SOCIAL & ETHICS COMMITTEE

The role of the Social and Ethics Committee (SEC) is to monitor the activities of the CDC and its subsidiaries, as a corporate citizen, taking into consideration the relevant legislation and any other legal requirements or prevailing codes of best practice.

PHILA XUZA
CHAIRPERSON

Appointed: 2019

See Phila Xuza's profile under Board Member profile.

GLEN ZAMISA

Appointed: 2019

See Glen Zamisa's profile under Human Resources and Remuneration Committee profile.

NOMONDE MTEMBU

Appointed: 2019

See Nomonde Mtembu's profile under Board Member profile.

DR. PAUL JOURDAN

Appointed: 2000

See Dr. Paul Jourdan's profile under Board Member profile.

GOVERNANCE STRUCTURE

Robust and effective governance is the cornerstone of the CDC's continued success in value creation – providing both investors and stakeholders with the assurance of stability and sustainability.

The CDC Board provides the organisation's vision and strategic direction, playing an active role in defining and monitoring the organisation's annual performance objectives and targets, which map the road towards the achievement of the five-year strategy. The Board meets quarterly to review progress against performance objectives, to consider material issues in the context of the external environment, and to adjust course where necessary.

The diversity of backgrounds, networks and the experience of the Board members ensures a well-rounded collective with significant insight into business and industry, economic affairs, politics and government, infrastructure development, finance, investment and sustainability. Members bring an appropriate mix of the range of specialist expertise required to guide the organisation in its diverse activities, and the Board benefits from the insight and institutional knowledge of its long-standing founder members.

Board members are carefully selected not only for their specialist expertise and knowledge, but also for their in-depth understanding of the socio-economic development challenges of the Eastern Cape and South Africa, and the complexity of managing mega projects such as the Coega SEZ as a mechanism for responding to those challenges.

These qualities of the Board – the specialist skills and knowledge, diversity of experience and networks, and in-depth understanding of the organisation and its external environment – all play a vital role in the organisation's ability to deliver value creation for its diverse stakeholders.

In addition, a strongly integrated and transparent governance system in line with best practice supports the work of the Board, with the Company Secretary as the interface between the Board and the organisation. This ensures consistent application throughout all levels of the business, and enables the CDC to maintain its position as a leader in accountable corporate governance.

The three committees of the Board – Audit and Risk (ARC), Human Resources and Remuneration (HRRC), and the Social and Ethics Committee (SEC) – meet quarterly to consider specific material, strategic and social issues pertinent to their terms of reference, which have been formalised and approved by the Board. Their smaller size and more frequent meetings enable key issues to be swiftly addressed.

The CEO and Executive Management Committee (EXMA) are responsible for overseeing the operational execution of the corporate strategy and for implementing decisions of the Board. Day-to-day operational responsibilities are delegated by the CEO to the Executive Managers, and the CEO regularly reports to and engages with the Board and Board Committees, ensuring a free and transparent flow of information to support informed and integrated decision-making at all levels.

ATTENDANCE SCHEDULE OF BOARD AND COMMITTEE MEETINGS 2021/22

2021/22 FY BOARD MEETING ATTENDANCE SCHEDULE				
MEMBERS	**MEETING 27 MAY 2021**	**MEETING 29 JUL 2021**	**MEETING 11 NOV 2021**	**MEETING 24 FEB 2022**
Dr. P Jourdan	√	√	√	√
Mr. A Mjekula	√	√	√	√
Ms. N Mtembu	√	√	√	√
Ms. P Xuza	√	√	√	√
Mr. M Sogoni	√	Apology	√	√
Mr. S Khan	√	√	√	√
Ms. B Mdyesha	√	√	√	√
Ms. P Nkomo	√	√	√	√
Mr. M Mququ	Apology	√	Apology	√
Mr. K Tiya	√	√	√	√

2021/22 FY AUDIT AND RISK COMMITTEE ATTENDANCE SCHEDULE

MEMBERS	MEETING 20 MAY 2021	MEETING 22 JUL 2021	MEETING 04 NOV 2021	MEETING 17 FEB 2022
Mr. A Mjekula	√	√	√	√
Mr. T Zakuza	√	√	√	√
Ms. N Qangule	√	√	√	√
Ms. N Bam *	√	√	–	–
Ms. B Mdyesha	√	√	√	√
Mr. L Nene **	–	√	√	√
Ms. P Nkomo ***	–	–	√	√
Mr. R Bhika ****	–	–	–	√

** Ms. Noluntu Bam resigned from ARC in 2021. ** Mr. Linda Nene was appointed to ARC in 2021.*
**** Ms. Phelisa Nkomo was appointed to ARC in 2021. **** Mr. Rakesh Bhika was appointed to ARC in 2022.*

2021/22 FY CAPITAL ALLOCATION COMMITTEE ATTENDANCE SCHEDULE

MEMBERS	MEETING 26 MAY 2021	MEETING 26 OCT 2021	MEETING 21 FEB 2022
Ms. B Mdyesha	√	Apology	√
Mr. A Mjekula	√	√	√
Mr. M Mququ	√	√	√

2021/22 FY HUMAN RESOURCES AND REMUNERATION COMMITTEE ATTENDANCE SCHEDULE

MEMBERS	MEETING 26 MAY 2021	MEETING 28 JUL 2021	SPECIAL MEETING 10 NOV 2021	MEETING 09 FEB 2022
Ms. N Mtembu	√	√	√	√
Dr. P Jourdan	√	√	√	√
Mr. G Zamisa	√	√	√	√
Ms. P Xuza	√	√	√	√

2021/22 FY SOCIAL AND ETHICS COMMITTEE ATTENDANCE SCHEDULE

MEMBERS	MEETING 25 MAY 2021	MEETING 27 JUL 2021	SPECIAL MEETING 09 NOV 2021	MEETING 08 FEB 2022
Ms. P Xuza	√	√	√	√
Dr. P Jourdan	√	√	√	√
Ms. N Mtembu	√	√	√	√
Mr. G Zamisa	√	√	√	√

REMUNERATION

REMUNERATION PHILOSOPHY

The CDC differentiates remuneration on the basis of individual competencies, performance, relevant work experience, and contribution to the business objectives, whilst maintaining fair and competitive remuneration aligned to market trends.

DIRECTORS' EMOLUMENTS

Executive

	Emoluments	Total Cost to Company	Emoluments	Bonuses and Performance Related Payments	Total Cost to Company
	2022	2022	2021 Restated	2021 Restated	2021 Restated
	R'000	R'000	R'000	R'000	R'000
M.P. Silinga (Former CEO)	-	-	3,225	6,775	10,000
K.V. Tiya (Current CEO)	5,250	5,250	1,211	-	1,211
	5,250	**5,250**	**4,436**	**6,775**	**11,211**

Non-executive

	Directors' Fees	Total Cost to Company	Directors' Fees	Total Cost to Company
	2022	2022	2020 Restated	2021 Restated
	R'000	R'000	R'000	R'000
Dr. P. Jourdan (Chairperson)	252	252	312	312
A. Mjekula (Deputy Chairperson)	315	315	464	464
Y.B.B. Mdyesha	219	219	224	224
M. Mnyande	-	-	26	26
N.P. Mtembu	220	220	318	318
P. Nkomo	100	100	-	-
P. Xuza	211	211	221	221
	1,317	**1,317**	**1,565**	**1,565**

The Dedisa Peaking Power Plant, in Zone 13 of the Coega SEZ.

CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS**

COEGA DEVELOPMENT CORPORATION PROPRIETARY LIMITED

Company Registration Number 1982/003891/07
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
These financial statements were audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008 and the Public Finance Management Act. by the AUDITOR-GENERAL OF SOUTH AFRICA, EAST LONDON

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS	Special Economic Zone and Services
DIRECTORS	Dr. P. Jourdan (Chairperson) A. Mjekula (Deputy Chairperson) S. Khan Y.B. B. Mdyesha M.N Mququ N. P. Mtembu P. Nkomo M. Sogoni K.V. Tiya (Chief Executive) P. Xuza
REGISTERED OFFICE	Ascot Office Park 1 Ascot Road Greenacres 6057
BUSINESS ADDRESS	Coega SEZ Business Centre Corner Alcyon Road & Zibuko Street Zone 1, Coega SEZ Gqeberha 6100
POSTAL ADDRESS	Private Bag X6009 Gqeberha 6000
TELEPHONE NUMBER	(+27) 41 403 0400
FAX NUMBER	(+27) 41 403 0401
WEBSITE	www.coega.co.za
BRANCH OFFICES	Durban, East London, Pretoria, Cape Town and Mthatha
BANKERS	FNB Standard Bank Nedbank Investec
AUDITORS	Auditor-General of South Africa
COMPANY SECRETARY	S. Boqwana

Compiled under the supervision/direction of: Mr. Lionel Billings, CA (SA), *Chief Financial Officer*

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVALS

Consolidated Annual Financial Statements for the year ended 31 March 2022

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the 12 months to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 5.

The consolidated annual financial statements set out on page 128 to 191, which have been prepared on the going concern basis, were approved by the board of directors on 26 May 2022 and were signed on their behalf by:

Dr. P. Jourdan
Chairperson

Mr. K.V. Tiya
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE COEGA DEVELOPMENT CORPORATION (PROPRIETARY) LIMITED

Report on the audit of the consolidated financial statements

OPINION

1. I have audited the consolidated financial statements of the Coega Development Corporation (Proprietary) Limited and its subsidiaries (the group) set out on pages 130 to 191 which comprise the consolidated statement of financial position as at 31 March 2022, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2022, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of my report.

4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the consolidated financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

9. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022.

Programme	Pages in the Annual Performance Report
Programme 1 : SEZ Investment Services	64 - 66

13. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

OTHER MATTER

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 64 to 66 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

Report on the audit of compliance with legislation

INTRODUCTION AND SCOPE

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the consolidated financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the consolidated financial statements and reports on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. I have nothing to report in this regard.

Internal control deficiencies

23. I considered internal control relevant to my audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Material irregularities

24. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

INTRODUCTION AND SCOPE

25. The material irregularity identified is as follows:

SUSPECTED FRAUD – FUNDS MEANT FOR STUDENT ALLOWANCES (STIPENDS)

26. An employee of the public entity was alleged to have created fictitious students and facilitated the transfer of the student stipends into his own bank account from 2013 to February 2021. The suspected fraud is likely to result in a material financial loss to the public entity of R7 million if not recovered.

27. The accounting authority was notified of the suspected material irregularity on 8 October 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. Investigations by the internal audit unit and a legal firm into the matter were concluded on 26 April 2021 and 26 August 2021, respectively, which substantiated the allegations and quantified the loss. The responsible employee was accordingly dismissed on 28 April 2021. To date R153 532 of the financial loss has been recovered from the provident fund on 29 June 2021 and leave pay as well as the final salary of the employee on 30 April 2021, while a claim has also been submitted to the relevant insurance company on 13 April 2021. A criminal case was also reported to the South African Police Services on 14 April 2021 for further criminal investigation. In addition, the relevant internal controls have been strengthened to prevent a re-occurrence of future incidents of similar nature.

28. I will follow up on the criminal investigation and the implementation of the actions to recover the financial loss during my next audit.

Auditor General

East London
29 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with respect to the selected subject matters.

CONSOLIDATED FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor's report, I also:

    - identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
    - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
    - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
    - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the consolidated financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
    - evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicated with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

DIRECTORS' REPORT

COEGA DEVELOPMENT CORPORATION (PTY) LIMITED DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Coega Development Corporation Proprietary Limited for the year ended 31 March 2022.

1. *Review of financial results and activities*

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these consolidated annual financial statements.

2. *Share capital*

		2022 Number of Shares	2021 Number of Shares	2020 Number of Shares
Authorised				
Ordinary shares		1,000,000	1,000,000	1,000,000
Class A ordinary shares		1	1	1
	2022 R '000	2021 R '000	2022 Number of Shares	2021 Number of Shares
Issued				
Ordinary shares	7	7	673,832	673,832
Class A ordinary shares	-	-	-	1
	7	7	**673,832**	**673,833**

There have been no changes to the authorised or issued share capital during the year under review.

3. *Directorate*

The directors in office at the date of this report are as follows:

Dr. P. Jourdan	(Chairperson)	Non-executive Independent	South African	
A. Mjekula	(Deputy Chairperson)	Non-executive Independent	South African	
S. Khan		Non-executive Independent	South African	
Y.B. B. Mdyesha		Non-executive Independent	South African	
M.N Mququ		Non-executive Independent	South African	
N. P. Mtembu		Non-executive Independent	South African	
P. Nkomo		Non-executive Independent	South African	Appointed 18 June 2021
M. Sogoni		Non-executive Independent	South African	
K.V. Tiya	(CEO)	Executive	South African	
P. Xuza		Non-executive Independent	South African	

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Litigation statement

The group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. Other than the matters referred to in note 31, the group is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

6. Auditors

The Auditor-General of South Africa continued in office as auditors for the group for 2022.

7. Company Secretary

The company secretary is Ms. S. Boqwana.

Business address	Coega Business Centre Corner Alcyon Road & Zibuko Street, Zone 1, Coega SEZ, Gqeberha, 6100

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 March 2022

	Notes	31-Mar 2022 R'000	31-Mar 2021 Restated R'000	31-Mar 2020 Restated R'000
ASSETS				
Non-current assets				
Property, plant and equipment	3	330,891	345,187	360,842
Right-of-use assets	4	781	802	1,906
Investment property	5	5,900,083	6,036,155	5,631,202
• Fair value of Investment property	5.1	5,639,022	5,801,868	5,441,822
• Straight-line rental accrual	5.2	261,061	234,287	189,380
Intangible assets	6	33,403	24,994	24,322
		6,265,158	**6,407,138**	**6,018,272**
Current assets				
Inventories	9	652	333	310
Loans and advances	10	46,118	37,353	47,567
Trade and other receivables	11	147,688	157,513	122,670
Prepayments		43,464	32,845	4,764
Current tax receivable		9,110	-	-
Cash and cash equivalents	12	1,006,243	1,241,072	1,423,145
		1,253,275	**1,469,116**	**1,598,456**
Total assets		**7,518,433**	**7,876,254**	**7,616,728**
EQUITY				
Share capital	13	1,264,558	1,264,558	1,264,558
Retained income		4,707,034	4,744,084	4,026,610
		5,971,592	**6,008,642**	**5,291,168**
LIABILITIES				
Non-current liabilities				
Finance lease liabilities	4	230	118	853
Deferred income	17	582,214	636,600	875,595
Deferred tax	8	239,757	406,784	386,257
Income received in advance	15	23,510	34,323	45,136
		845,711	**1,077,825**	**1,307,841**
Current liabilities				
Trade and other payables	16	638,708	669,078	872,577
Finance lease liabilities	4	591	735	1,265
Current tax payable		-	64,736	73,036
Provisions	14	51,018	44,425	60,028
Income received in advance	15	10,813	10,813	10,813
		701,130	**789,787**	**1,017,719**
Total liabilities		**1,546,841**	**1,867,612**	**2,325,560**
Total equity and liabilities		**7,518,433**	**7,876,254**	**7,616,728**

STATEMENT OF PROFIT OR LOSS

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2022

	Notes	31-Mar 2022 R'000	31-Mar 2021 Restated R'000
Revenue	18	648,178	548,417
Cost of sales	19	(23,247)	(3,940)
Gross profit		**624,931**	**544,477**
Other operating income	20	456,191	521,020
Movement in credit loss allowances	21	(9,123)	(14,208)
Other operating expenses		(715,540)	(610,626)
Operating profit	21	**356,459**	**440,663**
Investment income	24	5,574	2,189
Finance costs	25	(8,235)	(11,427)
Other non-operating gains (losses)	26	(557,875)	363,801
(Loss) profit before taxation		**(204,077)**	**795,226**
Taxation	27	167,027	(77,752)
(Loss) profit for the year		**(37,050)**	**717,474**

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity as at 31 March 2022

	Share Capital	Share Premium	Total Share Capital	Retained Income	Total Equity
	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	7	1,264,551	1,264,558	**4,165,753**	5,430,311
Prior year adjustments	-	-	-	(139,143)	(139,143)
Restated* Balance at 1 April 2020 as restated	**7**	**1,264,551**	**1,264,558**	**4,026,610**	**5,291,168**
Profit for the year	**-**	**-**	**-**	**717,474**	**717,474**
Balance at 1 April 2021	**7**	**1,264,551**	**1,264,558**	**4,744,084**	**6,008,642**
Loss for the year	**-**	**-**	**-**	**(37,050)**	**(37,050)**
Balance at 31 March 2022	**7**	**1,264,551**	**1,264,558**	**4,707,034**	**5,971,592**
Note(s)	13	13	13		

STATEMENT OF CASH FLOWS

Statement of Cash Flows for the year ended 31 March 2022

	Notes	31-Mar 2022 R'000	31-Mar 2021 Restated R'000
Cash flows from operating activities			
Cash used in operations	28	(117,240)	(359,412)
Interest income		5,574	2,189
Finance costs		(8,235)	(11,427)
Tax received (paid)	29	(73,846)	(65,525)
Net cash from operating activities		**(193,747)**	**(434,175)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(21,369)	(14,588)
Purchase of investment property	5	(394,309)	(418,491)
Sale of investment property	5	-	426,721
Purchase of other intangible assets	6	(12,043)	(4,198)
Net cash from investing activities		**(418,884)**	**(10,556)**
Cash flows from financing activities			
Government grants received		357,364	238,236
Interest earned on deferred income funds		21,595	25,761
Payment on lease liabilities		(1,157)	(1,338)
Net cash from financing activities		**377,802**	**262,659**
Total cash movement for the year		**(234,829)**	**(182,072)**
Cash at the beginning of the year		1,241,072	1,423,144
Total cash at end of the year	12	**1,006,243**	**1,241,072**

ACCOUNTING **POLICIES**

Coega Development Corporation Proprietary Limited is a private company incorporated and domiciled in South Africa.

The consolidated annual financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 26 May 2022.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Companies Act of South Africa, as amended.

These consolidated annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

Leasing

The group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the consolidated annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture, computer and other categories of equipment are estimated and, where available, based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 14.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based in estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Capitalisation of infrastructure costs

Management applies judgement in assessing whether infrastructure will be controlled by the group and whether future economic benefits are expected to flow to the group in determining whether costs incurred on infrastructure should be capitalised as assets.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	25 years
Marine vessels and equipment	Straight line	12 years
Furniture and fixtures	Straight line	20 years
Motor vehicles	Straight line	5 - 15 years
IT equipment	Straight line	5 - 15 years
Hospitality equipment	Straight line	10 years
Other property, plant and equipment	Straight line	10 - 20 years

Land has an indefinite useful life and is not therefore depreciated.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	15 - 20 years

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.8 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 34 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans and advances

Classification

Loans and advances (note 10) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans and advances are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 24).

The application of the effective interest method to calculate interest income on loans and advances is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on loans and advances. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for loans and advances at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is diverse with significantly different loss patterns for different customer segments. The company aggregates customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 21).

Credit risk

Details of credit risk related to loans and advances are included in the specific notes and the financial instruments and risk management (note 34).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of loans and advances is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 24).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is diverse with significantly different loss patterns for different customer segments. The company aggregates customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 21).

Write-off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 34).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 25).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 21) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 21).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 25).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in revenue (note 18).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, performance incentives, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and performance incentive payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.15 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.16 Government grants

Government grants are recognised when there is reasonable assurance that:
- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.17 Revenue from contracts with customers

Revenue is income arising in the course of an entity's ordinary activities. The group recognises service revenue from the following major sources:

- Business management services
- Travel services
- Strategy and Human Capital consulting services
- Levies and services provided to tenants
- Maritime services

The group also recognises rental income on its investment property portfolio as revenue. Please refer to note 1.9 Leases.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties of the contract are committed to performing their respective obligations;
- each party's rights regarding the good and services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a service that is distinct; or
- a series of distinct services that are substantially the same and that have the same pattern of transfer.

Revenue is recognised when or as the performance obligation is satisfied by the transferring of the promised service to a customer.

The group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised services to the customer.

Provision of services

The group provides management, travel and support services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

If the contract includes an hourly fee, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 Irregular and Fruitless & Wasteful Expenditure

Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- PFMA, or
- the State Tender Board Act, No 86 of 1968, or any regulations made in terms of the Act: or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register. Irregular expenditure is expenditure that is contrary to the Act or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of profit or loss and comprehensive income and where recovered, it is subsequently accounted for as revenue in the statement of profit or loss and comprehensive income.

Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit or loss and comprehensive income in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of profit or loss and comprehensive income.

Revenue from the recovery of Irregular and Fruitless and Wasteful Expenditure

Revenue from the recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No.1 of 1999) and is recognised when the recovery from the responsible officials is virtually certain. Such revenue is based on legislated procedures.

1.20 Commitments

A financial commitment is a commitment to an expense at a future date as of the balance sheet date. Commitments are not reported as liabilities as of the balance sheet date but are reported in the notes to the financial statements. Commitments revolves around the designation of funds for capital projects including any future liability. Such commitments arise when an award for the procurement for capital goods is issued to a service provider. The disclosed value of the commitment is the value of the contract awarded, as adjusted from time to time, excluding VAT, less the cumulative value of work completed and invoiced for at the reporting date. The group discloses commitments for capital expenditure in note 30.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2022			2021 Restated		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land	28,550	-	28,550	28,550	-	28,550
Buildings	383,173	(149,157)	234,016	383,173	(133,830)	249,343
Marine vessels and equipment	9,531	(1,291)	8,240	9,531	(496)	9,035
Furniture and fixtures	12,169	(4,336)	7,833	11,160	(3,889)	7,271
Motor vehicles	38,248	(18,283)	19,965	38,248	(15,371)	22,877
IT equipment	12,689	(5,451)	7,238	8,909	(1,983)	6,926
Hospitality equipment	10,775	(2,662)	8,113	10,775	(1,584)	9,191
Other property, plant and equipment	16,694	(6,846)	9,848	11,357	(5,758)	5,599
Capital - Work in progress	7,088	-	7,088	6,395	-	6,395
Total	**518,917**	**(188,026)**	**330,891**	**508,098**	**(162,911)**	**345,187**

	2020 Restated		
	Cost or revaluation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000
Land	28,550	-	28,550
Buildings	383,173	(118,503)	264,670
Marine vessels and equipment	-	-	-
Furniture and fixtures	11,006	(3,485)	7,521
Motor vehicles	39,203	(12,853)	26,350
IT equipment	8,792	(2,430)	6,362
Hospitality equipment	10,456	(523)	9,933
Other property, plant and equipment	15,569	(7,900)	7,669
Capital - Work in progress	9,787	-	9,787
Total	**506,536**	**(145,694)**	**360,842**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Write offs	Depreciation	Other Adjustments	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land	28,550	-	-	-	-	28,550
Buildings	249,343	-	-	(15,327)	-	234,016
Marine vessels	9,035	-	-	(795)	-	8,240
Furniture and fixtures	7,271	1,514	(373)	(579)	-	7,833
Motor vehicles	22,877	-	-	(2,912)	-	19,965
IT equipment	6,926	4,828	(568)	(2,352)	(1,596)	7,238
Hospitality equipment	9,191	-	-	(1,078)	-	8,113
Other property, plant and equipment	5,599	5,497	(151)	(1,167)	70	9,848
Capital - Work in progress	6,395	693	-	-	-	7,088
Total	**345,187**	**12,532**	**(1,092)**	**(24,210)**	**(1,526)**	**330,891**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Write offs	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land	28,550	-	-	-	-	28,550
Buildings	264,670	-	-	-	(15,327)	249,343
Marine vessels and equipment	-	-	9,531	-	(496)	9,035
Furniture and fixtures	7,521	706	98	(481)	(573)	7,271
Motor vehicles	26,350	2,963	-	(1,659)	(4,777)	22,877
IT equipment	6,362	2,567	-	(1,309)	(694)	6,926
Hospitality equipment	9,933	319	-	-	(1,061)	9,191
Other property, plant and equipment	7,669	1,796	-	(2,223)	(1,643)	5,599
Capital - Work in progress	9,787	6,237	(9,629)	-	-	6,395
Total	**360,842**	**14,588**	**-**	**(5,672)**	**(24,571)**	**345,187**

Reconciliation of property, plant and equipment - 2020 Restated

	Opening balance	Additions	Transfers	Write offs	Other changes, movements	Depreciation	Change in estimate	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	28,550	-	-	-	-	-	-	28,550
Buildings	183,284	22,408	73,272	-	-	(14,294)	-	264,670
Furniture and fixtures	1,791	2,123	-	(351)	264	(529)	4,223	7,521
Motor vehicles	2,299	14,442	-	(688)	-	(2,115)	12,412	26,350
IT equipment	2,240	2,468	-	-	-	(513)	2,167	6,362
Hospitality equipment	-	10,455	-	-	-	(522)	-	9,933
Other property, plant and equipment	4,130	1,225	-	(78)	(76)	(1,386)	3,854	7,669
Capital - Work in progress	73,272	9,787	(73,272)	-	-	-	-	9,787
Total	**295,566**	**62,908**	**-**	**(1,117)**	**188**	**(19,359)**	**22,656**	**360,842**

Property, plant and equipment notes

No assets have been encumbered by the company.

Changes in estimates

The company reassesses the useful lives and residual values of items of the company at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

Details of PPE

Registers with details of PPE are available for inspection by shareholders or their duly authorised representatives at the business address of the group.

4. LEASES (COMPANY AS LESSEE)

The company leases several assets, including buildings and IT equipment. The average lease term is 3 years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
PPE subject to operating lease arrangements	781	802	1,906

Additions to right-of-use assets

Additions to ROU Assets	Opening balance	Additions	Depreciation	Closing balance
	R'000	R'000	R'000	R'000
Leasehold Property	491	-	(363)	128
IT Equipment	311	871	(529)	653
	802	**871**	**(892)**	**781**

Lease liability movement

	Opening balance	Additions	Interest Expense	Cash Flows	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Leasehold Property	530	-	24	(479)	75
IT Equipment	323	992	109	(678)	746
	853	**992**	**133**	**(1,157)**	**821**

Finance lease liabilities

The maturity analysis of lease liabilities is as follows:	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
Within one year	591	735	1,194
Two to five years	230	118	853
	821	**853**	**2,047**
Non-current liabilities	230	118	853
Current liabilities	591	735	1,265
	821	**853**	**2,118**

5. INVESTMENT PROPERTY

5.1 Fair value of investment property

	2021			2020 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	5,639,022	-	5,639,022	5,801,868	-	5,801,868

	2020 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000
Investment property	5,441,822	-	5,441,822

Reconciliation of investment property - 2022

	Opening balance	Additions	Other changes, movements	Fair value adjustments	Total
	R'000	R'000	R'000	R'000	R'000
Investment property	5,801,868	394,309	(717)	(556,438)	5,639,022

Reconciliation of investment property - 2021 Restated

	Opening balance	Additions	Disposals	Other changes, movements	Fair value adjustments	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	5,441,822	418,491	(13,800)	(1,132)	(43,513)	5,801,868

Reconciliation of investment property - 2020 Restated

	Opening balance	Additions	Other changes, movements	Fair value adjustments	Total
	R'000	R'000	R'000	R'000	R'000
Investment property	5,488,662	153,971	(13)	(200,798)	5,441,822

The group's investment properties, comprising the construction village, commercial centre, tenanted properties, developed zones, logistics park and hotel, were last comprehensively valued on 31 March 2022 by independent external valuers, Mills Fitchet (Gauteng) cc, who are registered as Professional Valuers in terms of section 22 of the Property Valuers Profession Act, 2000 (No 47 of 2000).

The individual land components within Zones 1 to 5 have been based on fully serviced land and leasehold improvements. Zone 6 was valued based on partially serviced land. Zones 7-14 were based on bulk land plus the value of improvements (top structures).

The Logistics Park was valued as leasehold land. The Construction Village valuations were based on fully serviced land and improvements.

Tenanted properties were valued in terms of the investment method/income approach or using a discounted cash flow. The Construction Village has been valued using the comparable sales approach and the commercial centre on the depreciated replacement cost method. Serviced and bulk land were valued using the comparable sales approach.

On an annual basis, in between external valuations, management performs a valuation of newly completed investment properties using an income and/or discounted cash flow approach.

Included in investment property are investment properties under construction. Such properties are accounted for at cost until completed.

Included in capital work in progress as at 31 March 2022 is a cumulative amount of R84 million (2021: R84 million; 2020 R84 million) reflecting expenditure on a return effluent water reservoir. This reservoir forms part of a larger return effluent scheme still to be completed and which is designed to supply industrial grade water to SEZ investors. The reservoir has been constructed on land currently owned by Transnet and the company has not yet secured legal rights to the reservoir and the underlying land. However, given the context of the historical land related agreements concluded between the company and Transnet and the current de facto control of and operational responsibility for the reservoir by the company, management are of the opinion that the reservoir is an asset of the company.

Pledged as security

No investment properties have been pledged as security.

Details of property

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the business address of the company.

Amounts recognised in profit and loss for the year

	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
Rental income from investment property	307,004	294,681	229,763

Direct operating expenses for investment property are included in total operating expenditure. The detailed income statement on page 192 provides a detailed breakdown of operating expenditure including specific direct operating expenses such as repairs and maintenance and municipal expenses.

5.2 Straight-line rental accrual

	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
Operating lease smoothing asset (net)	261,061	234,287	189,380

IFRS 16 and IAS 17 both require the straight lining (averaging) of operating lease (rental) income by lessors. The application of IAS 17 has resulted in the acceleration of the recognition of rental income for certain leases within the Company's portfolio of leases while for other leases the application of IAS 17 has resulted in the deferral of rental income invoiced and received in terms of the lease agreements. Specifically, large upfront lease premiums received from Namascene and BAIC resulted in the postponement of lease income under IAS 17. The net amount of R261,0m (2021: R234,2m; 2020: R189,3m) reflects the cumulative aggregate amount by which rental income in the statement of financial performance has been adjusted. In 2021/22 rental income was increased by by R26,7m (2020/21 increased by R44,9m) as a result of straight lining.

6. INTANGIBLE ASSETS

	2022			2021 Restated		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software, other	70,056	(45,490)	24,566	66,851	(41,857)	24,994
Intangible assets under development	8,837	-	8,837	-	-	-
Total	**78,893**	**(45,490)**	**33,403**	**66,851**	**(41,857)**	**24,994**

	2020 Restated		
	Cost / Valuation	Accumulated amortisation	Carrying value
	R'000	R'000	R'000
Computer software, other	62,653	(38,331)	24,322
Intangible assets under development	-	-	-
Total	**62,653**	**(38,331)**	**24,322**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
Computer software, other	24,994	3,206	(3,634)	24,566
Intangible assets under development	-	8,837	-	8,837
Total	**24,994**	**12,043**	**(3,634)**	**33,403**

Reconciliation of intangible assets - 2021 Restated

	Opening balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
Computer software, other	24,322	4,198	(3,526)	24,994

Reconciliation of intangible assets - 2020 Restated

	Opening balance	Additions	Amortisation	Change in estimate	Total
	R'000	R'000	R'000	R'000	R'000
Computer software, other	690	476	(3,291)	26,447	24,322

Other information

The group reassesses the useful lives and residual values of items of intangible assets at the end of each reporting period, in line with the accounting policy and IAS 38 Intangible assets. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

Registers with details of intangible assets are available for inspection by shareholders or the duly authorised representatives at the business address of the group.

7. INTERESTS IN GROUP COMPANIES

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Subsidiaries

	% voting power 2022	% voting power 2020	Carrying amount 2022	Carrying amount 2021
Rapid Infrastructure Development Agency (Pty) Ltd	100	100	-	-
Coega Development Foundation NPC	100	100	-	-

The voting power % and carrying amounts for 2020 were consistent with the values above for both subsidiaries.

8. DEFERRED TAX

Deferred tax liability

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Temporary Differences - refer to analysis below	(239,757)	(406,784)	(386,257)

Deferred tax liabilities			
Investment property	(202,400)	(365,698)	(381,155)
Operating lease smoothing	(70,486)	(65,600)	(53,026)
Right of use assets	(211)	(224)	(534)
PPE	(11,766)	(11,337)	(13,130)
Prepaid expenses	(4,111)	(4,001)	(281)
Deferred tax assets			
Provision for incentive payments	8,505	7,234	12,500
Provision for leave pay	5,270	5,206	4,318
Expected credit losses	5,307	3,993	4,261
Income received in advance	20,629	23,405	24,884
Lease liability	222	238	574
Assessed loss	9,284	-	15,332
Total deferred tax balance	**(239,757)**	**(406,784)**	**(386,257)**

Deferred tax asset

During the 2021/22 financial year, the previously announced decrease in the corporate tax rate wef 1 April 2022 became substantively enacted. The effect of this 1% decrease is a reduction in the deferred tax liability as at 31 March 2022 of R8,6m.

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
Deferred tax liability	(239,757)	(406,784)	(386,257)

Reconciliation of deferred tax asset / (liability)

	2022 R'000	2021 Restated R'000	2020 Restated R'000
At beginning of year	(406,784)	(386,257)	(395,948)
Reversing temporary difference on investment property	163,299	15,457	2,896
Reversing (Originating) temporary difference on operating lease smoothing asset	(4,886)	(12,574)	303
Originating temporary difference on IFRS 16 Right-of-use asset	14	309	(534)
Originating (reversing) temporary difference on provision for performance incentives	1,272	(5,266)	5,136
Reversing temporary difference on provision for leave pay	64	888	(21)
Originating (reversing) temporary difference on expected credit losses	1,314	(268)	2,692
Reversing temporary difference on income received in advance	(2,777)	(1,479)	(809)
Originating temporary difference on IFRS 16 Lease liability	(17)	(334)	573
Originating (reversing) temporary difference on assessed loss	9,284	(15,331)	12,584
Originating temporary difference on PPE	(429)	1,791	(13,129)
Originating temporary difference on prepaid expenses	(111)	(3,720)	-
	(239,757)	**(406,784)**	**(386,257)**

Unrecognised deferred tax asset

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Deductible temporary differences not recognised as deferred tax assets	11,475	11,481	4,733
Unused tax losses not recognised as deferred tax assets	23,418	21,411	10,245
	34,893	**32,892**	**14,978**

The unrecognised deferred tax assets above relate to Rapid Infrastructure Development Agency (Pty) Limited.

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/ financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of 22% (2021: 22% ; 2020: 22%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 27% (2021: 28% ; 2020: 28%) is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

The deferred tax on the fair value adjustments on investment properties/financial assets comprises of:

R 202 million (2021: R366 million) at the normal tax rate.

9. INVENTORIES

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Other inventories for sale	652	333	310

10. LOANS AND ADVANCES

Loans and advances are presented at amortised cost, which is net of loss allowance, as follows:

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Loans and advances	46,118	37,353	47,567
Split between non-current and current portions			
Current assets	46,118	37,353	47,567

Exposure to credit risk

Loans and advances inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Loans and advances are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans and advances is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

The group does not hold collateral or other credit enhancements against loans and advances.

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans and advances by credit rating grade:

2022

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans and advances	N/a	Lifetime ECL (credit impaired)	63,989	(17,871)	46,118

2021

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans and advances	N/a	Lifetime ECL (credit impaired)	56,488	(19,135)	37,353

2020

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans and advances	N/a	Lifetime ECL (not credit impaired)	49,898	(2,331)	47,567

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans and advances. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

Loans and advances: Loss allowance measured at lifetime ECL (credit impaired):

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Opening balance	**19,135**	**2,331**	**338**
Changes due to investments recognised at the beginning of the reporting period:			
Charge for the year	(1,264)	16,804	1,993
Closing balance	**17,871**	**19,135**	**2,331**

Fair value of loans and advances

The fair value of loans and advances approximates their carrying amounts.

11. TRADE AND OTHER RECEIVABLES

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Financial instruments:			
Trade receivables	177,858	168,823	147,624
Loss allowance	(33,967)	(23,580)	(26,176)
Trade receivables at amortised cost	143,891	145,243	121,448
Deposits	956	756	756
Other receivables	2,841	1,339	466
Non-financial instruments:			
VAT	-	10,175	-
Total trade and other receivables	**147,688**	**157,513**	**122,670**

Split between non-current and current portions

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Current assets	147,688	157,513	122,670

Financial instrument and non-financial instrument components of trade and other receivables

	2022 R'000	2021 Restated R'000	2020 Restated R'000
At amortised cost	147,688	147,338	122,670
Non-financial instruments	-	10,175	-
	147,688	**157,513**	**122,670**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Opening balance	**(23,580)**	**(26,176)**	**(6,889)**
Other	(10,387)	2,596	(19,287)
Closing balance	**(33,967)**	**(23,580)**	**(26,176)**

Trade receivables to the extent of R 14 million have been written off but are subject to enforcement activity.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2022	2021 Restated	2020 Restated
	R'000	R'000	R'000
Cash on hand	552	17	34
Bank balances	386,115	489,396	648,202
Short-term deposits	619,576	751,659	774,909
	1,006,243	**1,241,072**	**1,423,145**

The bank and cash balances above include funds held which are not available to the CDC amounting to R932 million (2021: R1,079 million; 2020: R1,342 million). R624 million (2021: R666 million; 2020 R763 million) of this are funds earmarked for special projects, and of which the corresponding liability is disclosed as deferred grant income

13. SHARE CAPITAL

	2022	2021 Restated	2020 Restated
Authorised	**Rands**	**Rands**	**Rands**
1,000,000 Ordinary shares of 1c each	10,000	10,000	10,000
1 "A" Class shares of R1	1	1	1
	10,001	**10,001**	**10,001**
Issued	**R'000**	**R'000**	**R'000**
Ordinary	7	7	7
Share premium	1,264,551	1,264,551	1,264,551
	1,264,558	**1,264,558**	**1,264,558**

14. PROVISIONS

	Opening Balance	Additions	Utilised during the year	Paid out during the year	Adjustments	Total
Reconciliation of provisions - 2022						
Provision for performance incentives	25,831	31,203	(25,534)	-	-	31,500
Provision for leave pay	18,594	25,954	(24,223)	(2,420)	1,613	19,518
	44,425	**57,157**	**(49,757)**	**(2,420)**	**1,613**	**51,018**
Reconciliation of provisions - 2021 Restated						
Provision for performance incentives	44,639	25,843	-	(44,651)	-	25,831
Provision for leave pay	15,389	24,429	(20,099)	(2,024)	899	18,594
	60,028	**50,272**	**(20,099)**	**(46,675)**	**899**	**44,425**
Reconciliations of provisions - 2020 Restated						
Provision for performance incentives	26,293	44,599	-	(26,253)	-	44,639
Provision for leave pay	15,463	22,951	(22,272)	(1,520)	767	15,389
	41,756	**67,550**	**(22,272)**	**(27,773)**	**767**	**60,028**

15. INCOME RECEIVED IN ADVANCE

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Non-current portion			
On the 8th of December 2010, CDC concluded a 12-year agreement with Souvaris in respect of the General Motors South Africa property. Effectively CDC has ceded and assigned its rights, title and obligations in the GMSA lease to Souvaris. Souvaris in return paid an amount of R125 million to CDC which represents future rentals.	6,945	17,362	27,779
On the 1st February 2015, CDC concluded a 50-year agreement with MSC, who made an upfront payment of R19.8m for the lease contract.	16,565	16,961	17,357
	23,510	**34,323**	**45,136**

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Current portion			
On the 8th of December 2010, the CDC concluded a 12-year agreement with Souvaris in respect of the General Motors South Africa property. Effectively CDC has ceded and assigned its rights, title and obligations in the GMSA lease to Souvaris. Souvaris in return paid an amount of R125 million to CDC which represents future rentals.	10,417	10,417	10,417
On the 1st of February 2015, CDC concluded a 50-year agreement with MSC, who made an upfront payment of R19.8m for the lease contract.	396	396	396
	10,813	**10,813**	**10,813**

16. TRADE AND OTHER PAYABLES

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Financial instruments:			
Trade payables	271,799	215,791	190,067
Project payables	286,243	393,841	578,491
Accrued audit fees	-	-	65
Deposits received	38,175	35,960	52,672
Other payables	26,912	23,486	13,582
Non-financial instruments:			
VAT	15,579	-	37,700
	638,708	**669,078**	**872,577**

Exposure to liquidity risk

Refer to note 34 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 34 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

17. DEFERRED INCOME

	2022 R'000	2021 Restated R'000	2020 Restated R'000
Government grants			
At beginning of the year	636,600	875,595	447,825
Grants received during the year	357,364	238,236	625,429
Interest earned on unspent grant funds received	21,594	25,761	23,508
Released to income/utilised during the year	(433,344)	(502,992)	(221,167)
- to offset costs	(69,466)	(69,748)	(61,721)
- adjustments	460	(1,096)	-
- SEZ Projects	(364,338)	(432,148)	(159,446)
	582,214	**636,600**	**875,595**

Funding of R357 million was received during the year and R433 million was utilised during the year. The unused portion of R582 million is deferred to the next financial year as the funding is ringfenced for specific projects. The Company may not use the funding other than as directed in the approvals.

18. REVENUE

	2022 R'000	2021 Restated R'000
Revenue from contracts with customers		
Sale of goods	8,114	3,074
Rendering of services	315,586	239,949
Royalty income	178	97
Donations	19	18
	323,897	**243,138**
Revenue other than from contracts with customers		
Rental Income	307,004	294,681
Interest received (trading)	17,277	10,598
	324,281	**305,279**
	648,178	**548,417**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

	2022 R'000	2021 Restated R'000
Sale of goods		
Catering and bar sales	8,114	3,074
Rendering of services		
Administration and management fees received	233,989	166,066
Marine services	1,401	161
Other revenue from rendering of services	80,196	73,722
	315,586	**239,949**
Royalty income		
Royalty income	178	97
Other revenue		
Donations received	19	18
Total revenue from contracts with customers	**323,897**	**243,138**

Timing of revenue recognition

	2022 R'000	2021 Restated R'000
At a point in time		
Sale of goods	8,114	3,074
Marine services	1,401	161
Donations received	19	18
	9,534	**3,253**
Over time		
Rendering of services	233,989	166,066
Services revenue arising from property leases (rentals)	80,196	73,722
Royalty income	178	97
	314,363	**239,885**
Total revenue from contracts with customers	**323,897**	**243,138**

19. COST OF SALES

	2022 R'000	2021 Restated R'000
Sale of goods	23,247	3,940
Sale of goods		
Sale of goods - catering and bar sales	23,247	3,940
Rendering of services		

20. OTHER OPERATING INCOME

	2022 R'000	2021 Restated R'000
Fees earned	360	350
Sundry income	17,708	12,141
Government grants	438,123	508,529
	456,191	**521,020**

21. OPERATING PROFIT (LOSS)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	2022 R'000	2021 Restated R'000
Auditor's remuneration - external		
Audit fees	4,378	3,140
Remuneration, other than to employees		
Consulting and professional services	34,490	19,375
Employee costs		
Salaries, wages, bonuses and other benefits	325,602	303,057
Insurances	223	171
Allowances	39	22
Other short-term costs	5,228	3,989
Retirement benefit plans: defined contribution expense	22,598	20,985
Termination benefits	150	-
Total employee costs	**353,840**	**328,224**

	2022 R'000	2021 Restated R'000
Leases		
Short-term leases	1,134	466
Total lease expenses	**1,134**	**466**
Depreciation and amortisation		
Depreciation of property, plant and equipment	24,210	24,571
Depreciation of right-of-use assets	892	1,104
Amortisation of intangible assets	3,634	3,526
Total depreciation and amortisation	**28,736**	**29,201**
Movement in credit loss allowances		
Trade and other receivables	9,123	14,208
Other		
Research costs	161	974

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2022 R'000	2021 Restated R'000
Cost of sales	23,247	3,940
Employee costs	353,840	328,224
Lease expenses	1,134	466
Depreciation, amortisation and impairment	28,736	29,201
Other expenses	331,830	252,735
	738,787	**614,566**

22. EMPLOYEE COSTS

	2022 R'000	2021 Restated R'000
Employee costs		
Basic	274,801	257,920
Performance incentives	31,975	25,843
Medical aid - company contributions	10,833	9,924
UIF	1,005	857
WCA	587	535
SDL	2,887	2,785
Leave pay provision charge	3,514	5,193
Funeral scheme benefits	223	171
Relocation allowances	39	22
Other short-term costs	5,228	3,989
Retirement benefit plans	22,598	20,985
Termination benefits	150	-
	353,840	**328,224**
Total employee costs		
Indirect employee costs	-	-
Direct employee costs	353,840	328,224
	353,840	**328,224**

Analysis of employee costs paid (excluding directors and board committee members, refer to note 33 for analysis of directors remuneration)

	Salary	Other Short-Term Benefits	Performance Incentive Paid	Total Cost to Company 2022	Total Cost to Company 2021 Restated
	R'000	R'000	R'000	R'000	R'000
Executive management and programme directors	35,979	6,182	6,945	48,656	57,885
Other employees	226,258	44,099	20,120	290,477	276,487
	262,237	**50,281**	**27,065**	**339,133**	**334,372**

Included in the above-mentioned employee costs are costs for the following key management personnel:

Key management personnel (other than directors)

	Salary	Other Short-Term Benefits	Performance Incentive Paid	Total Cost to Company	Total Cost to Company
				2022	2021 Restated
	R'000	R'000	R'000	R'000	R'000
L Billings	2,811	483	545	3,840	4,915
T Ngxekana	1,344	468	-	1,813	1,996
A Xawuka	602	172	-	773	-
Z Kunene	1,722	279	262	2,265	2,128
T Poswa	1,718	243	134	2,094	2,158
V Heynes	1,632	210	290	2,132	1,771
Z Mqhatu	1,752	233	148	2,132	2,193
S Simayi	1,724	138	346	2,208	2,281
H van der Kolf	850	214	440	1,504	3,668
F Ndema	1,494	178	121	1,793	1,721
T Koza	2,862	372	556	3,789	5,371
D Lefutso	2,157	285	455	2,897	3,000
M Mawasha	2,176	295	293	2,766	2,754
C Mbande	2,168	346	559	3,072	4,390
B Mthembu	1,461	386	470	2,317	5,084
G Moyo	1,464	220	238	1,921	1,593
K Byrne	2,070	619	683	3,372	5,533
A van Jaarsveldt	2,157	126	391	2,674	2,745
T Jack	1,409	415	122	1,946	1,765
M Mabula	2,407	499	442	3,348	2,819
	35,980	**6,181**	**6,495**	**48,656**	**57,885**

Number of persons employed during the year:

	2022	2021 Restated
Fixed term contract	191	192
Permanent	248	247
	439	**439**

23. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	2022 R'000	2021 Restated R'000
Depreciation		
Property, plant and equipment	24,210	24,571
Right-of-use assets	892	1,104
	25,102	25,675
Amortisation		
Intangible assets	3,634	3,526
Total depreciation, amortisation and impairment		
Depreciation	25,102	25,675
Amortisation	3,634	3,526
Impairment losses	-	-
	28,736	**29,201**

24. INVESTMENT INCOME

	2022 R'000	2021 Restated R'000
Interest income **Investments in financial assets:**		
Bank and other cash	5,574	2,189

25. FINANCE COSTS

	2022 R'000	2021 Restated R'000
Trade and other payables	6,399	6,435
Late payment of tax (Tax authorities)	1,569	4,849
Other interest paid	267	143
Total finance costs	**8,235**	**11,427**

26. OTHER NON-OPERATING GAINS (LOSSES)

	Note	2022 R'000	2021 Restated R'000
Gains (losses) on disposals, scrappings or settlements			
On disposal of investment property and PPE		(1,092)	407,314
Fair value gains (losses)			
Investment property	**5**	(556,438)	(43,513)
Total other non-operating gains (losses)		**(557,530)**	**363,801**

27. TAXATION

Major components of the tax expense (income)

	2022 R'000	2021 Restated R'000
Current		
Local income tax - current period	-	69,233
Local income tax - prior period (over) under provision	-	(12,008)
	-	**57,225**
Deferred		
Originating and reversing temporary differences	(158,382)	20,527
Changes in tax rates	(8,645)	-
Other deferred tax	-	-
	(167,027)	**20,527**
	(167,027)	**77,752**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2022 R'000	2021 Restated R'000
Accounting profit (loss)	(204,077)	795,226
Tax at the applicable tax rate of 28% (2020: 28%)	(57,142)	222,663
Tax effect of adjustments on taxable income		
Income tax recognised in current tax for prior periods	-	(12,002)
Tax effect of capital gains inclusion rate	-	(22,662)
Donations received	(5)	(5)
Current year tax losses not recognised	706	5,905
Rate change (permanent difference)	(8,645)	-
Non-deductible expenses	5,547	6,846
Exempt income: Government grants	(107,488)	(122,993)
	(167,027)	**77,752**
Temporary differences not recognised for investments in subsidiaries / branches / associates / joint ventures.	34,893	32,892

No provision has been made for 2022 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R59 million (2021: R21 million).

During the 2021/22 financial year, the previously announced decrease in the corporate tax rate wef 1 April 2022 became substantively enacted. The effect of this 1% decrease is a reduction in the deferred tax liability as at 31 March 2022 of R8,6m.

28. CASH USED IN OPERATIONS

	2022 R'000	2021 Restated R'000
Profit (loss) before taxation	(204,077)	795,226
Adjustments for:		
Depreciation and amortisation	28,736	29,201
Losses (gains) on disposals, scrappings and settlements of assets and liabilities	1,092	(407,314)
Interest income	(5,574)	(2,189)
Finance costs	8,235	11,427
Fair value losses	556,438	43,513
Net impairments and movements in credit loss allowances	9,123	14,208
Movements in operating lease assets and accruals	(26,774)	(44,977)
Movements in provisions	6,593	(15,603)
Other non-cash items	2,495	1,342
Deferred income released to income	(433,344)	(502,992)
Income received in advance	(10,813)	(10,813)
Changes in working capital:		
Inventories	(319)	(23)
Trade and other receivables	(562)	(32,247)
Prepayments	(10,619)	(28,081)
Loans and advances	(7,501)	(6,590)
Trade and other payables	(30,369)	(203,500)
	(117,240)	**(359,412)**

29. TAX REFUNDED (PAID)

	2022 R'000	2021 Restated R'000
Balance at beginning of the year	(64,736)	(73,036)
Current tax for the year recognised in profit or loss	-	(57,225)
Balance at end of the year	(9,110)	64,736
	(73,846)	**(65,525)**

30. COMMITMENTS

Authorised capital expenditure

	2022 R'000	2021 Restated R'000
Already contracted for but not provided for		
Property, plant and equipment	378,581	372,747

This committed expenditure will be financed by grant funding, existing cash resources and other internally generated funds.

Operating leases – as lessor (income)

	2022 R'000	2021 Restated R'000
Minimum lease payments due		
First year	189,230	169,194
Second year	164,667	169,277
Third year	159,855	142,614
Fourth year	141,434	134,626
Fifth year	123,098	114,563
Sixth year and onwards	3,084,162	2,876,814
	3,862,446	**3,607,088**

31. CONTINGENCIES

The CDC had claims by various third parties arising from contractual disputes which are still unresolved, and the outcome of these claims cannot be reliably assessed at year end. The total value of such potential claims is estimated at R12,5 million (2021: R52,1 million).

Land Arbitrations:

The price of certain land which has been acquired in the Coega Special Economic Zone is subject to arbitration. The dispute is between Ntinga Property Investment (Pty) Ltd and CDC . The dispute arises out of a sale agreement entered into between Ntinga (the seller) and Coega (the purchaser) in respect of certain immovable property as well as the purchase and sale of mineral rights on the property and the mining license in relation to such mining rights. The matter was referred to arbitration as provided by the sale agreement. The claimant has not taken any further steps to pursue the matter. The matter is therefore dormant at this stage. Management's assessment of the case is that the matter will not have an impact on the annual financial statements.

Contingent asset - counter claim against the Nelson Mandel Bay Municipality:

Included in trade and other payables is an amount of R165 million owing to the Nelson Mandela Bay Municipality for rates and service/utility charges. The company has lodged a counter claim against the municipality for R130 million in respect of payments made to service providers by the company on behalf of the municipality. At the date of signature of these financial statements, a formal acknowledgement of debt had not been issued by the municipality.

Guarantees and other credit facilities:

The CDC holds guarantees amounting to R764 025 with First National Bank, issued in favour of International Air Transport Association, the licensing authority for the Company's travel licence. The guarantees do not have a maturity date. In addition, the CDC has credit card facilities with a combined limit of R350 000, petrol cards to the value of R1 200 000 held with Wesbank.

32. RELATED PARTIES

The Eastern Cape Department of Economic Development Environmental Affairs and Tourism is the Executive Authority in terms of the PFMA. The Eastern Cape Department of Economic Development Environmental Affairs and Tourism holds all of the issued ordinary shares. Grants received from government during the year are fully disclosed in notes 20 and 17. There were no further transactions with related parties during the year other than those disclosed in this note. Details regarding directors' emoluments and key/executive management compensation are disclosed in note 22 as well as note 33.

Relationships:

Holding company:	Eastern Cape Department of Economic Development, Environmental Affairs and Tourism
Subsidiaries:	Refer to note 7

Related party balances

	2022 R'000	2021 Restated R'000
Loan accounts - Owing (to) by related parties		
Rapid Infrastructure Development Agency (Pty) Ltd	81,515	70,025
Amounts included in loan accounts regarding related parties		
Expenses paid on behalf of Rapid Infrastructure Development Agency (Pty) Ltd	10,600	9,581
Rental income received from Rapid Infrastructure Development Agency (Pty) Ltd	889	817
Other related party transactions - grants received		
Department of Economic Development Environment Affairs and Tourism	181,166	163,647

33. DIRECTORS' EMOLUMENTS

Executive

	Emoluments	Performance incentive	Total Cost to Company	Emoluments	Performance incentive	Total Cost to Company
	2022	2022	2022	2021 Restated	2021 Restated	2021 Restated
	R'000	R'000	R'000	R'000	R'000	R'000
M.P. Silinga (Chief Executive)	-	-	-	3,225	6,775	10,000
K.V. Tiya (Chief Executive)	5,250	-	5,250	1,211	-	1,211
	5,250	**-**	**5,250**	**4,436**	**6,775**	**11,211**

Non-executive

	Directors' Fees	Total Cost to Company	Directors' Fees	Total Cost to Company
	2022	2022	2021 Restated	2021 Restated
	R'000	R'000	R'000	R'000
Dr. P. Jourdan (Chairperson)	252	252	312	312
A. Mjekula (Deputy Chairperson)	315	315	464	464
Y.B.B. Mdyesha	219	219	224	224
M. Mnyande	-	-	26	26
N.P. Mtembu	220	220	318	318
P. Nkomo	100	100	-	-
P. Xuza	211	211	221	221
	1,317	**1,317**	**1,565**	**1,565**

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of Financial Assets

		2022		
		Amortised cost	Total	Fair value
	Notes	R'000	R'000	R'000
Loans and advances	10	46,118	46,118	46,118
Trade and other receivables	11	147,688	147,688	147,688
Cash and cash equivalents	12	1,006,243	1,006,243	1,006,243
		1,200,049	**1,200,049**	**1,200,049**

		2021 Restated		
		Amortised cost	Total	Fair value
	Notes	R'000	R'000	R'000
Loans and advances	10	37,353	37,353	37,353
Trade and other receivables	11	147,338	147,338	147,338
Cash and cash equivalents	12	1,241,074	1,241,074	1,241,074
		1,425,765	**1,425,765**	**1,425,765**

		2020 Restated		
		Amortised cost	Total	Fair value
	Notes	R'000	R'000	R'000
Loans and advances	10	47,567	47,567	47,567
Trade and other receivables	11	122,670	122,670	122,670
Cash and cash equivalents	12	1,423,226	1,423,226	1,423,226
		1,593,463	**1,593,463**	**1,593,463**

Categories of Financial Liabilities

		2022			
		Amortised cost	Leases	Total	Fair value
	Notes	R'000	R'000	R'000	R'000
Trade and other payables	16	623,129	-	623,129	623,129
Finance lease obligations	4	-	821	821	821
		623,129	**821**	**623,950**	**623,950**

		2021 Restated			
		Amortised cost	Leases	Total	Fair value
	Notes	R'000	R'000	R'000	R'000
Trade and other payables	16	669,077	-	669,077	669,077
Finance lease obligations	4	-	853	853	853
		669,077	**853**	**669,930**	**669,930**

	Notes	2020 Restated			
		Amortised cost	Leases	Total	Fair value
		R'000	R'000	R'000	R'000
Trade and other payables	**16**	834,877	-	834,877	834,877
Finance lease obligations	**4**	-	2,118	2,118	2,118
		834,877	**2,118**	**836,995**	**836,995**

Pre-tax gains and losses on financial instruments

Gains and losses on financial assets	Notes	2022		2021 Restated	
		Amortised cost	Total	Amortised cost	Total
		R'000	R'000	R'000	R'000
Recognised in profit or loss:					
Interest income	**24**	5,574	5,574	2,189	2,189
Movement in credit loss allowances	**21**	(9,123)	(9,123)	(14,208)	(14,208)
Net gains (losses)		**(3,549)**	**(3,549)**	**(12,019)**	**(12,019)**

Gains and losses on financial liabilities	Notes	2022		2021 Restated	
		Amortised cost	Total	Amortised cost	Total
		R'000	R'000	R'000	R'000
Recognised in profit or loss:					
Finance costs	**25**	(8,235)	(8,235)	(11,427)	(11,427)

Capital risk management

The company's objective when managing capital (which includes share capital, retained income, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Notes	2022 R'000	2021 Restated R'000	2020 Restated R'000
Lease liabilities		821	853	2,118
Trade and other payables	16	638,708	669,077	872,577
Deferred income	17	582,214	636,600	875,595
Income received in advance	15	34,323	45,136	55,949
Total borrowings		**1,256,066**	**1,351,666**	**1,806,239**
Cash and cash equivalents	12	(1,006,243)	(1,241,072)	(1,423,144)
Net borrowings		**249,823**	**110,594**	**383,095**
Equity		5,971,588	6,008,637	5,291,168
Gearing ratio		4%	4%	10%

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (interest rate risk).

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk on, trade and other receivables, loans and advances and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 90 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2021			2020 Restated		
		Gross carrying amount	Credit loss allowance	Amortised cost/ fair value	Gross carrying amount	Credit loss allowance	Amortised cost/ fair value
	Notes	R'000	R'000	R'000	R'000	R'000	R'000
Loans and advances	10	63,989	(17,871)	46,118	56,488	(19,135)	37,353
Operating lease asset	5.2	261,061	-	261,061	234,287	-	234,287
Trade and other receivables	11	181,655	(33,967)	147,688	170,918	(23,580)	147,338
Cash and cash equivalents	12	1,006,243	-	1,006,243	1,241,074	-	1,241,074
		1,512,948	**(51,838)**	**1,461,110**	**1,702,767**	**(42,715)**	**1,660,052**

		2019 Restated		
		Gross carrying amount	Credit loss allowance	Amortised cost/ fair value
	Notes	R'000	R'000	R'000
Loans and advances	10	49,898	(2,331)	47,567
Operating lease asset	5.2	189,380	-	189,380
Trade and other receivables	11	148,846	(26,176)	122,670
Cash and cash equivalents	12	1,423,226	-	1,423,226
		1,811,350	**(28,507)**	**1,782,843**

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions. There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

		2022			
	Notes	Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	230	230	230
Current liabilities					
Trade and other payables	16	623,129	-	623,129	623,129
Lease liabilities	4	591	-	591	591
		623,720	**230**	**623,950**	**623,950**
Current assets					
Trade and other receivables	11	147,688	-	147,688	147,688
Loans and advances	10	46,118	-	46,118	46,118
		193,806	-	193,806	193,806
		(429,914)	**(230)**	**(430,144)**	**(430,144)**

		2021 Restated			
	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	118	118	118
Current liabilities					
Trade and other payables	16	669,077	-	669,077	669,077
Lease liabilities	4	735	-	735	735
		669,812	**118**	**669,930**	**669,930**
Current assets					
Trade and other receivables	11	157,513	-	157,513	157,513
Loans and advances	10	37,353	-	37,353	37,353
		194,866	-	194,866	194,866
		(474,946)	**(118)**	**(475,064)**	**(475,064)**

	Notes	2020 Restated			
		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	853	853	853
Current liabilities					
Trade and other payables	16	834,877	-	834,877	834,877
Lease liabilities	4	1,265	-	1,265	1,265
		836,142	853	**836,995**	**836,995**
Current assets					
Trade and other receivables	11	122,670	-	122,670	122,670
Loans and advances	10	47,567	-	47,567	46,567
		170,237	-	170,237	169,237
		(665,905)	(853)	**(666,758)**	**(666,758)**

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Increase or decrease in rate

	2022		2021 Restated		2020 Restated	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
Bank and cash deposits (1% increase or decrease)	10,062	(10,062)	12,410	(12,410)	14,231	(14,231)

35. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Recurring fair value measurements

	Notes	2022 R'000	2021 Restated R'000	2020 Restated R'000
ASSETS				
Investment property	**5**			
Investment property		5,900,083	6,036,155	5,631,202
Total Investment property		**5,900,083**	**6,036,155**	**5,631,202**

36. GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company. During 2021/22 the Company operated without receiving the full amount of requisite funding for operational expenditure but was able to sustain operations from external revenues generated by the Company. Management maintains detailed financial plans and forecasting processes and manages working capital elements as necessary to ensure that key operations of the business are fully delivered. The provision of the necessary additional funding required for the Company has been discussed with the shareholder and is receiving attention at the highest level.

The potential impact of COVID-19 on the company has been considered as part of the going concern assessment. The directors have reviewed the liquidity forecasts for the company, which have been updated for the expected impact of COVID-19 on operations. The directors have also considered sensitivities in respect of potential downside scenarios in concluding that the company is able to continue in operation for a period of at least twelve months from the date of approving the annual financial statements. Those sensitivities include a downside scenario for COVID-19 on operating performance. In reaching its conclusion on the going concern assessment, the directors also considered the long-term viability of the Group. This included key changes to the principal risks relevant to the sustainability of our operations in light of the COVID-19 pandemic, sensitivity analysis, scenario assessments, and combinations thereof, including that of a longer-term global recession with likely impacts beyond 2022. Based on the review the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual financial statements.

37. IRREGULAR EXPENDITURE

	2022				
	Balance at beginning of year	Expenditure	Condoned	Recovered	Balance at end of the year
	R'000	R'000	R'000	R'000	R'000
PFMA					
Modifications exceeding allowed amounts (refer note (a) below)	-	33,450	-	(11,155)	22,295
PPPFA					
National Treasury practice note - less than 3 quotes - insufficient delegation of authority (refer note (b) below)	845	-	-	-	845
Procurement process not adhered to and insufficient delegation of authority (refer note (c) below)	-	166	(166)	-	-
Various commercial requirements: Continuation of contract without proper extension (refer note (d) below)	-	232	(223)	(9)	-
Local content and production thresholds	-	61	-	-	61
	845	**33,909**	**(389)**	**(11,164)**	**23,201**

(a) Modifications exceeding allowed amounts

National Treasury requires that any modification to an original contract where the value of the modification is more than 20% or R20 million for construction-related goods, works or services and 15% or R15 million for all other goods or services has to be approved by National Treasury effective from 1 May 2016. A process is underway to remove the amount from the irregular expenditure register in terms of the relevant National Treasury instruction. Some of the modifications were investor requirements and was recovered from the investor. The remainder emanated from remeasurements, which is common cause in large contracts of this nature. This will be recovered via increased rental over the lease period.

(b) Less than 3 quotes - insufficient delegation of authority

National Treasury Practise no 8 of 2007/2008, paragraph 3.3.3 states "if it is not possible to obtain at least three (3) written price quotations, the reasons should be recorded and approved by the accounting officer / authority or his / her delegate. The CDC's delegated authority to approve the deviation is the Chief Financial Officer. In this regard the CDC did not comply by obtaining approval from the CFO, however approval was obtained from the Head of the Supply Chain Unit.

(c) Procurement process not adhered to and insufficient delegation of authority

Irregular expenditure was incurred where incorrect procurement process was followed. Requests for condonation was submitted and approved. Consequence management was addressed as part of the condonation process.

(d) Continuation of contract without proper extension

Work was continued on a contract without proper extension of the contract prior its expiration. The CDC received value for money for work performed and as part of consequence management recovered fruitless expenditure, from the employee concerned, emanating from legal action the service provider instituted due to delayed payment.

The opening balance of R0,85m of irregular expenditure was not reported in the 2021 financial year due to immateriality.

38. PRIOR PERIOD ADJUSTMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year. Where adjustments were done in the current annual financial statements, management considered the impact on the opening balances of the earliest comparative figures and these were adjusted accordingly. The aggregate effect of the prior period adjustments on the financial statements for the year ended 31 March 2022 is as follows:

	2021 Restated R'000	2020 Restated R'000
Investment property at fair value		
Balance before restatement	6,036,154	5,631,202
Adjustment	(44,906)	(189,380)
Effect of prior year adjustment	(189,380)	-
	5,801,868	**5,441,822**

The above adjustment results from the reclassification of operating lease smoothing assets and deferred lease income to the overall carrying value of investment property.

	2021 Restated R'000	2020 Restated R'000
Retained income		
Balance before restatement	4,869,450	4,165,753
Adjustment	13,777	(139,143)
Effect of prior year adjustment	(139,143)	-
	4,165,753	**4,026,610**

The adjustments to retained income arise from the adjustments to investment property, the operating lease smoothing asset, and the current and deferred tax payable as set out in this note.

	2021 Restated R'000	2020 Restated R'000
Deferred tax		
Balance before restatement	470,673	442,969
Adjustment	(7,177)	(56,712)
Effect of prior year adjustment	(56,712)	-
	406,784	**386,257**

The adjustments to deferred tax arise as a result of the tax consequences of the above-mentioned accounting adjustments as well as corrections to the 2021 tax computation.

	2021 Restated R'000	2020 Restated R'000
Current tax payable		
Balance before restatement	79,194	79,731
Adjustment	(7,763)	(6,695)
Effect of prior year adjustment	(6,695)	-
	64,736	**73,036**

The adjustment to current tax payable arises due to SARS waiving penalties relating to the VDP submission for the correction of prior year tax returns which had previously been accrued for.

	2021 Restated R'000
Operating lease commitments (as lessor)	
Balance before restatement	1,687,163
Adjustment	1,919,925
	3,607,088

The adjustments to operating lease commitments arise as a result of a correction of errors in the calculation of future rentals due to the Company.

	2021 Restated R'000
Revenue	
Balance before restatement	511,176
Adjustment	37,241
	548,417

The above adjustment to retained income flows from the adjustments to current tax, finance costs and investment property set out in this note.

	2021 Restated R'000
Other non-operating gains/(losses)	
Balance before restatement	408,707
Adjustment	(44,906)
	363,801

The adjustments to non-operating gains relate to adjustments to fair value arising from the reclassification of the lease smoothing assets and liabilities.

	2021 Restated R'000
Taxation	
Balance before restatement	92,692
Adjustment	(14,940)
	77,752

The adjustments to the taxation charge arise from adjustments emanating from the final 2021 tax return.

	2021 Restated R'000	2020 Restated R'000
Deferred lease income (current)		
Balance before restatement	1,645	1,645
Adjustment	-	(1,645)
Effect of prior year adjustment	(1,645)	-
	-	**-**

The above adjustment results from the reclassification of operating lease smoothing assets and deferred lease income to the overall carrying value of investment property.

	2021 Restated R'000	2020 Restated R'000
Current tax payable		
Balance before restatement	79,194	79,731
Adjustment	(7,763)	(6,695)
Effect of prior year adjustment	(6,695)	-
	64,736	**73,036**

The adjustment to current tax payable arises due to SARS waiving penalties relating to the VDP submission for the correction of prior year tax returns which had previously been accrued for.

	2021 Restated R'000
Cost of sales	
Balance before restatement	-
Adjustment	3,940
	3,940

The adjustment to cost of sales arises from a reclassification of a cost of sales account from operating expenses to cost of sales.

	2021 Restated R'000
Other operating expenses	
Balance before restatement	614,566
Adjustment	(3,940)
	610,626

The adjustment to other operating expenses arises from a reclassification of a cost of sales account from operating expenses to cost of sales.

	2021 Restated R'000	2020 Restated R'000
Straight line rental accrual		
Adjustment	44,907	189,380
Effect of prior year adjustment	189,380	-
	234,287	**189,380**

The above adjustment results from the reclassification of operating lease smoothing assets and deferred lease income to the overall carrying value of investment property.

	2021 Restated R'000	2020 Restated R'000
Deferred income		
Balance before restatement	643,102	875,595
Adjustment	(6,502)	-
	636,600	**875,595**

The adjustment to deferred income arises as a result of certain invoices expensed in the 2020/21 financial year but for which a corresponding release to income was not made.

	2021 Restated R'000	2020 Restated R'000
Operating lease smoothing asset		
Balance before restatement	349,672	343,286
Adjustment	(6,386)	(343,286)
Effect of prior year adjustment	(343,286)	-
	-	-

The above adjustment results from the reclassification of operating lease smoothing assets and deferred lease income to the overall carrying value of investment property.

	2021 Restated R'000	2020 Restated R'000
Deferred lease income (non-current)		
Balance before restatement	137,820	139,099
Adjustment	1,279	(139,099)
Effect of prior year adjustment	(139,099)	-
	-	-

The above adjustment results from the reclassification of operating lease smoothing assets and deferred lease income to the overall carrying value of investment property.

39. COMPLIANCE WITH BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

In terms of 13G(1) all spheres of government, public entities and organs of state must report on their compliance with the Broad- Based Black Economic Empowerment Act in their audited annual financial statement and annual reports. For the financial period ended 31 March 2022, the CDC again embarked on a process of being measured for B-BBEE compliance with the B-BBEE Codes of Good Practice, Gazette No. 38766. However, CDC was advised to align the date of its B-BBBEE certificate with its year end, which necessitated a postponement of the results of the B-BBEE verification until the 31 March 2022 annual financial statements have been published. As such an updated B-BBEE status is not yet available at the date of publication of these financial statements.

DETAILED INCOME STATEMENT

	Notes	31-Mar 2022 R'000	31-Mar 2021 Restated R'000
REVENUE			
Sale of goods		8,114	3,074
Rendering of services		315,586	239,949
Royalty income		178	97
Rental income on investment property		283,367	273,066
Levies and other income on investment property		23,637	21,615
Interest received (trading)		17,277	10,598
Donations		19	18
	18	**648,178**	**548,417**
Cost of sales			
Opening stock		(333)	(310)
Purchases		(23,566)	(3,963)
Closing stock		652	333
	19	**(23,247)**	**(3,940)**
Gross profit		**624,931**	**544,477**
Other operating income			
Fees earned		360	350
Other income		17,708	12,141
Government grants		438,123	508,529
	20	**456,191**	**521,020**
Movement in credit loss allowances	**21**	**(9,123)**	**(14,208)**
EXPENDITURE *(refer to next page)*		(715,540)	(610,626)
Operating profit	**21**	**356,459**	**440,663**
Investment income	**24**	5,574	2,189
Finance costs	**25**	(8,235)	(11,427)
Other non-operating gains (losses)			
(Losses) gains on disposal of assets or settlement of liabilities		(1,437)	407,314
Fair value losses		(556,438)	(43,513)
(Loss) profit before taxation		**(204,077)**	**795,226**
Taxation	**27**	167,027	(77,752)
(Loss) profit for the year		**(37,050)**	**717,474**

The supplementary information presented does not form part of the consolidated annual financial statements and is unaudited.

	Notes	2022 R'000	2021 Restated R'000
Other operating expenses			
Advertising		(2,401)	(4,301)
Amortisation		(3,634)	(3,526)
Auditors remuneration - external audit	**21**	(4,378)	(3,140)
Bad debts		(14,268)	(10,087)
Bank charges		(685)	(426)
Cleaning		(3,019)	(2,292)
Computer expenses		(659)	(324)
Accounting fees		(3)	(3)
Consulting and professional fees - general		(28,662)	(15,012)
Consulting and professional fees - legal fees		(5,825)	(4,360)
Consumables		(766)	(1,391)
Delivery expenses		(82)	(37)
Depreciation		(25,102)	(25,675)
Employee costs		(353,840)	(328,224)
Entertainment		(14)	(5)
Other		(1,484)	1,871
Lease rentals - operating leases		(2,578)	(4,479)
Temporary workers		(4,653)	(2,382)
Direct contract costs		(1,494)	(4,377)
Health & safety		(7,468)	(8,131)
Project costs		(6,526)	(9,083)
CSI		(43)	(145)
Programme training expenses		(6,756)	(10,470)
Credit checks		(10)	(9)
Fines and penalties		-	(30)
Insurance		(8,858)	(6,730)
IT expenses		(17,370)	(13,927)
Short-term leases		(1,134)	(466)
Motor vehicle expenses		(4,601)	(3,189)
Municipal expenses		(104,529)	(71,619)
Placement fees		(570)	(1,957)
Printing and stationery		(1,027)	(1,524)
Promotions		(1,657)	(2,295)
Repairs and maintenance		(30,384)	(20,958)
Research and development costs		(161)	(974)
Security		(23,322)	(24,072)
Staff welfare		(2,060)	(2,868)
Subscriptions		(3,876)	(585)
Telephone and fax		(15,662)	(11,811)
Training		(7,300)	(2,508)
Travel - local		(17,725)	(8,822)
Travel - overseas		(954)	(283)
		(715,540)	**(610,626)**

The supplementary information presented does not form part of the consolidated annual financial statements and is unaudited.

KING IV ASSESSMENT

King IV Principles "Apply and Explain"

Principle 1: "The governing body should set the tone and lead ethically and effectively."	Yes	In executing its duties, the Board is guided by the following principles: Integrity, Responsibility, Accountability and Transparency.	Accounting Authority - Board Charter
Principle 2: "The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture."	Yes	The Board approves all policies of the CDC. This enables the Board to ensure that the policies articulate and give effect to its direction on organisational ethics.	Code of Conduct and Ethics Policy
Principle 3: "The Governing Body should ensure that the organisation is and is seen as a responsible corporate citizen."	Yes	The CDC has a Social and Ethics Committee. In addition the CDC has a CSI Strategy, and initiatives implemented include contributions to community development and socio-economic transformation. The CDC's Environmental Strategy further contribute to the status.	
Principle 4: "The Governing Body should appreciate that the organisation's core purpose, its risks & opportunities, strategy, business model, performance & sustainable development are all inseparable elements of the value creation process."	Yes	The Board oversees the strategy approval after considering the parameters to determine short, medium and long-term as well as the risks, opportunities that might affect the organisation's wellbeing.	• Corporate Plan • Risk Management Strategy • Risk Management Reports • Fraud Prevention Plan
Principle 5: "The Governing Body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance & its short, medium & long-term prospects."	Yes	• The CDC is compliant to the planning and reporting requirements as defined in the PFMA and National Treasury Regulations. • The Board exercises its oversight by reviewing and approving the Corporate Plan and the IN-Year Performance Monitoring reports.	• DEDEAT Compulsory & Quarterly Performance Reports • *the dtic* Monthly and Quarterly • Annual Report
Principle 6: "The Governing Bodies should serve as the focal point & custodian of Corporate Governance."	Yes	On an annual basis, the Board reviews and approves a Board Charter. The Board Charter inter – alia serves as a reference point on how the Board is expected to execute its oversight role over the CDC. The frequency of meetings as well as issues that require Board approval are all documented either in the Charter or in the Delegation of Authority Document.	• Board Charter • Board and its Sub-Committees • Minutes of the Meetings • Delegation of Authority Document

King IV Principles "Apply and Explain" continued...

Principle 7: "The Governing Body should comprise the appropriate balance of knowledge skills, experiences, diversity & independence for it to discharge its governance role & responsibilities objectively."	Yes	The composition of the Board comprises of a wide range of professionals with a mix of knowledge, skills and experience, including the business, commercial and industry experience.	Composition of the Board of Directors
Principle 8: "The GB should ensure that its arrangements for delegation within its own structures promote independent judgement, & assist with balance of power & the effective discharge of its duties."	Yes	The Board has in place a Delegation of Authority Document that is approved by the Board and is reviewed from time to time to ensure that the document is current and addressing issues that need to be dealt with by the Board and those that the Board has delegated to either it's committees or to management.	The following committees have been established by the Board: • Audit & Risk Committee • Human Resources and Remuneration Committee; • Social & Ethics Committee; and • Capital Allocations Committee.
Principle 9: "The GB should ensure that the evaluation of its own performance & of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness."	Yes	• Members of the Board complete the annual self-evaluation questionnaire. • A formal process that is facilitated by an external service provider is undertaken annually to evaluate the performance of the Board, its committees, its chair and its individual members.	• Members of the Board have completed the self-evaluation questionnaire. • The evaluation by an external service provider is yet to be undertaken.
Principle 10: "The governing body should ensure that the appointment of, & delegation to, management contribute to role clarity & the effective exercise of authority and responsibilities."	Yes	The Board has developed a delegation of authority framework to clarify the powers and authority delegated to its sub-committees and management.	Delegation of Authority Document
Principle 11: "The Governing Body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives."	Yes	A report on risk is a standard item on every Board and Audit Committee meeting that is held. A report on the status of the top ten risks facing the organisation is submitted to the Board. The report on risk also captures any risks that may have manifested themselves post the approval of the top ten strategic risks.	• Audit and Risk Committee • Risk Management Committee • Risk Management Strategy, Plan and Reports.

King IV Principles "Apply and Explain" continued...

Principle 12: "The Governing Body should govern technology & information in a way that supports the organisation setting & achieving strategic objectives."	Yes	• ICT is a standing item on the agenda of the Audit and Risk Committee. • ISO 20000, ISO 27000 International Standards of Certification as well as ICT systems that are monitored by ICT Programme Director. ICT Steering Committee. BCM – Project under way. Disaster Recovery tested every year. Incidents reported to ARC – Vulnerability assessment done monthly internally and externally on an annual basis.	• ICT Governance Framework • ICT Strategy • ICT Steering Committee
Principle 13: "The Governing Body should govern compliance with applicable laws & adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical & a good corporate citizen."	Yes	• The CDC has developed a Legal Compliance Policy Framework. • The CDC Board assumes responsibility of ensuring compliance by monitoring compliance through the reports presented for approval. • Each functional unit within the organisation ensures compliance and is thereafter subject to an independent audit all findings emanating out of an audit is diligently dealt with and reported back to the Audit and Risk Committee and the Board. • The CDC has a compliance monitoring unit that is responsible for monitoring and ensuring compliance with the PFMA, Treasury Regulations and other National Treasury frameworks as well as King IV. • Key focus areas are determined through the compliance assessment and actions defined to ensure compliance.	• Legal Compliance Policy • PFMA, Treasury Relations
Principle 14: "The Governing Body should ensure that the organisation remunerates fairly, responsibly & transparently to promote the achievement of strategic objectives & positive outcomes."	Yes	• The remuneration philosophy of the CDC differentiates in remuneration based on individual competencies, performance, relevant work experience, and contribution to the business objectives; whilst maintaining a fair and competitive remuneration structure aligned to market trends. • Guaranteed remuneration is benchmarked against a market survey conducted by an external remuneration consultant and subject to approval by the Human Resources and Remuneration Committee and the Board.	• Remuneration and Benefits Policy • Remuneration Structure and Reports • Minutes of the Board and HRRC

Principle 16: "In the execution of its governance role & responsibilities, the GB should adopt a stakeholder inclusive approach that balances the needs, interest & expectations of material stakeholders in the best interest of the organisation over time."	Yes	Implementation of stakeholder relations is delegated to management: • Methods to identify stakeholder groups • Determining material stakeholders. • Managing stakeholder risk • Engagement and communication with stakeholders • Measure quality of stakeholder relationships. Full evidence attached	• Stakeholder Management Framework • Stakeholder Relations Report
Principle 17: "The Governing Body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governances and creation of value by the companies in which it invests."	N/A	Not applicable to CDC, this refers to an entity which pools money to purchase securities, property, and other investment assets or to originate loans.	

The Coega Business Centre in Zone 1, Coega SEZ.

ABBREVIATIONS & ACRONYMS

ADZ	Aquaculture Development Zone
AHI	Afrikaans Handelsinstituut
AIDS	Acquired Immune Deficiency Syndrome
AMP	Advanced Management Programme
ANC	African National Congress
ANCYL	African National Congress Youth League
APDP	Automotive Production and Development Programme
ARC	Audit and Risk Committee
ASDD	Annual Supplier Development Day
AU	African Union
AWS	Animal Welfare Society
BA	Bachelor of Arts
BAIC	Beijing Automobile International Corporation
B-BBEE	Broad-Based Black Economic Empowerment
BCom	Bachelor of Commerce
BD	Business Development - a BU of the CDC
BIA	Business Impact Analysis
BMF	Black Management Forum
BPO	Business Process Outsourcing
BSc.	Bachelor of Science
BU	Business Unit
CA (SA)	Chartered Accountant of South Africa
CBE	Council for the Build Environment
CBS	Coega Business Solutions
CCA	Customs Controlled Area
CCT	Coega Corporate Travel
CDC	Coega Development Corporation (Pty) Ltd
CDF	Coega Development Foundation
CEO	Chief Executive Officer
CEF	Central Energy Fund
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CKD	Completely Knocked Down
CoE	Centre of Excellence
CSDC	Coega Skills Development Centre
CSI	Corporate Social Investment
CSS	Central Support Services
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
COGDA	Department of Cooperative Governance
DEDEAT	Department of Economic Development, Environmental Affairs & Tourism
DFP	Development Framework Plan
DRDLR	Department of Rural Development and Land Reform
DoE	Department of Education
DoH	Department of Health
DPW	Department of Public Works
DRP	Disaster Recovery Plan
DRPW	Department of Roads and Public Works
DSD	Department of Social Development
DSRAC	Department of Sport, Recreation, Arts and Culture
the dtic	Department of Trade, Industry and Competition
EC	Eastern Cape
ECD	Early Childhood Development
ECDC	Eastern Cape Development Corporation
EC-DoH	Eastern Cape Department of Health
EC-DRPW	Eastern Cape Department of Roads and Public Works
EDTA	Economic Development, Tourism and Agriculture
EIA	Environmental Impact Assessment
EM	Executive Manager
EPWP	Expanded Public Works Programme
ETI	Employment Tax Incentive
EU	European Union
EXMA	Executive Management Committee
FAW	First Automotive Works
FOCAC	Forum on China-Africa Cooperation
FY	Financial Year
GDP	Gross Domestic Product
GGDA	Gauteng Growth and Development Agency
GGP	Gross Geographic Product
GRI	Global Reporting Initiative
HA	Hectare
HCS	Human Capital Solutions
HIV	Human Immunodeficiency Virus
HRRC	Human Resources and Remuneration Committee
HV	High Voltage
IA	Implementing Agent
IATA	International Air Transport Association
ICT	Information and Communication Technologies
ID	Infrastructure Development
IDC	Industrial Development Corporation
IDMS	Infrastructure Delivery Management System
IDP	Infrastructure Delivery Programme
IDZ	Industrial Development Zone
IFRS	International Financial Reporting Standards
IIP	SEZ Infrastructure Programme
IIRC	International Integrated Reporting Council
<IR>	International Integrated Reporting Framework
IR	Integrated Report
IRBA	Independent Regulatory Board for Auditors
IRC	Integrated Reporting Committee (South Africa)
IRS	ICT, Research and Strategy

ISIDP	Integrated Social Infrastructure Development Programme
ISO	International Organisation for Standardisation
ITC	International Institute for Aerospace Survey and Earth Sciences
KPI's	Key Performance Indicators
KZN	KwaZulu-Natal
LLB	Bachelor of Law
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MBA	Master of Business Administration
MDP	Management Development Programme
MEC	Member of the Executive Council
MEGA	Mpumalanga Economic Growth Agency
MEI	Minerals Engineering International
MEMSA	Mining Equipment Manufacturers of South Africa
MERSETA	Mechanical Engineering and Related Education and Training Authority
MSc.	Master of Science
MMC	Member of the Mayoral Committee
MTEF	Medium Term Expenditure Framework
MV	Medium Voltage
MW	Mega Watts
NAFCOC	National African Federated Chamber of Commerce and Industry
NCEDA	Northern Cape Economic Development, Trade and Investment Promotion Agency
NDPWI	National Department of Public Works and Infrastructure
NEF	National Empowerment Fund
NGOs	Non-Governmental Organisations
NMB	Nelson Mandela Bay
NMBLP	Nelson Mandela Bay Logistics Park
NMBM	Nelson Mandela Bay Municipality
NMU	Nelson Mandela University
NSDS	National Skills Development Strategy
NSF	National Skills Framework
OEMP	Operational Environment Management Plan
OHS	Occupational Health and Safety
OPB	Operations Business Unit
OTP	Office of the Premier
PA	Principal Agent
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
PFMA	Public Finance Management Act
PhD.	Doctor of Philosophy
PIA	Programme Implementing Agent
PLZ	Chief Dawid Stuurman International Airport
PMI*	Project Management Institute
PMI**	Purchasing Manager's Index
PMTE	Property Management Trading Enterprise
Pr. Eng.	Professional Engineer
PTIP	Provincial Treasury Infrastructure Programme
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RoDs	Records of Decisions
RTI	Right to Information
SIID	Research and Development
SA	South Africa
SAAE	South African Academy of Engineers
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SAIEE	South African Institute of Electrical Engineers
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SANS	South African National Standard
SARS	South African Revenue Service
SASDA	South African Supplier Development Agency
SC	Senior Counsel
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDP	Site Development Plans
SDU	Spatial Development Unit
SEBS	School of Environmental and Biological Sciences
SEC	Social and Ethics Committee
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SEZ&ET	Special Economic Zones and Economic Transformation
SLA	Service Level Agreement
SHE	Safety, Health and Environment
SHEQ	Safety, Health and Environmental Quality
SMME	Small, Micro and Medium Enterprises
SOC	State-Owned Company
SoE	State-Owned Enterprise
SOPs	Standard Operating Practices
SOPA	State of the Province Address
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TEU	Twenty Foot Equivalent Unit
TNPA	Transnet National Ports Authority
TVET	Technical and Vocational Education and Training
UCT	University of Cape Town
UK	United Kingdom
UNECA	United Nations Economic Commission for Africa
Unisa	University of South Africa
VACC	Vulindlela Accommodation and Conference Centre
VAT	Value Added Tax
VWSA	Volkswagen South Africa
WISA	Water Institute for Southern Africa
ZAR	South African Rands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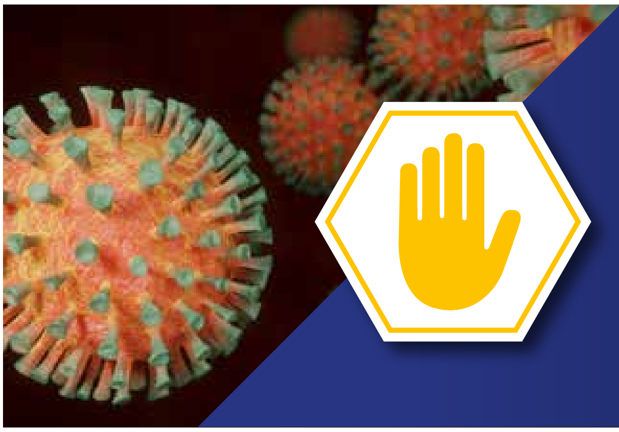
From left: OEC Chief Executive, Mr. Corning Painter, NMB Mayor, Ms. Eugene Johnson, Deputy Minister, Hon. Mr. Fikile Majola, and MEC DEDEAT, Mr. Mlungisi Mvoko, at the Orion Engineered Carbins (OEC) Sod Turning Ceremony at the BWB Sunrise Hotel.



STOP COVID-19 OUTBREAK

There are general precautions you can take to prevent the spread of viral respiratory infections.

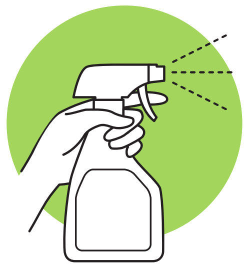
Wash your hands frequently with soap and water or alcohol-based hand sanitizer, lather for at least 20 seconds

Avoid touching your eyes, nose and mouth with unwashed hands

Avoid close, unprotected contact with anyone with respiratory symptoms

Stay healthy: eat a balanced diet, get rest, avoid stress

Clean and disinfect frequently touched objects and surfaces with isopropyl alcohol



Cover your mouth and nose with a tissue or your sleeve (not your hands) when coughing or sneezing

Where to find information on the Coronavirus in South Africa

National Institute of Communicable Disease

Toll Free: 0800 029 999

Hotline: 082 883 9920 • Website: www.nicd.ac.za

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DO YOU BELIEVE IN FAIR TREATMENT/ ETHICAL AND TRANSPARENT BUSINESS PRACTICES/ RESOLVING PROBLEMS AMICABLY? For effective and efficient resolution of your complaint, please contact the CDC Complaints Management office on:

Call Centre: +27 (0)86 000 4278 | Mobile: +27 (0)73 443 5195 | Fax: +27 (0)41 403 0401 | Email: complaints@coega.co.za
Postal Address: Complaints Management Office, Coega Development Corporation, Private bag X6009, Gqeberha, 6000

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Call Toll-free TODAY: 0800 007 035 and remain anonymous.

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