2023

Virtual Tour
of the Coega SEZ

INTEGRATED ANNUAL REPORT

COEGA

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

TOP HIGHLIGHTS **FOR 2022/23 FY**

INVESTMENT DESTINATION OF CHOICE

9 New investors with a combined investment value of **R1.224** billion

58 OPERATIONAL INVESTORS

To date, the CDC has recorded a staggering fifty-eight operational investors with a combined investment value of **R11.96** billion

REVENUE GENERATED

R609.3 million which includes both the SEZ and non-SEZ programmes

JOB CREATION HUB

The CDC secured 5 844.61 additional construction jobs, reaching 9 378 operational jobs and has also trained over 3 932 people

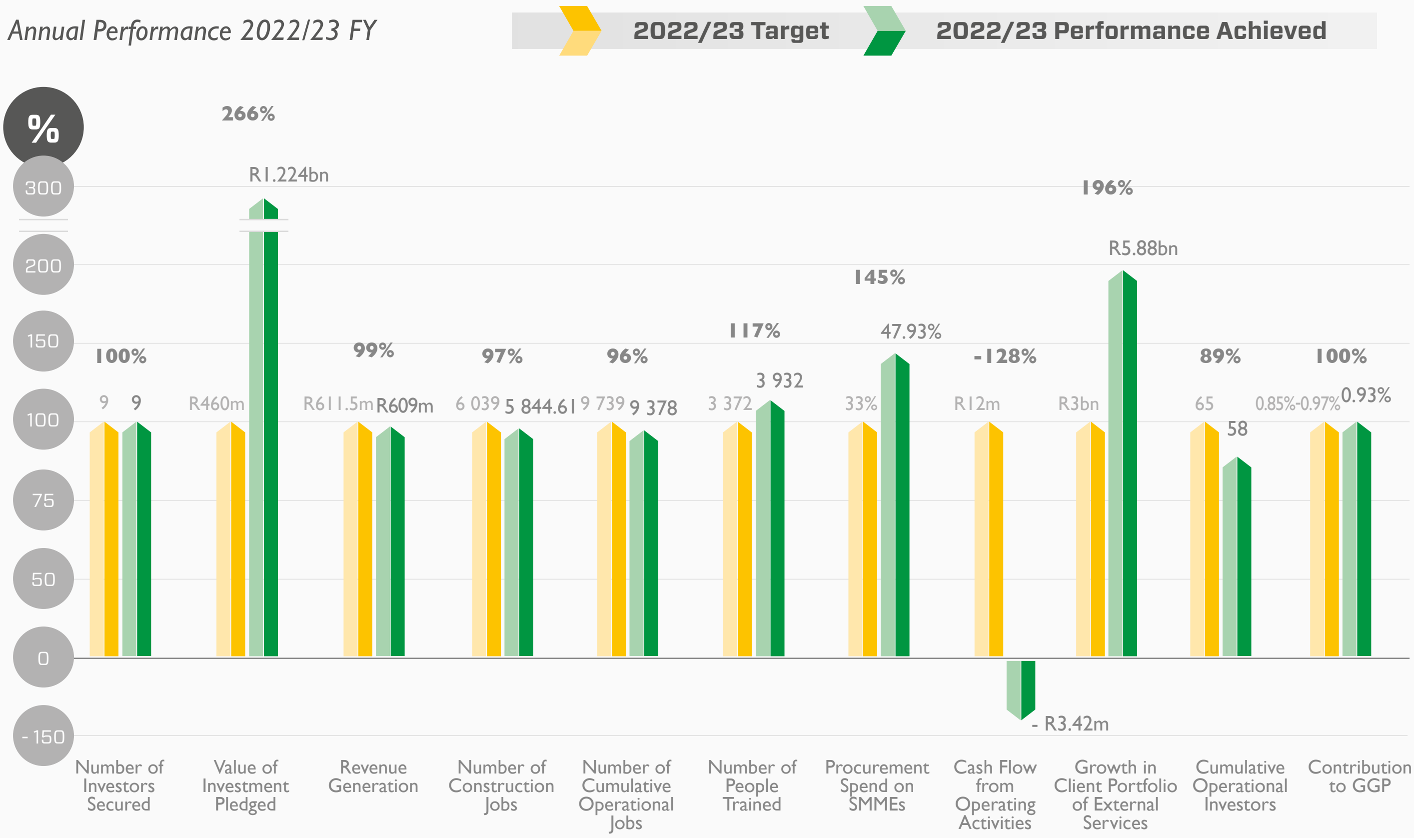
9 378 OPERATIONAL JOBS

SMME PROCUREMENT

SMME procurement spend of **47.93%**

3 932 PEOPLE TRAINED

Annual Performance 2022/23 FY



Strategic Plan 2020-2025

2025

2022/23 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 MARGINALISED

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

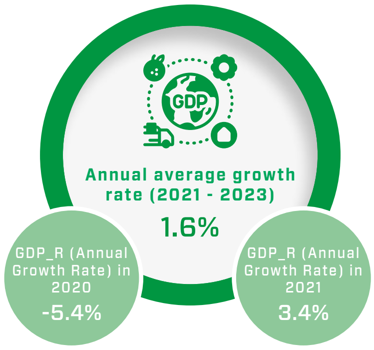
EASTERN CAPE ECONOMIC INDICATORS

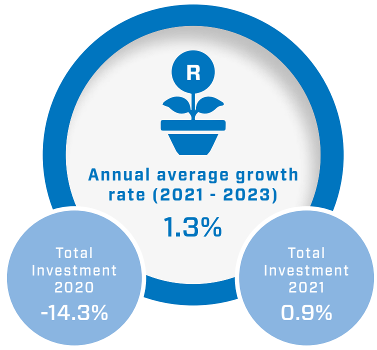
Gross Regional Domestic Product (GRDP)

R309.2 bn (in 2020)

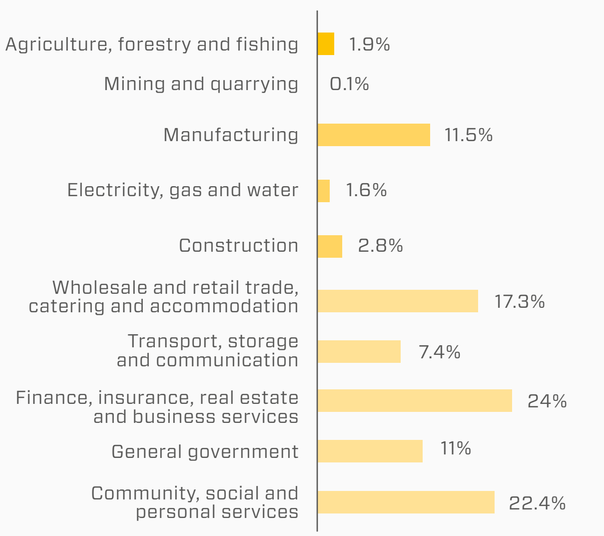
R319.8 bn (in 2021)

Constant prices 2015

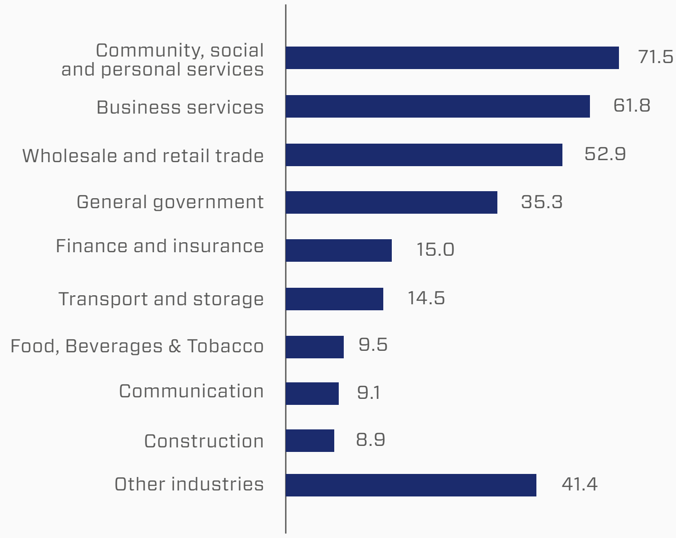




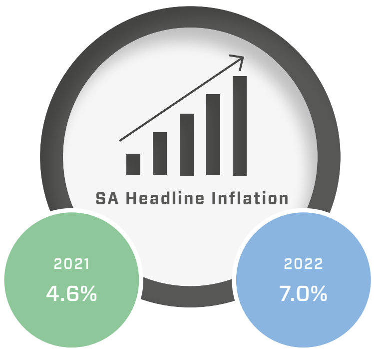
EC GVA Sector Proportion (%), 2021

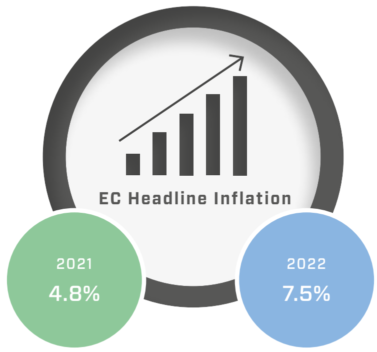


Top 10 Industries (GVA) - R Billions, 2021



Price Inflation





The CDC is one of the organisations that continuously strives year-on-year to positively contribute to the socio-economic growth of the Eastern Cape Province, as well as in areas where the organisation has operations across the country. The CDC's achievements in this financial year indicate the entity contributed in the various sectors, i.e., energy, agro-processing, and automotive, to name a few, from the 9 signed investments.

"...A story of good progress can be seen on the work we are doing in the seven priorities of the Sixth Administration. "...In these priorities our focus is on creating inclusive economic opportunities; provision of quality healthcare and education; provision of basic services such as water, roads, electricity and building safer communities. The year 2022 was eventful. We had times of hardship but also moments of wonder, that brought great joy in our hearts because they were an affirmation that our efforts of Building the Eastern Cape We Want are on track. ...We consider 2022 as a year of tremendous progress...The provincial economy is on a path to recovery...We recorded growth in the Eastern Cape Gross Domestic Product (GDP) in the first three quarters of 2022. As a result, the number of employed persons in our province increased by 144 000 between Quarter 3 of 2021 and Quarter 3 of 2022. This is a story of good progress... Every day, our minds are occupied by unlocking more opportunities for economic growth, so that a women, men and young person who needs a job can get one... We acknowledge the contribution of the local automotive sector for the role they play in the livelihood of our people...Agriculture is a sector where we have a comparative advantage. We want to increase the contribution of the sector to the GDP and create employment opportunities for our people... The first Environment Authorisations which include the Mosselbay and Coega have been gazetted and are paving the way to build a 400km gas pipeline from the Mosselbay to the 1000MW Gas Power Station in Coega to position Coega and the Eastern Cape Province as a Gas Hub leveraging the discovery of natural gas in that area... The Green Ammonia Plant project at Coega valued at R100 billion is officially gazetted... Despite the odds we faced on the economic front, Coega continues to be one of our beacons of hope and centres of excellence... Our infrastructure delivery programme is a strategic initiative to diversify investments across the province...We are relentlessly pursuing 6 Mega Infrastructure Project, include amongst others Wild Coast SEZ..We must work together more than we have ever done before to re-write the history of our province, from a history of hopelessness to a future of prosperity" [Extracts from the Honourable, Eastern Cape Premier, Lubabalo Oscar Mabuyane - SOPA, 2023.

COEGA

▪ 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

ABOUT THIS REPORT

REPORTING PHILOSOPHY

The International Integrated Reporting Council (IIRC) requires Coega Development Corporation (CDC) to compile a fully Integrated Annual Report (IAR) in terms of the International Integrated Reporting Framework <IR>. Over the ten 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 welcome 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. IAR is shaped by a diverse coalition including business leaders and investors that 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, sharpening the organisation's focus on first evaluating and understanding the external environment along with the stakeholders' needs and concerns 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 2022/23 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. The website (www.coega.co.za), which has more in-depth information on the many programmes and activities in which the CDC is involved, serves as a supplement to this material. The new CDC's website is updated frequently to ensure its accuracy and currency.

This report provides a clear picture of the CDC's strategic goals, objectives, impact and outcomes, current position, and future direction. The purpose of this Integrated Annual Report 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 throughout South Africa, and further afield where the organisation operates.

REPORTING APPROACH AND CHANGES

In line with the guiding principles of the International Integrated Reporting Framework <IR> and the King IV report on corporate governance, the 2022/23 Integrated Annual Report's content continues to be focused on more closely tying performance to strategy and important concerns or risks.

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 practices; 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 2022/23 complies with the principles of the King IV report on corporate governance.

SCOPE, BOUNDARIES AND MATERIALITY

This report covers the financial year 2022/23 from the period 1 April 2022 to 31 March 2023. Included in this report are all operations related to the mandate of the CDC, including 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 non-negotiable 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), Vision 2030.

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 Annual Performance Report, which highlights the annual performance of the CDC measured against its five-year Strategic Plan 2020-2025.

The activities of investors, tenants and the adjacent deep-water 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 following 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 and Excellence

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).

This alignment to best practices led to the CDC receiving recognition of excellence last year and during the period under review. The CDC received the Eastern Cape Premier's Special Recognition Award and the Premier's Discretionary Award for the 2021/2022 Clean Audit at the Batho Pele Service Excellence and Innovations Awards in March 2023. The other recognition was by Black Business Quarterly (BBQ) in which the CDC received the 2nd runner-up awards, in the following categories, namely, New and Innovative Business Award (sponsored by the Gauteng Growth and Development Agency); and Transformation Champion Award (sponsored by the Chemical Industries Education & Training Authority. The CDC received more awards of excellence at the Standard Bank Top Women Awards - as the 1st runner-up in the Category Top Gender-empowered Organisation: Resources, Construction, and Infrastructure Development; and as the 2nd runner-up in the Category Top Gender-empowered organisation: Skills Development. At the Exporters Awards, the CDC received the Merit in the SJM Flex Environmental Award category; and Merit award for new contracts in the Best Provider of Service to Exporters category.

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; as well as 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.

External stakeholders, including valuable partners and CDC employees are essential to the organisation's success. The Board would like to express a particular and heartfelt thank you to everyone who upholds the CDC's values, principles and high standards of performance.

The CDC Board is ultimately responsible for ensuring the accuracy of the Integrated Annual Report, with assistance from its committees. Therefore, after reviewing the results of the integrated reporting process as a whole, the Board has concluded that the 2022/23 Integrated Annual Report has advanced significantly from the previous ten years in terms of fulfilling the requirements of the International Integrated Reporting Framework <IR>.

OUR BUSINESS

REVIEW OF THE CHAIRPERSON

Ms. Batandwa Damoyi
Chairperson

As I reflect on the last financial year, which was very economically challenging by all accounts, I am content with the resilience and performance of the Coega Development Corporation, considering that in the beginning of the financial year, we were besieged to meet our targets and outcome statements because of several exogenous economic factors. The latter were characterised by geopolitical challenges, caused by the prolonged war between Russia and Ukraine, which occurred while the world was still reeling from the impact of the COVID-19 Pandemic. This caused cost-of-living challenges because of triple crises of prices, fuel, and finance interest rates, sending shock waves and devastation to millions of people in South Africa and worldwide. Many things were indeterminate at the start of the financial year. The global economy was navigating a difficult phase, including the emerging disruption of the trading and investment architecture, which created both risks and opportunities for the organisation. In particular, the emerging disruption to global supply chains created new investment opportunities, but at the same time presented the risk of nearshoring by developed countries, starving emerging economies of investment flows.

Furthermore, on the Foreign Direct Investment front, according to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2023, global flows of foreign direct investment (FDI) in 2022 declined by 12 percent to US$1.3 trillion, after nosediving in 2020 and rebounding in 2021. The Unites States (US) Government passed some of the most significant industrial policy measures, which started to have a significant impact on the flow of global investment, as they are aimed at reviving US manufacturing, thus creating a new challenge not just for developed regions such as the European Union, but emerging economies such as South Africa. These measures include the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and the CHIPS and Science Act. It is thus no surprise that of the more than 16,000 FDI projects announced in 2022, according to FDI Markets, representing an estimated value of US$1.155 trillion, the U.S. was the top destination country for the number of FDI mega projects. The country attracted a high number of large-scale investment projects in semiconductors and batteries, while Egypt ranked as the largest destination for mega projects by amount of capital investment in 2022.

On the African continental front, the macroeconomic shocks that are associated with subdued investment reduced the African continent's real GDP growth from 4.8 percent in 2021 to 3.8 percent in 2022. However, African economies remain resilient, with average growth projected to stabilise at 4.1 percent in the 2023/24 financial year, as stated by the African Development Bank (African Economic Outlook 2023). The growth outlook is subject to significant downside risks, including: i) subdued global growth weighing on Africa's exports, persistence of tight global financial conditions exacerbating debt servicing costs; ii) significant losses and damages due to frequent extreme weather events exacerbating fiscal pressures; iii) the prolongation of war between Russia and Ukraine, which is increasing global uncertainty; and iv) persistent disruptions to global supply chains.

Following a COVID-19 Pandemic-induced growth rebound in 2021, the South African economy expanded by 2.0% year-on-year (y-o-y) in 2022. The biggest crisis that faced South Africa, which impacts on the investor outlook and decision making, was the energy crisis, specifically, insufficient electricity supply which reached the highest level in the last financial year. Therefore, due to supply-side shocks such as load shedding, monetary policy tightening and inflation coupled with a constrained global growth environment, domestic growth in SA is anticipated to slow by the end of 2023. Total investment in South Africa was around 14.1% of GDP in 2022, which is lower than the target set by the National Development Plan (NDP); close to 1 percentage point more than the 2021 performance but still below pre-pandemic levels. The country's official unemployment rate declined by 2.6 percentage points to reach 32.7% in 2022, from the 35.3% observed in 2021. When compared to the previous year (2021), 1.4 million additional jobs were created in SA in 2022. It is in this context that the Board has paid particular attention to how Coega responds to the energy crisis; enhances its global investment strategy to take

account of new developments; partners for the development of infrastructure; and ensures investments that positively impact jobs, livelihoods and economic performance.

Besides the work that the South African Government is doing on the Energy Action Plan in response to the energy crisis, Coega also notes the impact of the work on Operation Vulindlela, which looks at improving various aspects that impact on the South African economy. In particular, Coega has taken advantage of the opportunities that arise from the focus on the improvement in the logistics system, by either being a provider of solutions as an Implementing Agent, or as a partner in some of the emerging partnership opportunities. In addition, these improvements are expected to impact the investment environment, benefiting the Coega SEZ.

Considering the turbulent economic environment that has impacted businesses internationally and in Africa, and swimming against the tide, it is pleasing that the Coega Development Corporation achieved most of its annual outcome targets in the Corporate Plan, as highlighted in the Performance Report section of this Integrated Annual Report. Coega's achievement of R1,224 billion in investment pledged from nine investors, signals a positive trend and strong unique value proposition which continues to propel the Coega SEZ as leader in South Africa. This year, agro-processing, manufacturing, logistics, and automotive sectors were the largest contributors to the growth of investors. Furthermore, as a story of good progress, through its business activities, Coega created a total 15,222 job opportunities in the economy, thus contributing to the reduction of unemployment and furthering the goals and objectives of the National Development Plan (NDP, Vision 2030).

Moreover, I am encouraged that other socio-economic outcome targets were met and exceeded, such as the number of people trained, contribution to Gross Geographic Product (GGP), client portfolio of External Services (non-SEZ Services), and procurement spend on Small, Medium and Micro Enterprises (SMMEs). In areas where annual performance was below target, such as revenue generated, as a result of the difficult trading environment and other exogenous factors leading to lower volumes on most of the product lines in this category, the Executive Management team is working on initiatives to accelerate performance, and the Board will be focusing on this indicator to drive innovation and financial sustainability. Forming partnerships and collaborating with existing partners are key to drive development and growth, improve go-to market value proposition, and further the catalytic projects that are aimed at making a significant impact on the lives of millions of people in the region and in Coega's areas of operation.

Taking advantage of the African Continent Free Trade Area (AfCFTA) continues to be one of the important focus areas for Coega Development Corporation. Notable project developments in Cameroon, where the organisation continued to advance the Logistics Base development for the Central African Republic (CAR), and successful completion of the Senegal Project where Coega was appointed to develop the Automotive Industry Strategy for the Senegalese Government in partnership with the Senegalese Investment Agency, the Resource Mobilisation and Investment Attractiveness Support Project (PAIMRAI), Automotive Investment Holdings (AIH), and the African Development Bank (ADB), further strengthen our unique value proposition on the continent. For innovation and continuous improvement, Coega was proactive in developing new markets for growth and sustainability in the continent following the positive response by the country, encouraging businesses to expand into other markets on the continent, as part of the AfCFTA. Moreover, South Africa pledged to promote the growth, development, and economic integration of the African continent.

The growth of the External Services Portfolio is important to the overall financial sustainability of the organisation. As a result, this will continue to be the area of focus. Locally, the Portfolio has played an important role in forming partnerships to enhance state capacity to deliver multibillion rand infrastructure programmes, as part of the South African Economic Reconstruction and Recovery Plan and South Africa's National Infrastructure Plan 2050, and NDP

(Vision 2030). However, as we implement these infrastructure projects, promoting inclusive growth and development will be vital, particularly the development of small businesses. Coega's target of 33% on procurement spend on SMMEs is in line with our impact statement of increased economic opportunities for the marginalised which seeks to increase SMME participation in economic activities. Therefore, the 47.93% achievement on procurement spend on SMMEs is a welcome development.

It is encouraging that Coega was allocated R1,8 billion during the Policy Speech by the Honourable Eastern Cape MEC of Finance, Mr. Mlungisi Mvoko, for the return effluent scheme this year which is going to further strengthen Coega SEZ's unique value proposition, and we welcome the support of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism. Coega was allocated this amount after successfully applying to the Budget Policy for infrastructure under National Treasury, as a result of its project packaging capability.

As I highlight these achievements, I am reminded of the significant challenges faced by the organisation, some of which include, amongst others, CAPEX and OPEX funding, legacy ICT networks and infrastructure, and national energy supply challenges. Given the severity of the energy supply challenges, it is pleasing that the energy supply impact on Coega SEZ investors has been minimal. Coega's Executive Management team has also developed the Coega SEZ Energy Strategy.

In the 2021/22 Financial Year, based on the analysis of global trends and where Coega needed to position itself for the future, the Board approved the proposal for the creation of a stand-alone Sustainability Unit, led at executive level by a Chief Sustainability Officer. The Board, at the time, noted that this was not just necessary because of the trends, but that this focus would create the foundation for future resilience. In the 2022/23 Financial Year, the work of this unit resulted in the development of the Coega Sustainability Framework, which was approved during the November Board cycle. The Board will continue to monitor implementation to ensure that the intended outcomes are realised, including climate resilience and the development of new investment opportunities.

All this work has been done through the efforts of Coega's employees. The Board notes its responsibility to support management in all aspects that enable Coega to attract and retain skills. The organisation's human resource capability is a critical enabler to its success. In the 2022/23 Financial Year, because of this continued people focus, the Board approved the updated Remuneration Framework, amongst others. The Board also responded to the competitive working environment by positioning Coega as an innovative and adaptable employer by approving the proposal to pilot a hybrid working model, prior to making a final policy decision.

Our achievements this year would not have been possible without the support of stakeholders in government, business, and 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, good 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 2022/23 Financial Year, as we proceed with the implementation of our five-year strategic cycle to 2025. A heartfelt thank you to all Coega employees for their commitment and dedication; they have continued to give their best despite the challenging economic and business environment. 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 Africa, thrive.

Ms. Batandwa Damoyi
Chairperson

A few of the 58 Operational Investors at the Coega SEZ.

BOARD MEMBERS

DR. PAUL JOURDAN
OUTGOING CHAIRPERSON

Appointed: 1999
Resigned: May 2023

Dr. Paul Jourdan is an African Integrated Development expert specialising in resource-based and spatial development strategies with a BSc (geology), a BA (African governance), a PGDip (geophysics), two MScs (mineral economics) and a PhD (politics). He has vast experience in the area of economic growth and development in South Africa, the SADC, West, and East Africa including continental strategies. Dr. Jourdan spent 16 years in Mozambique and Zimbabwe during the apartheid struggle, working as a geologist, geophysicist, manager, and minerals economist, before returning to South Africa in 1991. Subsequently, he worked for the NUM and then the ANC and SA Government in various positions, including ANC Minerals and Energy Policy Coordinator ('93-'95), Deputy Director-General in the DTI ('98-2000) and President of Mintek (research parastatal, 2000-07).

Dr. Jourdan designed and managed the SA Industrial Development Zones Programme and the regional Spatial Development Initiatives or Development Corridors. He was a major contributor to the AU "Africa Mining Vision" (AMV: 2009) and Country Mining Vision (CMV: 2014) and assisted in the formulation of the new SADC Regional Mining Vision (RMV: 2019), the African Union Commodity Strategy (AUCS: 2021), a West African key mineral value-chains development strategy and is current developing a Clean Energy Minerals Strategy for Africa.

Dr. Jourdan is currently the Chairperson of the Coega Development Corporation Board, is on the SAMERDI Steering Committee (SA Mineral Extraction RDI) and MEMSA Board (Mining Equipment Manufacturers of SA), which he helped establish in order to build the SA mining supply chain clusters at the new Mandela Mining Precinct (MMP: SAMERDI). Much of his recent work includes advisory services to African Governments, RECs, AUC, UNECA, AfDB and NGOs, on resource-based equitable growth and development and mineral value-chains, including green industrialisation (renewables and storage value-chains).

AYANDA MJEKULA
OUTGOING DEPUTY CHAIRPERSON

Appointed: 2018 (Board)
Resigned: May 2023

Ayanda Mjekula is a member of the Institute of Directors of South Africa and currently holds positions on various boards, including the Amatola Water Board. Previously he was chairperson of the Central Energy Fund SOC Ltd., UBank Limited, the World Petroleum Congress and the National Arts Festival.

Mr. Mjekula has vast 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 South African bank. 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, Mr. Mjekula gained extensive experience in enterprise and supplier development. He played a major role in the energy sector, particularly in the liquid fuels industry. He holds a BA in English from the University of Fort Hare and an MBA in Financial Accounting from Western Michigan University.

BATANDWA DAMOYI
CHAIRPERSON

Appointed: 2019; and 2023 (Chairperson)

Batandwa Damoyi is a Chartered Accountant, with more than 17 years' experience. She has served on the Coega Development Corporation's Board as Non-Executive Director, since 2019; and was appointed as Chairperson in 2023.

She is currently a Director at Libana Consulting (Pty) Ltd. Moreover, Ms. Damoyi is a Non-Executive Director at Innowind Power Projects - Chaba (Pty) Ltd; Waainek Wind Power (Pty) Ltd; Grassridge (Pty) Ltd; and the Steve Biko Academic Hospital. She provides oversight and advisory in areas of financial management and corporate finance, auditing, risk management, good corporate governance, and business strategy development. She also served as a postgraduate studies external marker for the University of South Africa, from 2012 to 2017.

Ms. Damoyi has worked in senior accounting, auditing, and risk management roles at South African State-Owned Enterprises (SoE) as well as in the private sector at leading accounting and professional services firm's operations in the country and the Netherlands, Northwestern Europe. Prior key positions include, amongst others, Chief Financial Officer of BAIC (Pty) Ltd, located in an Africa's leading 9 003ha Coega Special Economic Zone; Chief Financial Officer of African Exploration Mining and Finance Corporation; and completed her articles at Deloitte's Cape Town, Johannesburg, and Amsterdam office; and she also held the position of Special Services Group Manager.

As a socio-economic development champion, she believes that "life ends when you stop dreaming. Hope ends when you stop believing." Coega continues to be a beacon of hope for many.

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
Resigned: May 2023

Shabeer Khan was appointed as the Accountant-General of South Africa (AGSA) in January 2023 and has acquired over 17 years' experience in the public service. He joined the National Treasury from the Department of Trade, Industry and Competition where he was Acting Director General. Prior to this, Mr. Khan held the position of Chief Financial Officer for nine years. He previously worked at the AGSA, where he was responsible for managing numerous audit portfolios and taking the lead in many United Nations audit assignments.

Mr. Khan is a Chartered Accountant and member of the South African Institute of Chartered Accountants (SAICA). He is also a member of the Financial Reporting Standards Council (FRSC) and has served on various boards as well as several audit committees. In 2020, Mr. Khan was recognised for his contribution to the public service by CFO SA and was the recipient of many awards.

Mr. Khan holds a Bachelor of Commerce (Accounting) Degree from the University of the Witwatersrand and an Honours Degree in Accounting Science (CTA) from the University of South Africa. He has solid experience at a senior managerial level in public sector financial management, experience in auditing, and strategic business transformation acumen.

MZUVUKILE MQUQU

Appointed: 2019
Resigned: May 2023

Mzuvukile Mququ is the Director of Supply Chain Management at the Eastern Cape Provincial Treasury. His main responsibilities include implementing strategic sourcing for strategic commodities and implementing the Local Economic Development Procurement Framework in the Province.

Between 2012 and 2019, Mr. Mququ held the following positions: Director Strategic Procurement, Monitoring and Support and Director of Contracts and Supplier Management at the Eastern Cape Provincial Treasury. He previously worked for the Coega Development Corporation 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.

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

NOMONDE MTEMBU

Appointed: 2019

Nomonde Mtembu holds a qualification in Labour Law from the Nelson Mandela University, a National Diploma in Human Resource Management from the Southern Business School, 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.

Ms. Mtembu has previously worked at Tescor in various positions, including Hydro Plant Operator at First Falls and Collywobbles, from 1987 to 1991, before becoming a senior invoice clerk when Eskom took over Tescor. After the 1994 elections, she held various positions including Operations Controller, Administration Controller, Materials Requirement Planner Controller and Special Projects. From 2013 until 2018, she was the Senior MRP Controller. She has also acted in Warehousing Management and Logistics Management positions.

Ms. Mtembu has completed various courses in supervision, leadership and management and has been involved in labour relations and facilitation of resolutions between labour and management.

PHILA XUZA

Appointed: 2019

Phila Xuza served seven successful years (2005-2012) as founding Chief Executive Officer of Amathole Economic Development Agency SoC, trading as Aspire, after which Phila established Centre for Small Towns Regeneration (CSTR) – a strategic, technical advisor and mentor aimed at awakening the intrinsic value of small towns as contributors to vibrant regional economies. CSTR brings together an efficient and effective combination of knowledge and capacity building programmes, consultation, and partnership.

It is a primary resource and support to both local and regional development initiatives of local and national governments in South Africa and beyond. Phila's work is widely published in newspapers, academic journals, and book chapters. She also sits on the Board of development corporations and government agencies.

SIVUYILE BOQWANA

Company Secretary

MBULELO SOGONI

Appointed: 2019
Resigned: May 2023

Mbulelo Sogoni holds a Bachelor of Science Degree and Higher Diploma in Education from the former 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 in various public and private sector roles. He began his career as an Educator, Head of Department and Deputy Principal at various Eastern Cape schools before moving to the Eastern Cape's Department of Education as the Deputy Director of Human Resource Administration. He later became the Executive Mayor of Alfred Nzo District Municipality before joining the Eastern Cape Provincial Legislature.

Mr. Sogoni has served as Eastern Cape MEC for Economic Development and Environmental Affairs and MEC for Agriculture and Rural Development. He also had a short stint as Premier of the Eastern Cape before the 2009 election.

Mr. Sogoni has rendered shareholder oversight over the 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 the Eastern Cape Liquor Board. He also served as a Board Member at the Accelerated and Shared Growth Initiative of South Africa (Eastern Cape), Eastern Cape Socio-economic and Consultative Council, Eastern Cape Rural Development Agency, and the Kangela Citrus Farm.

At a national level, Mr. Sogoni served as the Head of SEZ Compliance and Accountability in the Department of Trade and Industry, Head of Investments at Old Mutual's Masisizane Fund, and Chairperson of the Small Enterprise Development Agency Board. He is a member of the Institute of Directors of Southern Africa. Currently, Mr. Sogoni is the Director-General of the Eastern Cape Province.

PHELISA NKOMO

Appointed: 2021

Phelisa 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 facilitates public sector procurement and economic opportunities through access to supply chain. The assembly advocates for the creation of opportunities for women's equitable participation in the economy and fosters multiplier effects for sustainable development and finance for development.

In 2021 Ms. 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.

Ms. 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.

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 Organisations, Legislative Development, Partnership Development, Sustainability (ESG) and Grant-making organisations 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 Honours Degree in Economics from the University of Western Cape (2008); a 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); a 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 Programme 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.



SIYABULELA LAZARUS

Appointed: May 2023

Siyabulela Lazarus is an Investment Professional, with 14 years' experience. He was appointed to the Coega Development Corporation's Board of Directors as Non-Executive Director and Shareholder Representative, in 2023.

Mr. Lazarus is currently the Director of Trade and Investment Promotion at the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) in the Eastern Cape, responsible for provincial investment coordination and oversight over the Coega Development Corporation, East London Industrial Development Zone, and the Eastern Cape Development Corporation. He holds a Bachelor of Commerce and an Advanced Leadership Programme certificate from Nelson Mandela University.

Mr. Lazarus has credible experience with enterprise development, investment promotion, and development across several organisations, including the local government, provincial government, and other government entities. Prior key roles include, amongst others, a position at the Small Enterprise Development Agency (SEDA), and in an investment promotion role within the local government sphere. Before joining DEDEAT, Mr. Lazarus worked as a Regional Tourism Development Manager and a Commercialisation Manager for the Eastern Cape Parks and Tourism Agency.

SIBUSISO NDUNA

Appointed: May 2023

Sibusiso Nduna is a qualified Chartered Accountant with 13 years' experience, starting, leading, and managing companies and business divisions. He was appointed to the Coega Development Corporation's Board of Directors as Non-Executive Director, in 2023.

Mr. Nduna is currently a non-executive director of City Power Johannesburg (SOC), a municipal entity of the City of Johannesburg. He is the founder of Tornando Financial Services (Pty) Ltd and On Point Advisory (Pty) Ltd; and Mr. Nduna is a licensed business rescue practitioner and an insolvency practitioner, registered with the Master of the High Court.

Mr. Nduna has worked in senior strategic, finance, auditing, and governance roles across diverse business environments, including private and public sectors, having completed his articles at Deloitte. Prior key positions include, amongst others, Boards of the South African Institute of Chartered Accountants (SAICA); and Advancement of Black Accountants of Southern Africa (ABASA), as Chairperson of the ABASA Business Forum. Moreover, Mr. Nduna has previously served state-owned entities and Sector Education and Training Authorities (SETAs), focusing mainly on turnaround strategies toward the improvement of audit outcomes.

ZIYANDA POTELWA

Appointed: May 2023

Ms. Ziyanda Potelwa is a Pan-African Property Finance Professional, with 10 years' experience in executing debt and equity investments from inception to completion. She was appointed to the Coega Development Corporation's Board of Directors, as Non-Executive Director, in 2023.

Ms. Potelwa has extensive experience in executing commercial real estate transactions both nationally and in Africa. Her current role at IDF Capital focuses on venture capital investments within the Small, Medium, and Micro Enterprises (SMME) sector. Ms. Ziyanda holds a BSc. in Property Studies and a Master of Management in Finance and Investment, from the University of the Witwatersrand.

Prior key roles include, amongst others, serving on the Board of Directors of the Arch Property Fund (Pty) Ltd, as well as the Finance and Risk, and the Social and Ethics Committees. Moreover, she served as a member of the Management Committee for Kleentech Student Lifestyle (Pty) Ltd, ensuring the implementation of a student accommodation investment in the Limpopo Province, and served as Chairperson from February 2021 to July 2021.

Ms. Potelwa spent her early career as a Lending Analyst and Internal Relationship Manager at Nedbank Property Finance; and Credit Risk Manager at Standard Bank Group Real Estate Finance Division. She expanded her focus to equity investments at the largest asset management house in Africa, i.e., Public Investment Corporation (PIC).

ATTENDING THE BOARD FAREWELL AND THANK YOU DINNER: From left, Coega's outgoing Deputy Chairperson, Mr. Ayanda Mjekula; Mr. Mzuvukile Mququ; outgoing Chairperson, Dr. Paul Jourdan; and Chief Executive Officer, Mr. Khwezi Tiya.

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 aftermaths of the COVID-19 Pandemic continued to affect government entities in the province in terms of achieving their strategic objectives, leaving the local economy lagging in terms of growth and development characterised by an uneven recovery, resulting to high levels of unemployment, high cost of living and constrained business environment. Therefore, our immediate task is to advance the interests of our people by responding to challenges of youth unemployment, infrastructure, and low performance of sectors of great potential as springboards of recovery and growth. These measures will assist to maintain and rescue the provincial economy from the severe effects of the COVID-19 Pandemic, the international fluctuations affecting food and related prices, the energy crisis, and other attendant matters, now exacerbated by the prolonged war between Russia and Ukraine. Significant efforts and government resources will be directed towards bolstering and strengthening economic recovery initiatives, including investing in infrastructure and business and attracting and enhancing private sector investment in the province. 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 implementing the Provincial Medium Term Strategic Framework (P-MTSF), to contribute towards addressing socio-economic development. Due to the COVID-19 Pandemic, the province developed a Provincial Economic Recovery Plan to resuscitate the economy, which resulted in the growth of the Eastern Cape Gross Domestic Product (GDP) in the first three quarters of 2022. In his SOPA 2023, Honourable Premier Mabuyane reiterated the drive and commitment for delivery of economic infrastructure, as it is a lever to maximise job creation, economic growth, and transformative development in the province. Moreover, the province has entrenched a collaborative approach that is underpinned by the District Development Model to explore areas of integration and linkages within the three sphere of government, with special focus on provincial projects, municipal projects, programmes and plans. Furthermore, despite the setbacks, the Province considered 2022 as a year of tremendous progress towards the fulfilment of the 2019 electoral mandate. Premier Mabuyane indicated that *"our story of good progress"* begins with the economy because it is the key piece in the puzzle of poverty, unemployment, and inequality that we are trying to solve. The Office of the Premier is paying undivided attention to 6 catalytic projects that are set to change the economic landscape, which includes, amongst others, the development of infrastructure at the Wild Coast Industrial Park in Mthatha by Coega as an implementing agent of choice is progressing well, and this is part of the programme to revitalise industrial parks in the Province for economic growth and socio-economic development.

Another milestone is the development of aquaculture infrastructure. Aquaculture is an agricultural sector the Province is focusing on to exploit the vast oceans, estuaries, and rivers that are abundant with marine life. In November 2023, the aquaculture infrastructure was unveiled (i.e., roads, electrical, potable and storm water infrastructure, etc.) in Zone 10 of the Coega SEZ following the granting of the Environmental Authorisation for the Aquaculture Development Zone (ADZ). The infrastructure creates an investment ready platform for aquaculture investors, including abalone and finfish farms. Coega received infrastructure investment support from the Provincial government to the value of R206 million from the stimulus fund for the development of the phase 1, first 100 hectares of the ADZ. The province is placing greater emphasis on the ocean's economy, in line with implementing the Oceans Economy Master Plan, and following pronouncement in 2021's State of the Province Address, that these projects continue to be supported. The province investment created 500 construction jobs and 900 operational jobs. Furthermore, Coega's R1.8 billion budget allocation for the Coega Return Effluent Scheme is another example of good progress by the Province in infrastructure development. This comes after Coega made a successful application through the Budget Facility for Infrastructure (BFI), meeting the stringent project preparation requirements. Out of the R3,1 billion required for the full scheme, the allocation of R1,8 billion for phase 1 is an important investment that will positively impact water supply in the Nelson Mandela Bay Metro in the medium-to-long term. This investment will enable, in the medium-to-long term, a sustainable water strategy across the region. In the context of protracted droughts that have been experienced, water availability should not limit growth and development, hence the need for a paradigm shift from treatment and disposal, to reusing, recycling and recovering.

Two years ago, the Province announced the intention to position Coega and the Eastern Cape Province as a Gas Hub leveraging the discovery of natural gas in that area. The first Environment Authorisations which include the Mosselbay and Coega was gazetted and is paving the way to build a 400km gas pipeline from the Mosselbay to the 1000MW Gas Power Station in Coega. Furthermore, last year, the Province made an undertaking that the multi-billion Hive Energy Project in the green hydrogen sector will be one of the mega catalytic projects. We are encouraged that the Green Ammonia Plant project valued at USD $4.6 billion has been officially gazetted.

Coega's strategic location in the Eastern Cape provides access to diverse energy resources, making it an ideal candidate for various energy-related initiatives, including generation and manufacturing projects. This aligns well with the Coega's mandate of advancing industrialisation through local content manufacturing. Coega continues to demonstrate its readiness to accommodate a Gas-to-Power project, which involves generating over 2,500 MW of electricity, addressing a significant portion of the Eastern Cape's power requirements. This aligns with the government's vision for a sustainable energy mix and positions Coega as a key player in the gas and power sector. Coega is actively investing in renewable energy projects, including wind farms, solar farms, and upcoming bioenergy initiatives. These projects are a game changer for the Province and the country, as a story of good progress and they will boost the Coega SEZ's unique value proposition platform for sustainable investments.

Coega is a beacon of hope and centre of excellence in the Eastern Cape Province. It is supported by the Department of Trade, Industry, and Competition (the dtic) as 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. As the Province, we are encouraged with the 9 newly signed investors, and increase in the investment value pledges from R557,7 million in 2021/22 financial year to R1,224 billion this year. This means more jobs and training opportunities would be created by these investments in the Province, as part of a story of good progress. We recognise Coega's achievements at the recent 2023 Batho Pele Service Excellence Awards, where the Corporation walked away with the Premier's Special Recognition Awards for the contribution and impact of work in communities, and the Premier's Discretionary Award for achieving a "clean audit" from the Auditor-General of South Africa (AGSA).

The Province continues to support 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 championing 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, Cameroon, 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 the difficult operating environment following the aftermaths of the COVID-19 Pandemic and the resulting slow economic recovery. 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 final two 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, as part of our story of good progress.

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, and game-changing services for clients and stakeholders. The CDC leverages 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 six capitals also demonstrate the story of good progress through partnerships. The following are the key Coega six capitals:

FINANCIAL

- Revenue Generated: R609.3 million
- Number of Projects: 38 (28 completed, 8 in-progress and 2 discontinued)
- Growth in client portfolio of external services: R5.88 billion
- Value of Investment Pledged: R1.224bn

MANUFACTURED

- 58 Cumulative Operational Investors
- 9 Newly Signed Investors
- 47.93% Procurement Spent on SMMEs
- SMME Spend: R763.225 million
- Value of Coega SEZ Operational Investors: R11.96 billion
- Coega SEZ Area: 9 003ha
- Coega SEZ Lettable Area: 5730ha

HUMAN

- R6.043 million spent on staff development for 2022/23 FY
- 85 staff members took part in the staff development programme
- 100% of CDC's workforce receives regular performance and career development reviews
- 4 employees with PhDs in the organisation

SOCIAL & RELATIONSHIP

- B-BBEE status level 3
- 80 Internships funded by the CDC
- 31 Learnerships which are externally funded and hosted by the CDC for technical experience
- Maths and Science Programme pass rate of 100% (class of 2022)
- Experiential learning for 50 ICT graduates
- 86% of tenants satisfied with Coega SEZ as an investment destination
- 91.6% of tenants would recommend the Coega SEZ as a location to other businesses
- HCS's existing partnership with the BRICS Skills Council on the development of skills for 4IR.
- Partnerships: NID & NSF to afford 74 persons living with disabilities the hospitality occupationally directed learning programmes.
- 79 people selected by the UIF to the NQF level 3 Professional Driver learnership - Coega Driver Training Programme.

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 as part of Sustainability Programme
- 13 Environmental Authorisations obtained for projects in 2022/23 FY
- Focused on Sustainable Development Goals (SDG), approved Sustainability Framework and Strategy 2023
- Commenced EIA for the proposed Gas-to-Power Project at Coega, to establish 3000MW of power generation capacity

INTELLECTUAL

- Awards of Excellence & Recognition:
  - EC Premier's Special Recognition and Discretionary Award for 2021/2022 clean audit
  - BBQ Awards: 2nd runner-up New and Innovative Business and Transformation Champion
  - Standard Bank Top Women Awards: 1st runner-up Top Gender-empowered Organisation: Resources, Construction, and Infrastructure Development; and 2nd runner-up Top Gender-empowered Organisation: Skills Development
  - Exporters Merit awards: Best Provider of Service to Exporters and SJM Flex Environmental
- Coega Global Scholars Programme: Two black students enrolled at German Universities for master's degrees at Frankfurt University of Applied Sciences; and the Karlsruhe Institute of Technology

An evening photograph of the N2 intersection connecting Neptune Road of the Coega Special Economic Zone, Gqeberha with the rest of the Eastern Cape, South Africa and African continent.

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. Strong cash reserves, investments, income from operations, and resources from debt and equity make up our financial capital. To secure our financial sustainability, we use a combination of various financial resources in our company operations. 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. The CDC will further provide 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 effective enablers in the development and management of economic zones, real assets management, infrastructure planning and development, and the integration of technology while realising related socio-economic impact areas like the development of skills and SMMEs. 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 near one another to maximise efficiency and minimise turnaround times.

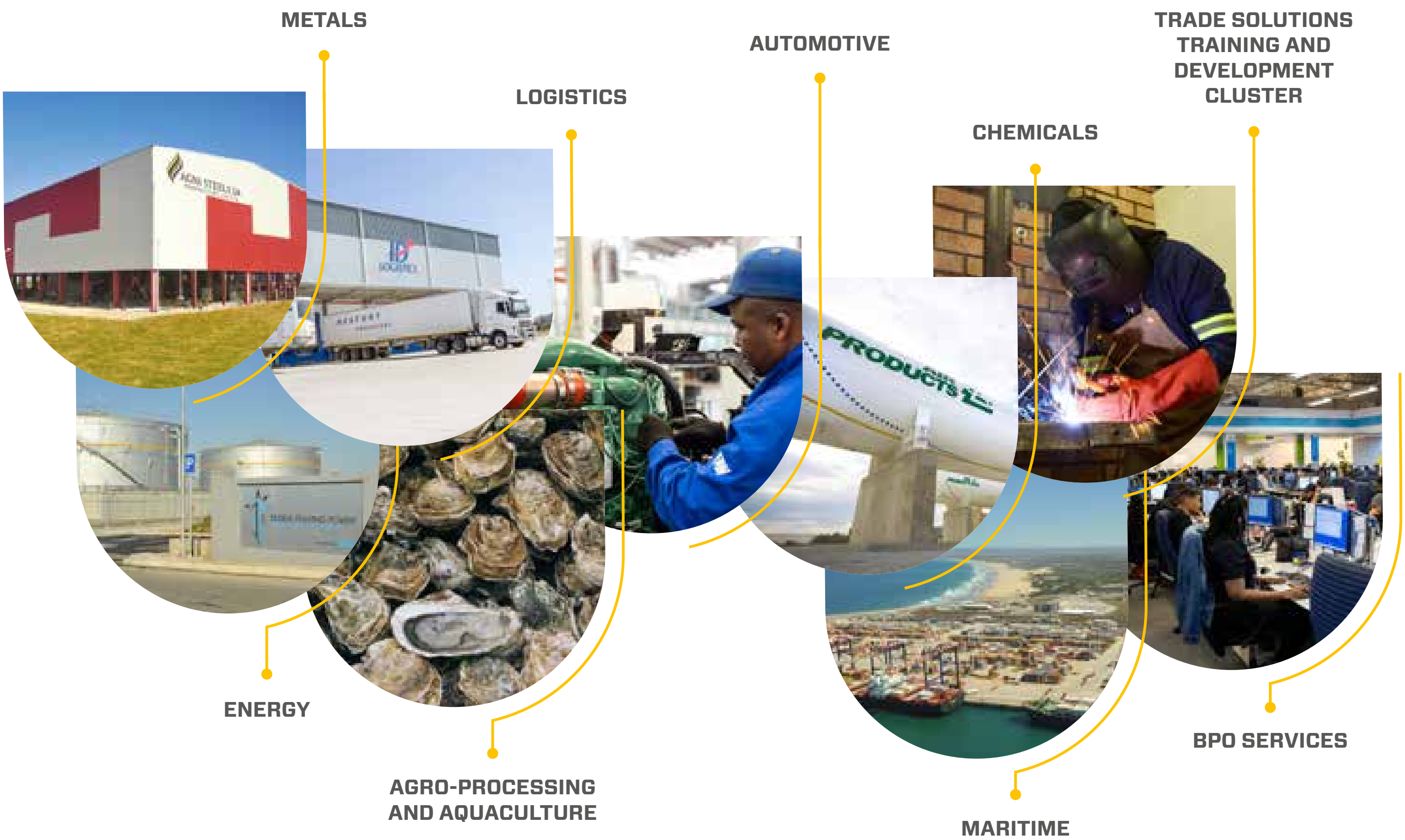
As a result, the SEZ has been demarcated into 14 zones, with the focus on the following sectors:

- 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.

NELSON MANDELA BAY LOGISTICS PARK INVESTORS

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 Travel Agency (CTA)**, recently repositioned to provide seamless and cost-effective travel management solutions for business, public, and leisure travellers, including auxiliary services and solutions, such as accommodation and car hire. CTA 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 by Coega Technologies and Consulting, accommodation and conferencing facilities at the Coega Vulindlela Accommodation and Conference Centre (VACC), and four-star Bluewater Bay Sunrise Hotel;
- **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 invested approximately 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 TRAVEL AGENCY
  - VULINDLELA ACCOMMODATION & CONFERENCE CENTRE
  - BLUEWATER BAY SUNRISE HOTEL

TOP 12 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 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
- Utilities infrastructure aligned to UN Sustainable Development Goals thus ensuring an infrastructure that has environmental sustainability at its core
- Ensures energy and water security through building utilities infrastructure such as water desalination, gas to power and renewable energy generation (wind & solar)

3 Environmental and 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
- ISO 14001:2015 for Evironmental Management
- We are green energy SEZ with solar photovoltaics rooftop solution with architectural guidelines allowing for green buildings thus speaking to sustainability

4 Brand Image and Reputation

- International award winning organisation
- Positive and high recorded reputational index
- Trusted by current investors, clients and stakeholders
- Formed strategic partnerships internationally

5 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
- Africa continental trade & logistics links relating to opportunities emanating from Africa Continental Free Trade Area (AfCFTA)

6 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 several airlines
- The distance to the main banking and business precincts in Gqeberha is around 20 km

7 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. Coega's 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
- National investor services centre located in the SEZ

12 Governance

- Coega 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

11 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

10 Incentives

- Coega 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

9 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)

8 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)
- Coega'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)
- Coega's 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**, like 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.

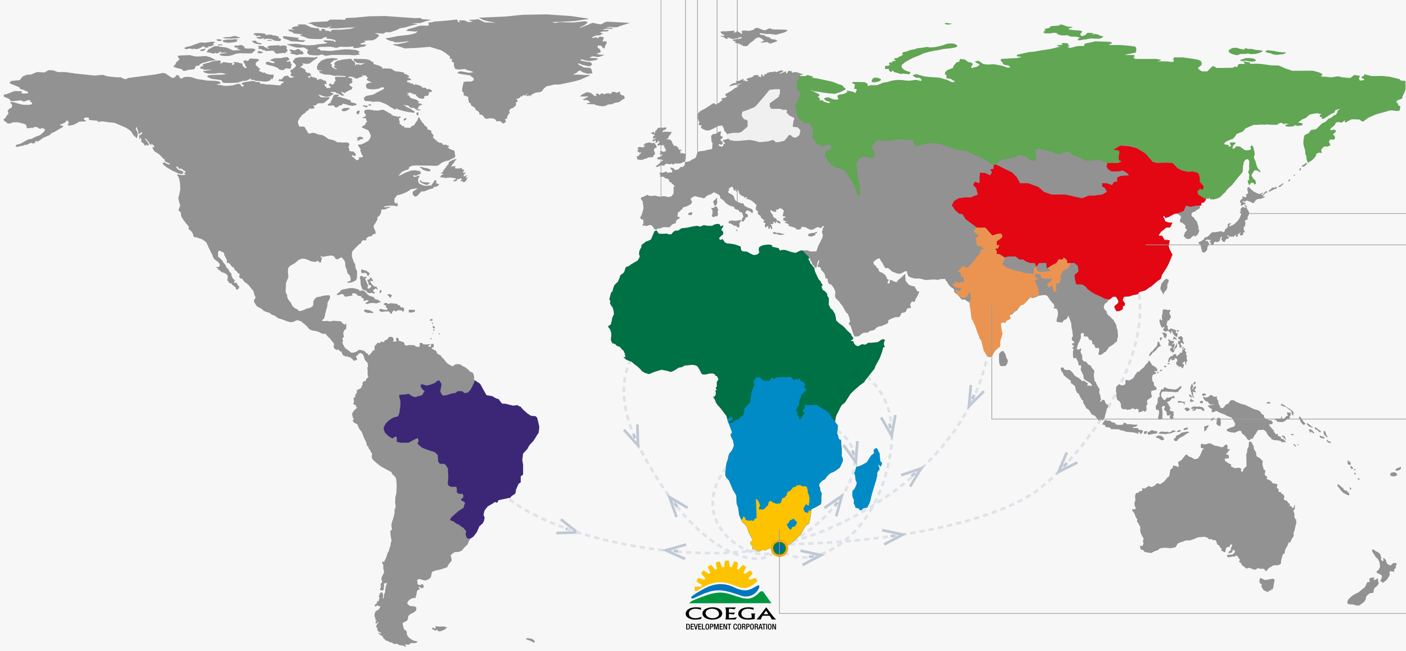
Deepwater Port of Ngqura situated in the Nelson Mandela Bay Municipality.

Coega CCA entrance, One-Stop-Shop Building and Customs Depot Warehouse conveniently situated in Zone 1 of the Coega Special Economic Zone, Gqeberha.

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

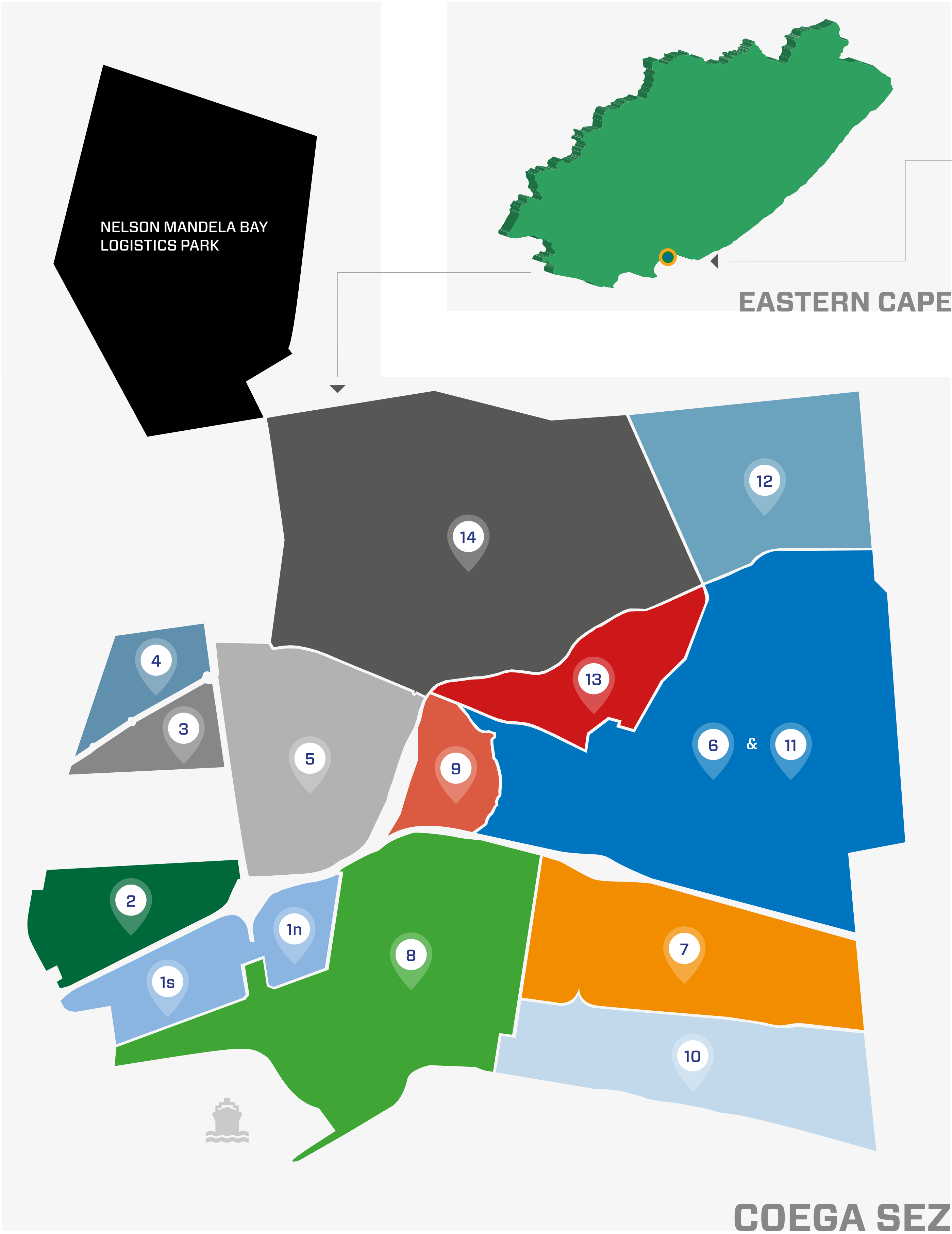
Investor Services

SADC

Export-oriented Manufacturing

Investor Services

AREA PROFILE



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/KHOLD, Coega Packing

ZONE 2

Automotive Cluster – FAW, CFR/Zacpack Logistics, Hella, Weidplas

ZONE 3

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

ZONE 4

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

ZONE 5

Metallurgical Cluster – Bosun Brick, Mhlobiso Concrete, Sanitech, CEMZA

ZONE 6 & 11

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

ZONE 7

Chemicals Cluster – Cerebos, OEC Tank Farm

ZONE 8

Port Area

ZONE 9

Materials Handling Cluster

ZONE 10

Mariculture & Aquaculture Cluster – Ngqura Sand

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

COEGA SEZ CLUSTER ZONES

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	38.62%
4	Training / Academic Cluster	10.15%
5	Metallurgical Cluster	3.6%
	Total CDA	**29%**
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%**

The table indicates the percentage of Coega SEZ lettable land which is operational as of 31 March 2023. The Coega SEZ is 9 003ha in extent of which 2 384ha is conservation area (26%), 5 730ha (63%) is lettable land, and 969ha (11%) is reserved for roads and services. Lettable land is apportioned and leased to investors. The land is measured as operational once the greenfields site is developed and an occupancy certificate is issued in terms of the National Building Regulations and Building Standards Act (Act 103 of 1977).

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; and
- While Zones 12 and 14 are completely unserviced, and has limited investment demand, thereby explaining the non-

operational nature of the land (0%). This land is identified for renewable Energy projects for short to medium term.

The overall trend is that the Core Development Area has a higher percentage of operational land (29%) as services to the site boundaries is available. In contrast, land to the northeast of the Coega River is largely unserviced, as heavier intensity large-scale industrial type projects are planned and therefore has a lower percentage of operational area (3.48%).

CEMZA located in Zone 5 of the Coega Special Economic Zone, Gqeberha.

CORPORATE BUSINESS MODEL

BUSINESS MODEL EVOLUTION

Businesses must 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.

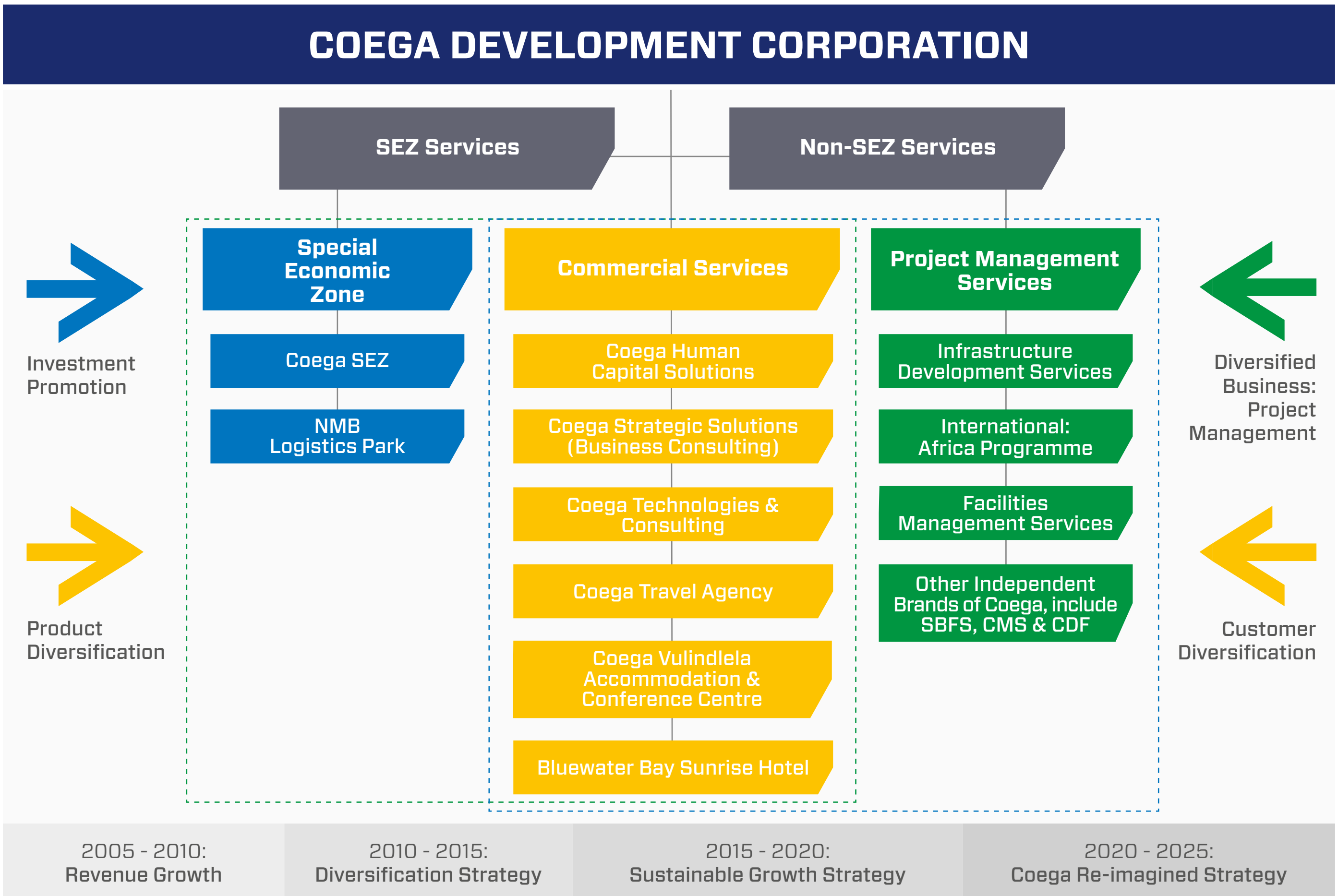
Factoring in the above mentioned, the CDC's five-year strategy 2020 – 2025 points to a business model that has evolved over the last decade from solely focusing on investment attraction under the SEZ services to providing project management and strategic consultancy services under the non-SEZ services.

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 in 2020 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.

Tshwane Automotive Special Economic Zone construction update, with Coega as the Infrastructure Implementing Agent of Choice: A Case Study for South Africa's Infrastructure Development Excellence.

COEGA BRAND ARCHITECTURE

MOTHER BRAND

Monolithic Brand

COEGA

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
- Sustainable/ESG/SDGs

MAIN BRANDS

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

SUB-BRANDS

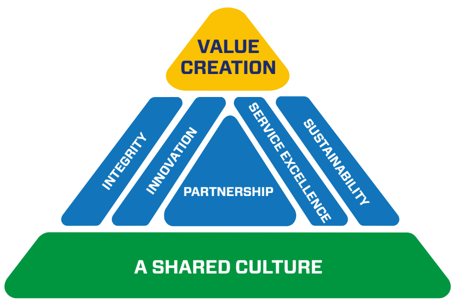
COEGA Special Economic Zone

COEGA Nelson Mandela Bay Logistics Park

COEGA Vulindlela Accommodation & Conference Centre

COEGA Travel Agency

SHARED VALUE



BEING **COEGA**

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

- **CREATING FINANCIAL VALUE** FOR OUR CUSTOMERS
- **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'. isiXhosa forms part of the Nguni language group.

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

COEGA Human Capital Solutions

COEGA SMME Development Solutions

COEGA Technologies & Consulting

COEGA Infrastructure Management Services

COEGA AFRICA

COEGA Property Development & Maintenance 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 and Conference Centre, Coega Travel Agency, Coega Human Capital Solutions, Coega SMME Development Solutions, Coega Technologies and Consulting, Infrastructure Management and Property Development and Management Services. The International business operates as Coega Africa.

Independent Brands:

SBFS SMALL BUSINESS FINANCE & SUPPORT
Financing Sustainable Small Business
WWW.SBFSFINANCE.CO.ZA

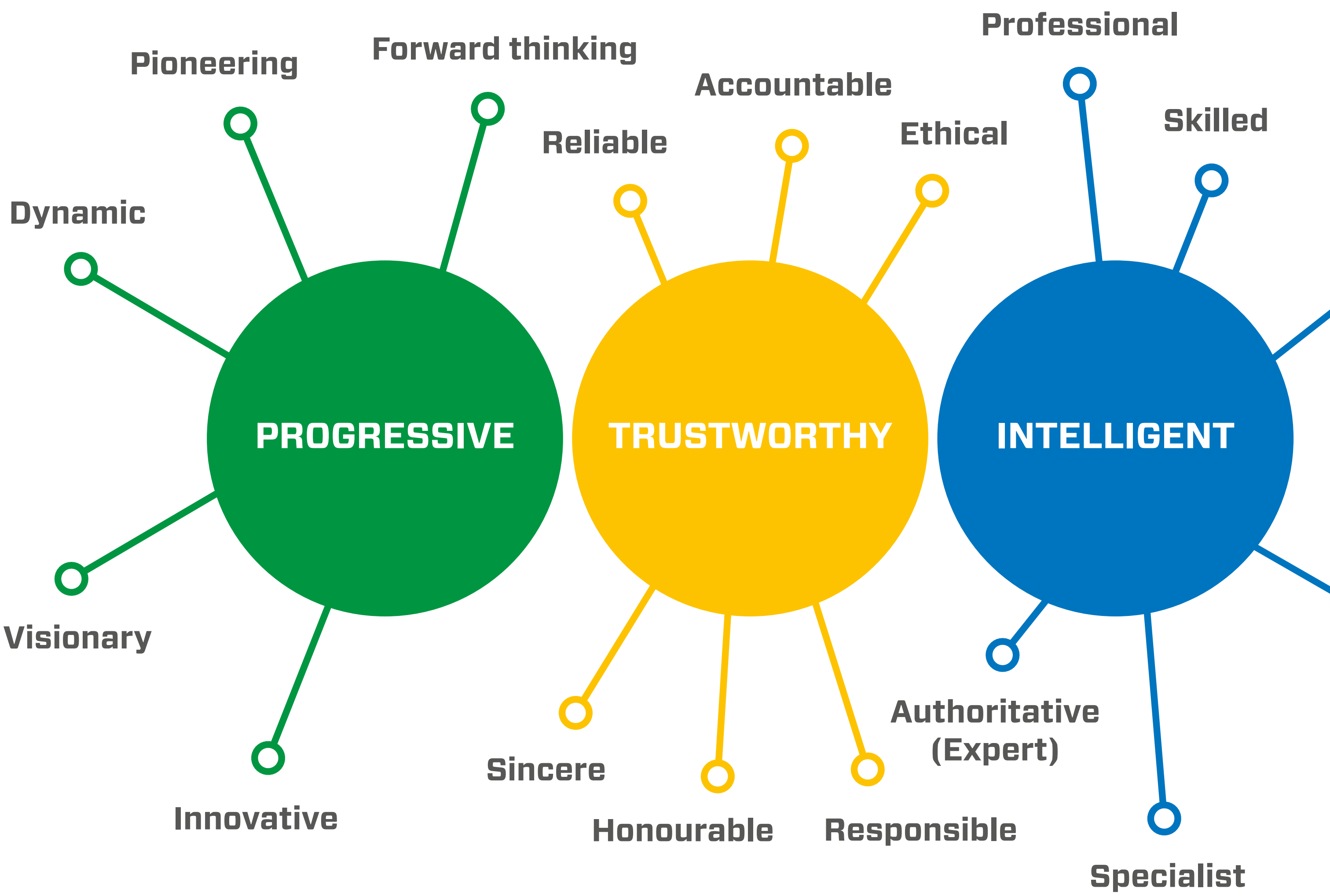
COEGA DEVELOPMENT Foundation
Empowering Growth for All

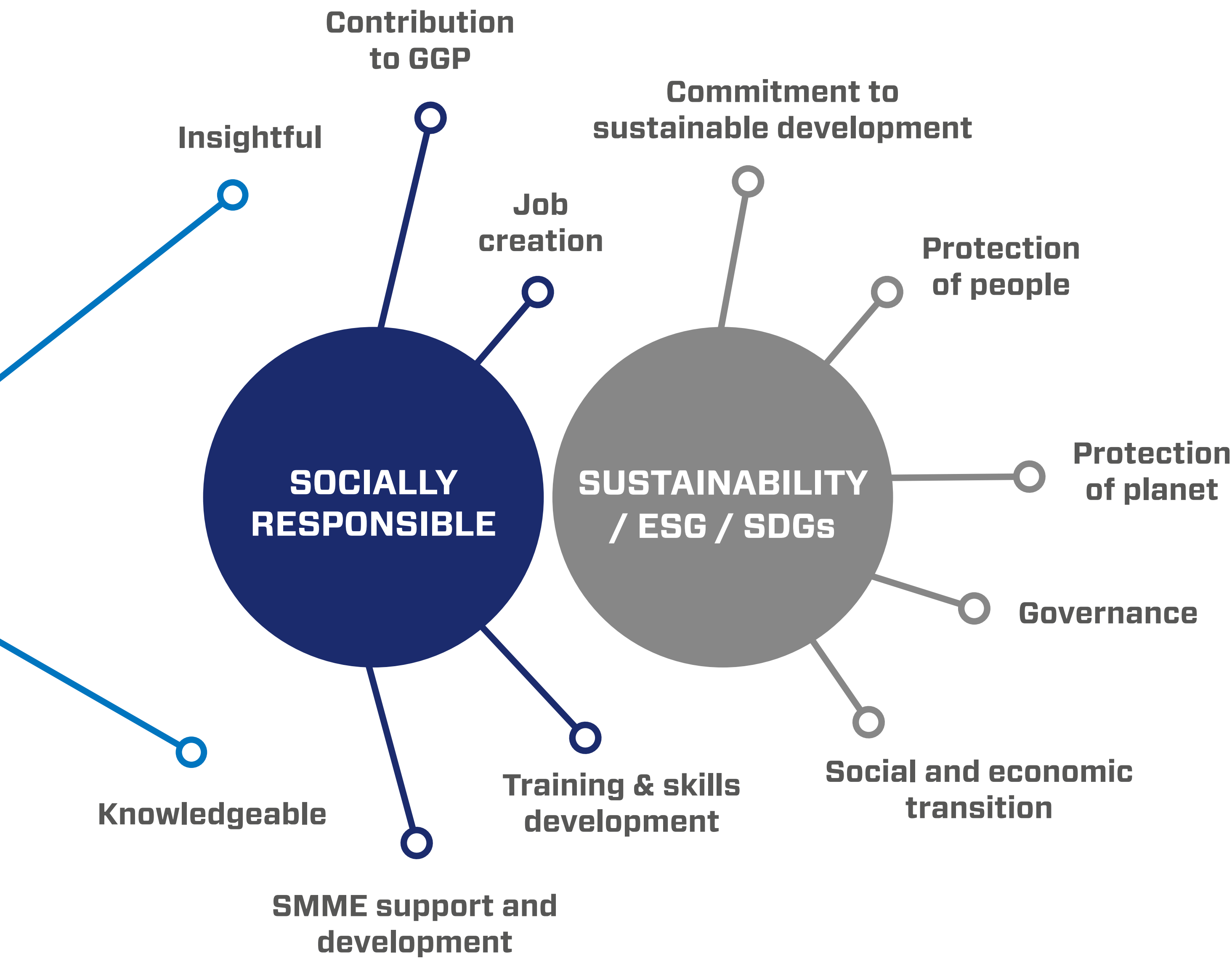
BLUEWATER BAY SUNRISE HOTEL
WWW.SUNRISEHOTEL.CO.ZA

CMS CRUX MARITIME SOLUTIONS
WWW.CRUXMS.CO.ZA

BRAND PERSONALITY

Defining Coega's Brand Personality is essential for its 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 consists of distinctive and recognisable traits that send messages to our clients and stakeholders in general that are constant, persistent, and predictable. It is largely used to set the Coega Brand apart from competitors in the same category and to capitalise on the symbolic advantages the brand can offer. The Coega's Brand Personality is based on studies on customer behaviour and human psychology. 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;
- Socially responsible, dedicated to job creation, SMME support & development, training & skills development, and contribution to Gross Geographic Product (GGP); and
- Sustainability focussed to ensure compliance with ESG and SDGs, to strenghten the Coega SEZ's competitiveness in order to attract investors and partners of the future. The detailed Coega Sustainability Report is also available on the organisation's website, www.coega.co.za.

OPERATING CONTEXT

REVIEW OF THE CEO

Mr. Khwezi Tiya
Chief Executive Officer

The 2022/23 FY Coega Development Corporation Integrated Annual Report is presented three years after the World Health Organisation (WHO) declared COVID-19 a global health Pandemic. The aftermath of the Pandemic continues to be felt by society, and the economy. The need to recover dynamic, inclusive, and sustainable growth to redress the legacy of the Pandemic and long-standing social needs has never been more severe. The Chair of the Board has reflected on the global and local economic environment that has defined the context of the CDC business activities. CDC Executive Management led by the CEO has had to craft the appropriate solutions in the context of these developments to ensure achievement of the Board-approved strategy and the outcome statements committed to the shareholder through the Shareholder Compact and the Corporate Plan.

The World Bank Report lays out a menu of options for policy makers to accelerate investment growth. Policies to boost investment growth need to be tailored to country circumstances, but include comprehensive fiscal and structural reforms, including repurposing of expenditure on inefficient subsidies. These policy options are important for the CDC to take notice, as it attracts global investors.

They have highlighted that investment needs to bolster resilience to climate change, improve social conditions, smooth the transition away from growth driven by natural resources, and support long-term growth of output and per capita incomes are substantial; and at the same time investment growth prospects are weak, fiscal space is constrained, and macroeconomic conditions are uncertain. The urgent need to ramp up investment is clear. However, mobilisation of sufficient financing to close development-related investment gaps—from domestic resources, international assistance, borrowing from multilateral development banks, and foreign private sector investment— will be challenging. Designing policies that can stimulate investment with lasting benefits and to focus on high-quality investment projects based on multipronged strategy featuring a variety of fiscal and structural measures to boost public and private investment, with specific priorities driven by country circumstances is critical to sustainability.

Fiscal policies, on the one hand, may support public investment in infrastructure, education, and health system. Moreover, fiscal policy can support private investment indirectly. Yet expansionary fiscal policy can also crowd out private investment and thus hinder economic growth. Through the Budget Facility for Infrastructure (BFI) Programme, Coega Development Corporation was successful in obtaining public funding for infrastructure development in the SEZ. The funding includes, amongst others, the R1,8 billion allocation to Coega by the Eastern Cape Provincial Government, for the Return Effluent Scheme, which is part of the R3,1 billion Coega water securities programme, that includes the 15ML per day water desalination plant and bulk infrastructure. In addition, the CDC has sought to respond to the increased focus on infrastructure investment by the State to partners for such delivery through its implementing agency capabilities.

Monetary policy also has a role in supporting the growth of private investment, primarily by ensuring low and stable inflation over the medium term. Monetary policy can also play a countercyclical role through management of interest rates and credit growth, thereby supporting investment growth when activity is weak, and inflation is low and helping to contain investment when the economy is overheating. Coega's Small Business Finance and Support (SBFS) has played a critical role in providing finance to small businesses, and going forward more will be done as part of the business strategy to strengthen the business value proposition and provide finance solutions to small businesses.

Developing digital and technological infrastructure can be an important driver of investment growth. New high-speed undersea internet connections to Africa will help boost FDI flows into the technology and financial sectors and expand the size of investment projects. Coega will be implementing a programme to upgrade its outdated ICT infrastructure. In addition, as a trusted implementing agent of choice in the country, the newly repositioned and rebranded Coega Technologies and Consulting Services, in partnership with the Free State Department of Health, is engaged in preparatory work to digitise twelve facilities of public health records management data systems, with a particular focus on maternal and neonatal records, as part of improving patient management. This project is aligned to the National Digital Health Strategy for South Africa 2019 – 2024.

The World Bank indicates that the Pandemic also underscored the potential for digital approaches to education, not to only to make up for the effect of lost schooling on future earnings, but also to help reduce inequality in education, provided that the necessary infrastructure and other appropriate underlying conditions are in place. In the long term, investment in education is needed to spur research and development, and ultimately, innovation. Coega Technologies and Consulting Services rolled out a state-of-the-art technological advancement for the KwaZulu-Natal Department of Education, to improve learning and teaching at the Anton Lembede Mathematics, Science & Technology Academy, in KwaZulu-Natal, La-Mercy, north of Durban. Public–Public-Partnership with the KwaZulu-Natal Department of Education is critical in the provision

of digital technology, learning solution and tools for the Science, Technology, Engineering, and Mathematics (STEM). The partnership is also in line with the South African National Development Plan 2030 (NDP, Vision 2030) and the United Nations Sustainable Development Goal 4 (SDG 4), which focuses on education and aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Therefore, aggressive, and demand-driven investment in digital capabilities and the clean energy transition will be important to stimulate growth. The World Bank indicates that the Pandemic created new opportunities for the adoption of digital infrastructure in commerce and governance, while energy market volatility, due to the conflict between Russia and Ukraine and an increasingly urgent need to meet climate goals, have made the development of clean, renewable, and affordable energy sources a priority. South Africa has made progress in establishing policy frameworks for renewable energy and energy efficiency. Coega has developed the energy strategy, and is in the processes of rolling out the Coega Solar Rooftop Project (CSRP) set for the initial implementation of PV systems on the rooftops of buildings. The Coega Solar Rooftop Project is accelerating Coega's vision of greening the SEZ and NMBLP buildings. The initial phase will see the implementation of 4.5MW PV systems on rooftops in five buildings of the Coega SEZ and NMBLP. This year, the first building, the Coega Business Process Outsourcing (BPO) Park, was fitted and commissioned, and the roof assessments and designs were approved for the remaining four buildings.

Business Process Outsourcing (BPO) Park, Coega SEZ, Zone 4.

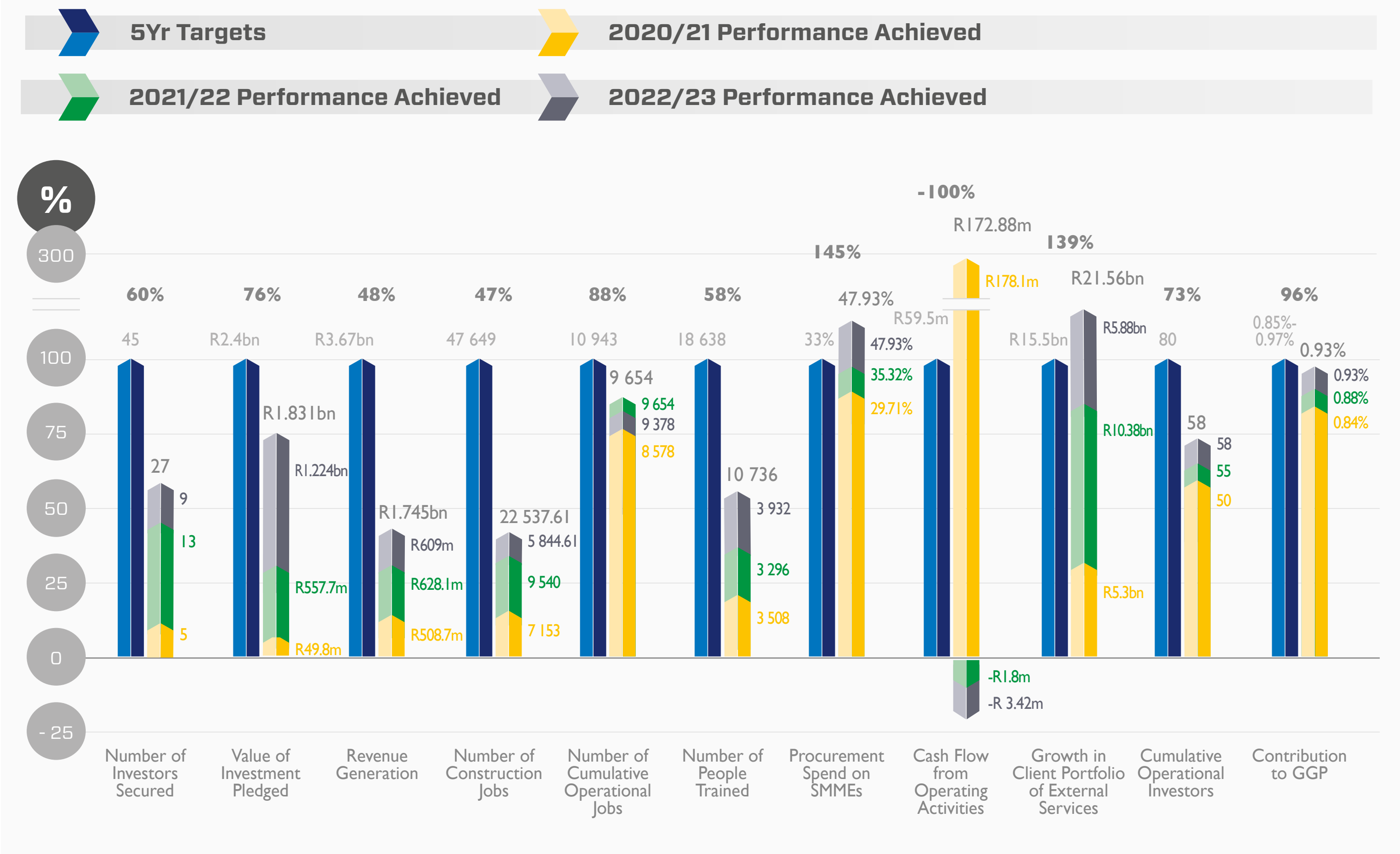
The Coega SEZ Energy Strategy identifies available options to manage the energy supply, energy demand, efficient usage, and investment in current and new energy technologies in a manner that is environmentally friendly, institutionally sound, socially acceptable, and cost effective, utilising the best mix of energy supply and demand options. The Energy Strategy further strengthens the Coega SEZ's unique value proposition, as a leading and preferred African investment destination and a gateway to world markets. Other interventions include a 24-hour load curtailment schedule; the identification of opportunities for solar rooftop power generation, as indicated above; and the development of a solar farm in the Coega SEZ as well as a farm in the Nelson Mandela Bay Logistics Park (NMBLP) due to land availability, electrical distribution networks, ability to transmit electricity to external customers via a wheeling agreement, and excellent solar and wind resources.

Forming partnerships has played an important role in the development of the Coega SEZ. Among key partners of the Coega Development Corporation is Statistics South Africa (Stats SA), one of the entities that has continued to measure the economic activity of the Coega SEZ investors. Stats SA and Coega have had a partnership since 2017 for the statistical agency to measure investors' economic activities. Stats SA has produced three reports to date on the Coega SEZ, the latest being the Coega Census 2023 Report. The report comprises the assessment of the economic activities of investors in the Coega SEZ for the financial year 1 July 2020 to 30 June 2021. The Coega Census 2023 measured income, employment, capital expenditure, and value of imports and exports in the SEZ. The highlights indicated that the Coega Special Economic Zone investors made R14,3 billion income. The total income reflected an annualised increase of 9,0% compared to the income reported in the corresponding survey of 2018 (R11,0 billion). Between 2018 and 2021, manufacturing lost a 7,9-percentage point share of income, from a contribution of 78,3% in 2018 to 70,4% in 2021. The Stats SA team was led by Deputy Director-General for Statistical Operations and Provincial Coordination: Mr. Ashwell Jenneker, Acting Deputy Director-General for the National Statistics System: Mr. Harry Thema and Eastern Cape Provincial Chief Director: Ms. Ziyanda Ntlebi. I am grateful for the support by Stats SA, and look forward to the next census report.

Faced by the world and local economic uncertainty, and bleak economic forecasts by leading banks, the Coega Development Corporation has remained steadfast in the implementation of its 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. Noting the need to diversify sources of finance to advance its projects, and having created the Capital Raising Unit within Finance in the 2021/22 Financial Year, the CDC started to realise the fruits of this strategic decision during the 2022/23 Financial Year. By the end of the Financial Year, the CDC had sent to the shareholder for approval debt and equity financing proposals for the Solar Rooftop Programme, as well as a debt financing package for the CAR Logistics Bases in Cameroon. These represent a significant evolution of the CDC's business model and remove some of the uncertainty

Annual Performance 2022/23 FY

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



for advancing projects when there is insufficient fiscal support. The CDC also participated as leader of a consortium on a proposed partnership for a government office complex, and also in another consortium that is bidding for a new port concession. Both of these opportunities were enabled by the CDC's capital raising capability and integrated into the CDC's growth strategy, and the outcomes of the relevant phases are anticipated during the 2023/24 Financial Year.

I am pleased that during the 2022/23 financial year (FY), the Coega Development Corporation achieved most of its strategic outcomes and targets, the details of which are provided in the performance report in this Integrated Annual Report.

After a long period of low new investment signed, and failure to meet this target last year post the aftershock of the COVID-19 Pandemic, I am pleased that the organisation achieved its target for growth in client portfolio of external services, the number and value of new investments signed. As regards to the growth in client portfolio of external services, the organisation achieved R5.88 billion. Moreover, Coega signed nine (9) new investors this financial year (from only five (5) in 2020/21 FY) with the corresponding investment value pledged of R1.224 billion this financial year (from R49.81 million in 2020/21 FY). Revenue achieved by the organisation was R609.3 million. Furthermore, it is important to report that most of the signed investors last year have begun constructing their facilities and will soon contribute to improving the financial sustainability of the Coega Development Corporation in terms of the SEZ tenants' rentals.

Notable developments that are underway include, amongst others, the construction of the R267 million Orion Engineered Carbons (OEC) Tank Farm that was launched in April 2022 by the Honourable Deputy Minister of the Department of Trade, Industry and Competition, Mr. Fikile Majola. The planned completion of the OEC project is estimated to be August/ September 2023. Other investor projects include a 4 000 m^2 Warehouse by ZacPaK, and the planned completion is estimated to be the end of July 2023. The Tyre Energy Extraction project will undergo procurement stage in July/ Aug 2023, and planned completion is in 2024. A 4 600m^2 facility for Benteler Extension (NMBLP) is 90% complete. Other investment projects that are under planning include, amongst others, Discovery (Call Centre); Data Centre; USD$4.6bn Green Ammonia Plant by Hive Energy; ALO Polymers (Polyethylene PET Plant); Mulilo (Power Plant); Vehicle Manufacturing Facility; HealthCann (Cannabis Facility); and Provisional approval Infrastructure Security Improvements in Zone 3 (MR435). The following projects being planned together with Investors/ developers include the Coega Truck Staging; Coega Social Housing; and Coega Shopping Centre.

Faced with high level of unemployment in the country and region, as reported by Stats SA, the creation of 15, 222 jobs by Coega is welcomed. Furthermore, small business development and expenditure remain one of Coega's key strategic outcomes. I am pleased that the Coega achieved a 47,93% this FY, far exceeding its 33% target. Additionally, a total of R2,305 billion was spent on SMMEs this year, of which R763,225 million accrued to black SMMEs, R148, 824 million to black women-owned, and R18, 258 million to youth-owned businesses.

Last year, 2021/22 financial year, the Coega Development Corporation established a Sustainability Business Unit to drive sustainable growth; and appointed the Chief Sustainability Officer at the executive level. Coega sees sustainability as one of the key focus areas, and it is mindful that global factors force organisations to act, retain, regain, or sustain their competitive advantages for long- term survival. As a result, the organisation is embarking on this important sustainability journey not only to align but also to re-invent itself. I am pleased that this coming financial year, Coega will publish the updated Sustainability Report, which will detail achievement in this area. Notable areas include continued achievements in air quality management, water quality monitoring, rehabilitation and landscaping, alien plant eradication, open space management, and adherence to environmental best practice, to name a few. In addition, sustainability reporting is part of Coega's strategy, and will continue to be maintained. Currently, the focus is on sustainable development and investment creation to develop a long term and sustainable life cycle for the Coega Special Economic Zone (SEZ).

To build capacity in the organisation, and to ensure that Coega has a pool of talent that is able to respond to the complex global challenges that the organisation contends with, the Coega Global Scholars Programme (CGSP) was launched in 2021. The aim was to build the next generation of leadership for the organisation, especially women, as it is common knowledge that the country is in dire need of more women leaders. I am pleased that two black successful candidates were placed at various tertiary institutions in Germany, to study STEM subjects at a master's level. One of the students (male) is at the Frankfurt University of Applied Sciences to study towards a master's degree in Urban Agglomeration, while a female student went to Karlsruhe Institute of Technology to study towards a master's degree in Energy Engineering and Management. These two were selected out of more than 200 applications received, 69 candidates interviewed, and 10 approved by the Coega (60% external and 40% internal), targeting a 50% male/female split.

Continental trade is important. Therefore, according to the World Bank, simplifying border procedures, eliminating unnecessary duties, and improving trade-related transport infrastructure; and lowering uncertainty related to at-the-border trade costs and committing to current or reduced tariff levels as well as other non-tariff barriers will decrease trade costs and encourage investment. Membership in trade and integration agreements, such as the most recent African Continental Free Trade Area, solidifies reforms, which should benefit a country's investment climate, particularly if such agreements boost integration into global value chains and help lower the cost of tradable investment goods (machinery and equipment), for which countries still face significantly higher costs than advanced economies. Coega has been proactive in this area. The organisation implemented Coega Africa Programme (CAP) a few years ago and is realising the benefits of its diversification strategy. Coega operates in a few countries on the continent, including Senegal where the organisation provides Technical Advisory Services, and this financial year 2022/23 completed the development of the Automotive Strategy & Investment Implementation Plan. More work is being done in Cameroon where Coega is part of the 20-years CAR Logistics Bases Concession involving the storage of goods & conduct of customs, which at the end of the financial year was awaiting financial close. Going forward, in Nigeria, Coega is progressing its role as Technical Advisor and Co-Development Partner for the Gulu Integrated Agro-Industrial Park. In Uganda, Coega responded to the RFP published by Ugandan National Oil Company (UNOC) for the JV Partnership for Development of Kabaale Industrial Park (KIP). In the next financial year, 2023/24, Coega is planning to grow its presence in more markets on the continent.

The commitment that we made to the Board in the last financial year to address the significant gender gap in our senior and executive management layer continues to be addressed. The three appointments that have been made were all women, i.e., Chief Sustainability Officer, Executive Manager of Business Development, Executive Manager of Corporate Services, and Company Secretary and Head of Legal. To address transformation gaps, planned employment of women, leadership development, and succession planning are amongst the interventions that being pursued by the organisation.

In conclusion, I want to express my sincere appreciation to the Coega Development Corporation management, staff, and stakeholders for their continued dedication to the organisation. In addition, I wish to thank our Board for their loyalty and guidance. A special welcome to Coega Development Corporation's incoming Board members, including the first black female Chairperson of the Board of Directors, Ms. Batandwa Damoyi. I wish to also express my gratitude to the outgoing Chairperson, Dr. Paul Jourdan, and Board Members, who have led this organisation with professionalism and industriousness. A sincere gratitude as well to 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 Special Economic Zone 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 24 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 2022/23 was approved for release by the Board and signed on its behalf by:

Batandwa Damoyi Chairperson 31 August 2023	Khwezi Tiya CEO 31 August 2023	Rodger Hill CFO 31 August 2023

The DEDISA Peaking Power Plant in Zone 13, Coega SEZ.

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.

MOKGAETŠI SEBOTHOMA (CORPORATE SERVICES)

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

RODGER HILL (CHIEF FINANCIAL OFFICER)

Areas of expertise: Finance and Supply Chain Management.

ASANDA XAWUKA (BUSINESS DEVELOPMENT)

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

DR. MPUMI MABULA (INFRASTRUCTURE PLANNING AND DEVELOPMENT)

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

VERONICA MONYOBO (PROGRAMME DIRECTOR: ICT, RESEARCH & STRATEGY - ACTING)

Areas of expertise: IT Software Engineering; Management; and Project Management.

TELLY CHAUKE (SUSTAINABILITY)

Areas of expertise: Sustainable Development; and Project Management.

LIONEL BILLINGS (CHIEF FINANCIAL OFFICER)

Resigned: June 2022

Areas of expertise: Finance and Supply Chain Management.

CHUMA MBANDE (BUSINESS DEVELOPMENT - NON-SEZ PROJECTS)

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

DAVID LEFUTSO (WILD COAST: SEZ)

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

PROGRAMME DIRECTORS

Programme Directors are responsible for the CDC's infrastructure programmes under the non-SEZ services (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 the state capacity building and in resolving government's service delivery challenges. Clients include, the Eastern Cape Provincial Departments of Health; Education; Public Works and Infrastructure; 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 National Department of Public Works and Infrastructure.

GUGULETHU MOYO

Programme Director: Department of Health

ZAKHELE KUNENE

Programme Director: Tshwane SEZ Programme

AKASH SINGH

Programme Director (Acting): KZN DoE Programme

THEMBEKA POSWA

Programme Director: EC-Department of Education

ZUKO MQHATHU

Programme Director: SEZ Property Development and Management

SPHELELE MATIWANE

Programme Director: National DPWI Programme (Mthatha)

CHRISTO BEUKES

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

IDRISS MOUCHILI

Programme Director: Coega Africa Programme

DR. SIYABONGA SIMAYI

Programme Director: Client Solutions

FEZILE NDEMA

Programme Director: Shared Services Unit

THANDILE NGXEKANA

Programme Executive: Tshwane SEZ Programme

LUMKA PANI

Chief Internal Auditor

ZINE MTANDA

Unit Head: Supply Chain and Technical Procurement Support

ORGANISATIONAL OVERVIEW

CHIEF EXECUTIVE OFFICER:
MR. KHWEZI TIYA

INTERNAL AUDIT:
MS. LUMKA PANI

SEZ INVESTMENT SERVICES

CENTRAL SUPPORT SERVICES

NON-SEZ SERVICES

BUSINESS DEVELOPMENT:
MS. ASANDA XAWUKA

OPERATIONS:
MR. THEMBA KOZA

SUSTAINABILITY:
MS. TELLY CHAUKE

FINANCE (CFO):
MR. RODGER HILL

CORPORATE SERVICES:
MS. MOKGAETŠI SEBOTHOMA

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

ICT, RESEARCH AND STRATEGY:
MS. VERONICA MONYOBO (Acting)

SHARED SERVICES UNIT:
MR. FEZILE NDEMA

INFRASTRUCTURE PLANNING AND DEVELOPMENT:
DR. MPUMI MABULA

BUSINESS DEVELOPMENT NON-SEZ PROJECTS:
MR. CHUMA MBANDE

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

NATIONAL DPWI PROGRAMME (MTHATHA):
MS. SPHELELE MATIWANE

TSHWANE SEZ PROGRAMME:
MR. ZAKHELE KUNENE

WILD COAST SEZ PROGRAMME:
MR. DAVID LEFUTSO

KZN DoE PROGRAMME:
MR. AKASH SINGH (Acting)

EC DoE PROGRAMME:
MS. THEMBEKA POSWA

EC DoH PROGRAMME:
MS. GUGULETHU MOYO

CLIENT SOLUTIONS PROGRAMME:
DR. SIYABONGA SIMAYI

COEGA AFRICA PROGRAMME:
MR. IDRISS MOUCHILI

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, as a beacon of hope and a story of good progress, 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 focus is to attract Foreign Direct Investment (FDI) and export of value-added commodities. Despite the IDZs' significant accomplishments, there were weaknesses that led to the policy review and the current SEZ policy. Additionally, 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.

The accomplishments of the CDC in relation to each strategy outcome are described in the performance session of this Integrated Annual Report. Moreover, it is critical that the CDC seek alternative funding in the open competitive market, as well as alternative funds within the state. The CDC Capital and Funding Office was established two years ago to drive solutions towards capital attraction and investment, and good progress has been recorded, as indicated in the outlook section of this Report. The office will continue to provide the CDC with a viable optionality framework on funding solutions for different projects and portfolios.

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. The CDC will continue to pursue these opportunities in line with the African Continental Free Trade Area (AfCFTA), as announced by His Excellency, President Cyril 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 businesspersons 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 industrialise.

The CDC is well-positioned for the development of the continent because of the 23 years of experience in infrastructure project management and industrial zone development. To carry out significant developmental projects, this requires establishing partnerships with the global Development Finance Institutions (DFI's). The CDC was contracted to develop the Senegalese Automotive Industry Strategy in Senegal, where cooperation between the Senegalese Investment Agency, AIH, and ADB demonstrated successful. The project was completed successfully, during the period under review.

Continental projects demonstrate the CDC's competence to form successful partnerships and in implementing complex projects beyond our borders, working with multiple partners and stakeholders who have confidence and trust in Coega's innovative and sustainable processes which are ISO certified. We continue to be confident that Coega, as an Implementing Agent of Choice, is set to become a prominent participant in international markets.

As a responsible corporate citizen, CDC's programmes continued to empower the youth, women, and persons with disabilities, such as the flagship Maths and Science; Internship; Driver Training; and other commercialised Programmes. Additionally, the Coega Global Scholars Programme, launched in 2021, has been successful. It will continue next year to attract talent to strengthen the capacity of the CDC by training at post-graduate (Masters) level current management talent and future talent by sending them to selected Top Tier Global Universities specialising in Science, Technology, Engineering & Mathematics (STEM) and related courses.

2022/23 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 MARGINALISED

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 recognises that risk is inherent to its business, and as such employed Enterprise Risk Management to ensure the achievement of strategic and operational objectives and its mandate. CDC has demonstrated a commitment to building a risk intelligent culture across the organisation by ensuring that risk management is integrated in the strategic planning process, decision-making and business performance. The Enterprise Risk Management Framework, Policy, Risk Appetite and Tolerance Statement were reviewed and approved by the Board. These are aligned to PFMA, Treasury Regulations, King IV Report on Corporate Governance, and ISO 31000. During the year under review, Executives and Management demonstrated commitment in applying the risk management principles as they took part in highly effective Bi-annual Risk review Workshops.

BOARD RISK OVERSIGHT

The Board is the governance structure accountable for ensuring that significant risks to the business are adequately identified and effectively managed. In carrying out this responsibility, the board has delegated this oversight responsibility to the Audit and Risk Committee. The Committee fulfilled its role during the period under review with quarterly reports reviewed and submitted to the Board at each quarterly reporting cycle. The Audit and Risk Committee exercised oversight over the Risk Management Function through the quarterly risk management reports submitted to the Board. The Audit and Risk Committee furthermore provided oversight over the development of the 2022/23 Strategic Risk Register, which is aligned to the 2022/23 Corporate Plan.

MANAGEMENT RISK OVERSIGHT

During the year under review, the CDC conducted strategic, fraud and operational risk assessments with measurable mitigations and timelines. Risk registers for each category of risks were in place and tracked monthly to ensure that risks are managed to an acceptable level. The risk identification was not a once-off event, bi-annual portfolio risk reviews were conducted with the view of identifying new emerging risks and developed mitigating action plans.

KEY STRATEGIC RISKS

The key strategic risks of CDC for the 2022/2023 financial year linked to the strategic outcomes are listed below, along with the key controls and action plans. All the identified risk mitigation action plans were successfully implemented by management.

CDC Corporate Risk update summary:

Affected Strategic Indicators	No. of Risks Identified	Risks Remaining High	Notes on High Risks
Achieved Financial Sustainability	3	1	Loss of existing customers in the African continent due to not having an in-country presence.
Grow the SEZ by increasing developed land	2	0	
Increased market share	1	0	
Multiple Outcomes	5	1	Inability to execute on CDC strategy and achieving the set targets due to lack of funding for OPEX.

CDC Strategic Risk Register 2022/2023 FY:

Strategic Outcomes	Identified Risks	Inherent Risk Rating	Residual Risk Rating	Risk Mitigations Applied
Achieved Financial Sustainability	Delays in implementation of projects due to late payment to Service Providers.	12	9	Ensured that the clients commit to having funds for projects CDC has been appointed to implement.
	Loss of existing customers in the African continent due to not having an in-country presence.	15	15	Drew up and implemented an operating approach for working outside of the South African Border.
	Failure to implement revenue generating projects due to unavailability of capital finance.	15	10	Engaged the Shareholder to finalise all regulatory requirements and identified other infrastructure funding avenues that are outside of Government.
Grow the SEZ by Increasing Developed Land	Inability to attract game-changing projects to meet the socio-economic objectives (revenue generation and number of investors targets).	12	6	Promoted the Coega SEZ as an investment location of choice through expansion of networks.
	Lack of an Emergency Centre in the SEZ to service investors and the consequential risk of EIA applications not being approved.	15	12	Applied for funding for establishment of Emergency Centre.
Increased Market Share	Inability to realise increased portfolio of projects from government clients that deal with critical mass of infrastructure development and facilities management.	12	8	Identified and pursued other State-Owned Entities for portfolio diversification.
Multiple Outcomes	Inability to execute on CDC strategy and achieving the set targets due to limited funding.	20	15	Continued to solicit funding and sought new business initiatives that would generate revenue for the CDC.
	Degraded competitiveness due to failure in exploring, investing in, and utilising technological advances	12	12	Drew up and implemented a plan to guide investment on technological research and development advances within the IT industry.
	CDC falling victim to fraud, unavailability of online information, unavailability of critical systems, due to ransomware, and cybersecurity attacks.	12	12	Implemented Cyber-Security measures to keep up with the high levels of cyber-crime.
	Lack of business continuity due to people in critical positions leaving the organisation.	9	9	Reviewed and updated HR strategies that have a bearing on curbing high attrition rates.
	Adverse external audit outcomes from material non-compliance to applicable prescripts, that results in irregular expenditure.	16	12	Conducted compliance training on personnel inclusive of Provincial Treasury specific training on irregular expenditure.

ADDRESSING STAKEHOLDER INTERESTS

STAKEHOLDERS

Stakeholders are all those individuals, groups or institutions which affect or influence – or are affected or impacted by – the Coega Development Corporation's operations, services, products, and performance. As an agent of socio-economic transformation and development, Coega relies on a complex network of stakeholders and partners 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 or meet needs in a mutually beneficial way. However, stakeholder engagement is not an end 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 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 other 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 timeframes; 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 fake news and speculation are eliminated. In addition, the reputation and credibility of all parties will be protected.
- **Face to Face**
  Changes that directly impact a particular group of stakeholders will be communicated face-to-face. This gives the stakeholders the opportunity to provide immediate feedback. Listening to stakeholders' needs is an important skill for effective communication.
- **Clear, Concise and Consistent**
  It is important to ensure that there is no confusion or misunderstanding in the messages received. Information shared will focus on facts and not on emotions or personalities.
- **Timely**
  As it happens when it happens. Information will 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 will be kept involved in the process by regularly engaging them through various communication channels.
- **Use Established Communication Channels**
  Tried and tested communication channels will be used to avoid the risk of ineffective message transfer through unfamiliar channels. Social media will not be utilised to disseminate important proprietary information unless the message is generic and targeted to a large audience, and is in line with organisational policies.

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.

The CDC's instrumental value approach-based stakeholder management strategy continued to be implemented during the year under review. As a result, the partnerships that CDC established has continued to improve, as compared to the previous years, due to understanding and responding to stakeholders' needs, as crucial to success and survival of the organisation. During the current financial year, the CDC achieved overall score of 3.8 out of 5 (last year: 3.7) on its External Stakeholder Satisfaction Survey 2022/23, as indicated below.

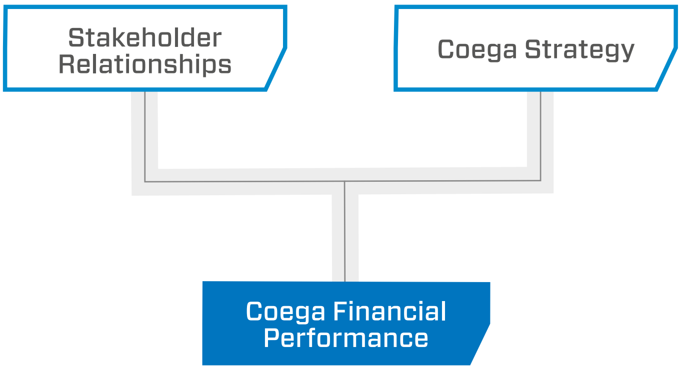
2022/23 Financial Year (summary of scores):

Categories	Total Invites Sent	Total Completed	Response Rate	Overall Score
External Stakeholders	977	322	33%	3.8

2021/22 Financial Year (summary of scores):

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

Despite some challenges identified during the year, exacerbated by the COVID-19 Pandemic, an acceptable level of engagements was achieved; and overall, stakeholder engagements remained effective due to transparent two-way communication, which enabled trust and confidence in the CDC. More than 109 stakeholder engagement activities were achieved. Complete, timely, relevant, accurate, honest, and accessible information was provided to stakeholders, including customers, partners, Coega SEZ investors and tenants, service providers, to name a few.



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 I) – Instrumental Value Approach.


2022-05-12 Russian Federation Consular General visit


2022-04-21 Deputy Minister Majola visit the Coega SEZ


2022-11-29 Manicaland Provincial Minister visit


2023-01-24 Motherwell Councilors visit the Coega SEZ


2022-09-14-15 Eastern Cape Export Symposium 2022


2023-02-28 SA-Uganda Business Forum 2023


2023-03-07 Africa Energy Indaba 2023


2022-11-18 ADZ Milestone Celebration

Some of Coega's Stakeholder Engagements that took place throughout the current financial year.

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 (including African Continent Partners)	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 Councillors	
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, DBSA, ADB, 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 2023

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

(a) the Annual Financial Statements set out on pages 138 to 195, 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

31 August 2023

Rodger Hill
CFO

31 August 2023

CERTIFIED BY COMPANY SECRETARY

For the year ending 31 March 2023

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

FAW Trucks Manufacturing Plant in Zone 2 of the Coega SEZ.

2022/2023 CORPORATE PERFORMANCE

CORPORATE PERFORMANCE OVERVIEW

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

The CDC's 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, as it relates to capital expenditure for bulk infrastructure and top structures.

The Strategic Plan 2021 – 2025 and the Corporate Plan that are being reported against, 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 Non-SEZ 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 No.16 of 2014, and such as the CDC will continue to increase strategic economic advantage for targeted industries. The focus of the strategy in the current five-year period is to maximize income from rentals through the operationalization 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 SME 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 of 2014 defines the purpose of the SEZs, and the strategy aligns itself to achieve on the objectives of the Act.

Strategic Priorities

The CDC's core business is best articulated as a Services and Asset Management Company.

(a) The Services business of the CDC has four pillars namely:
- Coega SEZ Operator, per the SEZ Act of 2014;
- Utilities provider and management function within the Coega SEZ;
- Infrastructure delivery and facilities management services, within and outside the SEZ; and
- Organisational management systems, processes, procedures, and spatial plans, as part of non-SEZ services.

(b) Under the Asset Management function, the CDC manages the overall delivery process of both economic and social built environment infrastructure.

(c) The strategic priorities for the remainder of the five (5) years are as follows:
- Increased revenue and financial sustainability of the entity;
- Improved cash reserves;
- Enhanced and increased benefits to customers and society:
  - Customer experience and increase in market share per client.
  - Attraction of investments (Value and Number); and
  - Employment creation (Number of Jobs and SMME development); and
- Creation of an excellent performance ecosystem (people, systems, and technologies).

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

CDC Impact and Outcome Statements

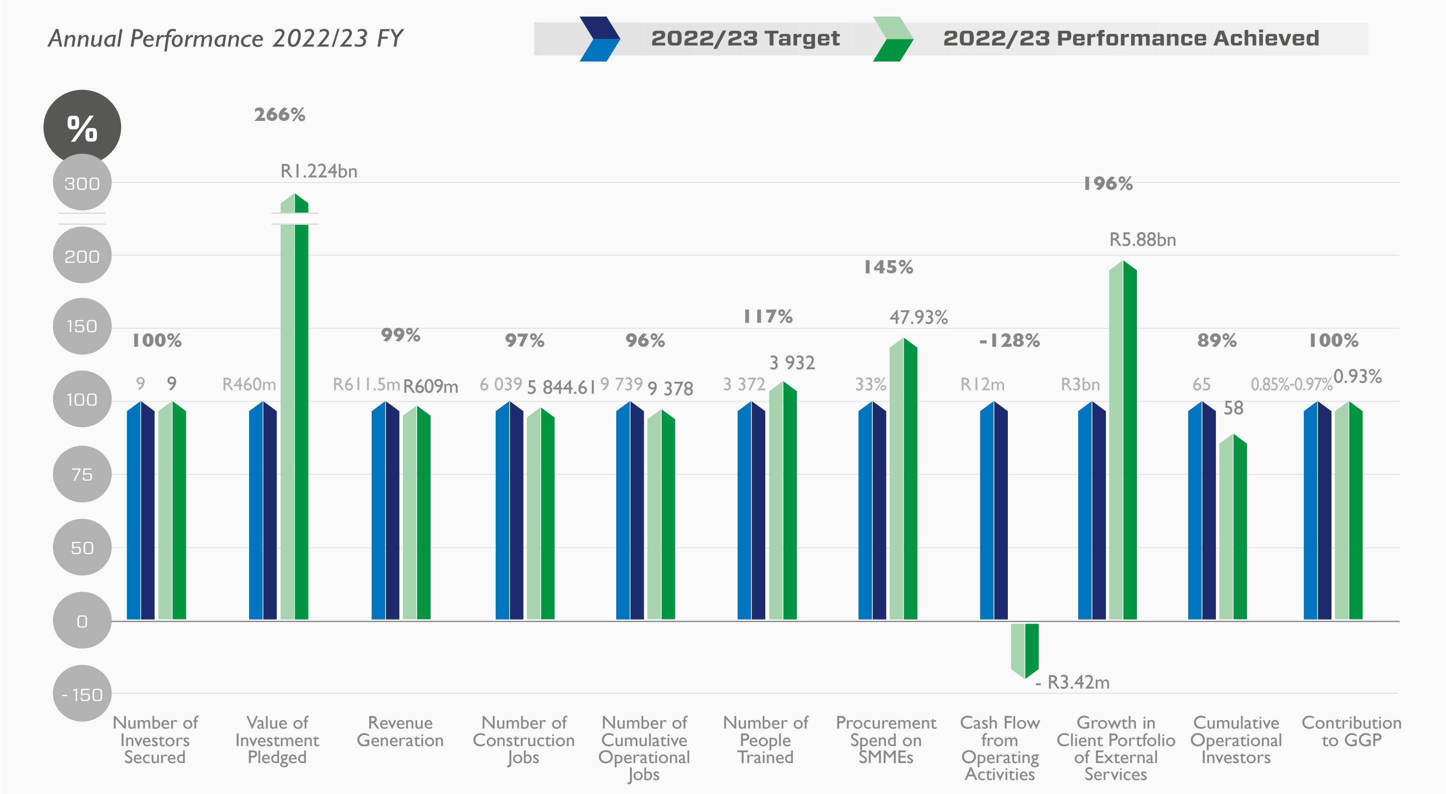
IMPACT STATEMENT	FINANCIAL SUSTAINABILITY
Outcome	Outcome Indicator
Achieved Financial Sustainability	Cash Flow from Operating Activities
	Revenue Generated
Increased market share	Growth in Client Portfolio of External Services

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 2022/23

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



OVERALL ORGANISATIONAL PERFORMANCE 2022/23

The following provides the Overall Organisational Performance for the 2022/23 FY:

Impact Statements	Descriptors						
	Outcome	Outcome Indicator	Measured	Baseline 2021/22	Target 2022/23	Audited Achieved Performance 2022/23	Variance %
Financial Sustainability	Achieved Financial Sustainability	Revenue Generated	Quarterly	R628.1m	R611.6m	**R609.3m**	-0.4%
		Cash Flow from Operating Activities	Annually	-R1.8m	R12m	**-R3.4m**	-100%
		Growth in Client Portfolio of External Services	Annually	R10.4bn	R3bn	**R5.88bn**	+96%
Increased Strategic Economic Advantage for Targeted Industries	Grow the SEZ by Increasing Developed Land	Number of Investors Signed	Quarterly	13	9	**9**	+0%
		Cumulative Operational Investors	Annually	55	65	**58**	-10.8%
	Increased Economic Impact	Contribution to GGP	Annually	0.88%	0.85%- 0.97%	**0.93%**	+0%
		Investment Value	Quarterly	R557.7m	R460m	**R1.224.7bn**	+100%
Increased Economic Opportunities for the Marginalised	Job Creation	Number of Construction Jobs	Quarterly	9 540	6 039	**5 844.61**	-3.2%
		Cumulative Operational Jobs	Quarterly	9 659	9 739	**9 378**	-3.7%
	Skills Development	Number of People Trained	Quarterly	3 296	3 372	**3 932**	+16.6%
	Increased SMME Participation in Economic Activities	Procurement Spend on SMMEs	Quarterly	35.32%	33%	**47.93%**	+45.2%

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%	19%
Youth	40%	53%
People with Disabilities	1%	0%

Cumulative Operational Jobs

DEMOGRAPHIC	TARGET	ACTUAL
Women	50%	48%
Youth	50%	52%
People with Disabilities	5%	0.46%

Number of People Trained (SDC & HCS)

DEMOGRAPHIC	TARGET	ACTUAL
Women	50%	33.8%
Youth	50%	64%
People with Disabilities	10%	0.1%

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 R2.305 billion was spent on SMMEs for the year under review. The spend distribution on the disaggregated targets are as follows.

DEMOGRAPHIC	RAND SPEND	% SPEND
Black Owned	R 763 225 171.98	100%
Black Women Owned	R148 824 309.22	18.37%
Black Youth Owned	R 18 258 010.77	2.25%

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 Non-SEZ Services.

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

Programme 1: SEZ Investment Services

The SEZ Investment Services Programme comprises 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 2022/23	Audited Annual Performance 2022/23	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generated	R233.5m	R275m	+18%
Impact Statement: INCREASE STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES	*Outcome: Grow the SEZ by Increasing the Developed Land*		
Number of Investors Signed	9	9	+0%
Cumulative Operational Investors	65	58	-11%
Impact Statement: INCREASE STRATEGIC ECONOMIC ADVANTAGE FOR TARGETED INDUSTRIES	*Outcome: Increased Economic Impact*		
Contribution to GGP	0.85%-0.97%	0.93%	+0%
Investment Value	R460m	R1.224.7bn	+100%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Job Creation*		
Number of Construction Jobs	1 439	664.81	-54%
Number of Cumulative Operational Jobs	9 739	9 378	-3.7%

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

EXPLANATION OF PERFORMANCE VARIANCES

a) Number of Investments Signed

For the 2022/23 FY the CDC has secured 9 investors against a target of 9.

The CDC achieved 100% of the target on the number of new investors signed in a financial year and target achieved by 100%.

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

The CDC is pleased to report an overachievement in the investment value and having exceeded the target. The organisation has managed to realise an investment value of R1,224.7bn against a target of R460m, and this results in +166% achievement of the annual target. The over performance on investment value pledged can be attributed to the capital intensity of the Agro-processing (R492 million), Manufacturing (R100 million), and Logistics (R300) investment projects signed.

The table below reflects the number of investors signed in the FY2022/23 and the value of investment.

No.	Project Name	Project Description	Investment Value	Country of Origin
1.	Mhlobiso Concrete	Manufactures concrete products	R9.525 million	South Africa
2.	AMSOL	Storage of marine equipment	-	South Africa
3.	Benteler Expansion	Automotive components	R168 million	Germany
4.	Jeco Limited	Energy units and related components	R102.12 million	Netherlands
5.	Africa Loop	Organic waste material processing	R13 million	South Africa
6.	Mediterranean Shipping Company (MSC) Expansion	Truck staging area	R40 million	Switzerland
7.	CEMZA	Cement Manufacturing	R100 million	South Africa
8.	San Miguel	Citrus processing	R492 million	Argentina
9.	Vanguard Rigging	Storage of wind turbine components/ equipment and repairs	R300 million	South Africa

(c) Number of Cumulative Operational Investors

The Cumulative Operational Investors Key Performance Indicator (KPI) is measured annually. The CDC has achieved 58 cumulative operational investors against a target of 65. The CDC has underachieved the target for the 2022/23 FY.

(d) Contribution to GGP

The total revenue generated within the Coega SEZ 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 company's 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 0.93% against a targeted range of 0.85%-0.97% which is an on-target achievement within the range against the target. *(STATS SA report - Coega Special Economic Zone, 2021)*

(e) Revenue Generated

The CDC SEZ Investments - The overall favourable variance of 18% (or R41.6m) is primarily attributable to higher recoveries on utilities, municipal rebates and the receipt of site reservation fees.

(f) Number of Construction Jobs

The CDC did not achieve the target for the SEZ Investment Services construction jobs. Reasons for non-achievement of targets are detailed below:

- On the investor driver construction there has been a delay in the commencement of certain projects such as ZacPak and Corruseal.
- On the CDC own construction jobs there were projects which were expected but did not yield the anticipated results such as the Bentler facility.
- A delay in the execution of the following projects such as the security project, Whey and Tee, and the Famous Band extension.

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

The overall achievements on the SEZ Tenant Operational jobs are at 96% in the year end performance. Based on the feedback provided by SEZ tenants, the following contributing factors can be identified for the non-achievement of targets in the current FY:

- Covid-19 Pandemic impacts: The Covid-19 Pandemic has had a long-term impact of delaying the commissioning of development phases to projects.

- Logistics: Logistics service providers have been negatively affected by a combination of port inefficiencies within the Port of Ngqura, and high international demand for container shipping. As a result, major shipping lines are bypassing the Port of Ngqura, and such trends have had a negative impact on job numbers amongst logistics service providers located within the SEZ.
- Seasonal trade: Some trade is seasonal given the dependence on citrus exports.

(h) Variances: Financial Information

SEZ Investment Programme Budget vs Expenditure

2022/23 Budget vs Actual Expenditure				
Programme Name	**Annual Budget for 2022/23 (R'000)**	**Unaudited Actuals for 2022/23 (R'000)**	**Variance (R'000)**	**Variance %**
SEZ Investment Services	**221 652**	**252 436**	**(30 784)**	**-12%**
Cost of Employment	72 741	70 773	1 968	+3%
Goods and Services	148 911	181 664	(32 752)	-18%

The operating expenditure for the SEZ Investment Services programme reflects an overall unfavourable variance of 12% (or R30.8m).

Cost of employment reflects a favourable variance of 3% (or R2.0m). This favourable variance is due to ongoing efficiencies in the utilisation of resources in the Business Development and Operations Business Units and delaying filling of vacant posts due to various reasons.

Goods and Services reflect an unfavourable variance of 18% (or R32.8m). This is primarily due to unfavourable variances recorded on Municipal Expenses (R38.9m), including rates expense billed in advance, and Interest Charges (R12.6m) where the CDC has a counterclaim against the Municipality.

The above overspending was offset by certain favourable variances recorded in the Goods and Services category including Consulting Fees (R6.0m), as well as by revenue overperformance from municipal rebates and recovery of utilities totalling R35 million.

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 progress qualifying Mega Projects to signing and/or implementation.

(c) **ICT Networks:** A strong ICT backbone Infrastructure and Services 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:** While supply fears are no longer as pronounced, 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.

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 Non SEZ Services.

Central Support Services Programme Performance

Key Performance Area	Annual Target 2022/23	Annual Performance 2022/23	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generated	R25.5m	R15.3m	-40%
Cash Flow from Operating Activities	R12m	-R3.42m	-100%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Increased SMME Participation is in Economic Activities*		
Procurement Spend on SMMEs	33%	47.93%	+45%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Skills Development*		
Number of People Trained	3 372	3 932	+16.6%

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

A few of the 58 Operational Investors at the Coega SEZ and NMBLP.

EXPLANATION OF PERFORMANCE VARIANCES

(a) Revenue Generation

Central Support Services - This programme reflects an overall unfavourable variance of 40% (or R10.1m).

This underachievement is attributable to underperformance on Telecommunications income (R6.1m) and ICT Consulting Fees (R4.2m).

(b) Procurement Spend on SMMEs

The CDC has overachieved for the 2022/23 FY and has achieved 47,93% against a target of 33% for the period under review. The over achievement is attributed to the CDC ensuring that SMME involvement is a requirement in all its projects, including ICT related projects and compliance and timely submission of supporting documents has positively contributed to the achievement of the target.

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

BBBEE Disaggregated

Black Owned	R 763 225 171.98	100%
Black Women Owned	R 148 824 309.22	18.37%
Black Youth Owned	R 18 258 010.77	2.25%

Contracts awarded to generic companies are measured for payments made to subcontractors that are SMMEs, this is monitored through certified payments certificates and valid BEE 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; and
- 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 3 372 and total achieved was 3 932.

(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 for operating activities only. This was due to the shortfall in revenue generation vs target as per different revenue streams, including the lack of funding allocated for the Wild Coast SEZ programme. Reduction of trade creditors during the financial year, that were outstanding at the end of the prior financial year further contributed. Cash balances were positive at year-end.

(e) Financial Information

Central Support Services Programme Budget vs Expenditure

2022/23 Budget vs Actual Expenditure				
Programme Name	**Annual Budget for 2022/23 (R'000)**	**Unaudited Actuals for 2022/23 (R'000)**	**Variances (R'000)**	**Variance %**
Central Support Services	**202 179**	**205 023**	**(2 844)**	**-1%**
Cost of Employment	121 325	119 830	1 495	+1%
Goods and Services	80 853	85 193	(4 339)	-5%

Central Support Services recorded an overall unfavourable variance of 1% (or R2.8m).

The Cost of Employment category reflects an immaterial favourable variance of 1% (or R1.5m).

The Goods and Services category reflects an unfavourable variance of 5% (or R4.3m). The most significant contributor to the unfavourable variance is Enterprise System Licences (R7.5m) with certain other areas of savings against budget including Research Costs (R2.5m).

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 Sector Education and Training Authority (SETA) 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 low performance on technical skills.

Programme 3: Non-SEZ Services

The Non-SEZ 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.

Non-SEZ Services Programme Performance

Key Performance Area	Annual Target 2022/23	Annual Performance 2022/23	Variance %
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Achieved Financial Sustainability*		
Revenue Generation	R352.6m	**R319m**	-10%
Impact Statement: FINANCIAL SUSTAINABILITY	*Outcome: Increased Market Share*		
Growth in Client Portfolio of External Services	R3bn	**R5.88bn**	+96%
Impact Statement: INCREASED ECONOMIC OPPORTUNITIES FOR THE MARGINALISED	*Outcome: Job Creation*		
Number of Construction Jobs	4 600	**5 179.8**	+13%

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

A few of the 58 Operational Investors at the Coega SEZ and NMBLP.

EXPLANATION OF PERFORMANCE VARIANCES

(a) Revenue Generation

Non-SEZ Services reflect an overall unfavourable variance of 10% (or R33.7m).

This unfavourable variance is due to various reasons including projects not awarded to the CDC (which had been included in the budget), reduced portfolios by client departments, shortages of project funding experienced by clients, delays in the implementation of projects and the general downturn in the economy.

(b) Number of Construction Jobs

Non-SEZ 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 the CDC on behalf of client departments beyond the border 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

The indicator measures the additional awards made to the CDC as an Implementing Agent. The CDC is excited that it has overachieved the target of R3bn and achieved a value of R4.9bn 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 as detailed in the table below:

Client Name	Scope of Work	Estimated Value	Type of Work
National Department of Public Works (DPWI)	a) Telkom Towers Information Technology Building	a) R162.4m	a) Facilities Management b) Refurbishment of Telkom Tower Building
Department of Human Settlements	a) Amathole DM b) BCM c) Chris Hani DM d) Joe Gqabi DM e) Alfred Nzo f) Sarah Baartman	a) R303m b) R765m c) R657m d) R762m e) R1,153m f) R124m	a) 2055 RDP Houses b) 4958 RDP Houses c) 4529 RDP Houses d) 5138 RDP Houses e) 7775 RDP Houses f) 839 Houses
Nelson Mandela Water Security	Providing Water Security for NMBM	R988m	NMBMM water security programme - part a: short term interventions
Department of Higher Education	a) New/ Replacement Infrastructure for TVET Colleges b) Provision of Professionals from the Built Environment c) Conditional Assessment of TVET Colleges	a) R114m b) R31m c) R250m	a) Provision and repair of Infrastructure b) Capacity Building c) Conditional Assessment of TVET Colleges
KZN DoE	Flood Damage for KZN Programme	R630m	Various Damaged Schools

(d) Financial information

Non-SEZ Services Programme Budget vs Actual Expenditure

2022/23 Budget vs Actual Expenditure				
Programme Name	**Annual Budget for 2022/23 (R'000)**	**Unaudited Actuals for 2022/23 (R'000)**	**Variances (R'000)**	**Variance %**
Non-SEZ Services	**249 280**	**248 649**	**631**	**+0%**
Cost of Employment	157 128	150 773	6 356	+4%
Goods and Services	92 152	97 876	(5 724)	-6%

Non-SEZ Services recorded an overall unfavourable variance of 0.3% (or R0.6m). The Cost of Employment category reflects a favourable variance of 4% (or R6.4m). The favourable variance was due to savings related to additional resources that were budgeted for but have not been filled due to delay in the implementation of the relevant project.

The Goods and Services category reflects an unfavourable variance of 6% (or R5.7m), which is due to a combination of over-expenditure in some areas and savings in others.

Areas of over-expenditure include Repairs and Maintenance (R3.8m), Cost of Sales (R6.2m) and Project Costs (R7.6m). Areas in which savings are reflected include Advertising/ Marketing expenses (R2.0m).

Challenges

Non-SEZ 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 qualified professionals in the Built Environment. This in many cases is expected to have limited success and the CDC Non-SEZ Services is proactively and actively marketing itself as a value adding service.

Orion Engineered Carbons Black Oil Tank Project in Zone 7 of the Coega SEZ.

PFMA COMPLIANCE REPORT

IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Description	2022/23 (R'000)	2021/22 (R'000)
Opening balance	29 545	2 903
Add: Irregular expenditure confirmed	8 418	38 195
Less: Irregular expenditure condoned	-	388
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	11 164
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**37 963**	**29 545**

Reconciling notes:

(a) *Amounts confirmed during the financial year and disclosed in the Annual Financial Statements*

Description	2022/23 (R'000)	2021/22 (R'000)
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	4 286
Irregular expenditure for the current year	8 418	33 909
Total	**8 418**	**38 195**

(b) *Details of current and previous year irregular expenditure not yet condoned*

Description	2022/23 (R'000)	2021/22 (R'000)
(i) Modifications exceeding allowed amounts	34 447	26 124
(ii) Continuation of contract without proper extension	2 537	2 515
(iii) Less than 3 quotes - insufficient delegation of authority	917	845
(iv) Local content and production thresholds	61	61
Total	**37 963**	**29 545**

(i) Non-compliance to National Treasury instructions arose during 2021/22 as a result of not following due process in obtaining timeous approval of changes to project baselines for two construction contracts. i.e., Variations in excess of 20% were not approved before the work associated with the variation was carried out. Additional irregular expenditure was incurred during 2022/23 on finalisation of the projects, as the amounts have not yet been condoned or removed from the irregular expenditure register in terms of the relevant National Treasury instruction. Some of the modifications were investor requirements and R11.16 million was recovered from an investor in the prior financial year.

(ii) Work was continued on a contract without proper extension of the contract prior to its expiration. The transgression occurred in prior financial years, but the investigation was concluded during the current financial year. Irregular Expenditure amounting to R0.46 million pertains to the 2021/22 financial year while R2.06 million is included in the opening balance above. The officials responsible are no longer with the CDC, and the CDC cannot take actions against them.

(iii) National Treasury Practice 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." During the prior financial year, the CDC did not comply by obtaining approval from the delegated official before making two awards with expenditure totalling R0.91 million.

(c) *Details of current and previous year irregular expenditure condoned*

Description	2022/23 (R'000)	2021/22 (R'000)
Procurement process not adhered to and insufficient delegation of authority: Request for condonation was submitted and approved. Consequence management was addressed as part of the condonation process.	-	166
Continuation of contract without proper extension: The CDC received value for money for work performed and as part of consequence management recovered fruitless expenditure, from the employee concerned.	-	232
Total	**-**	**388**

DEVIATION REGISTER

Procurement by other means

Project Description	Name of Supplier	Type of Procurement by Other Means	Contract Number	Value of Contract (R'000)
Ratification & Condonation for the Appointment of the SP to provide Software Development Services	Mars Technologies	(i) Ratify the emergency procurement followed for the appointment of the Service Provider for the Software Development Services (ii) Condone the non-compliance with the CDC Procurement in appointing the Service Provider	CDC/10/22	R165.6
Emergency Procurement for Flood Damaged Schools within the KZN Province	Various Service Providers	(a) Deviation from the normal open tender procurement process for the damaged schools for securing services of Consultants and Contractors to pursue the Emergency Procurement process, following a Closed Procurement process where: (i) PSPs to assist the CDC with Quality Assurance work will be sourced from National Treasury's CSD Database; and (ii) Contractors will be sourced from the CIDB Database of Contractors. (b) A shortened tender period be considered where it will be: (i) 10 working days for the PSPs for QA work; and (ii) 15 working days for the Contractors.	CDC/564/22 ET AL	N/A

Expansion and variation of contracts

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Contract Number	Original Contract Value (R'000)	Value of Previous Contract Expansions or Variations (R'000)	Value of Current Contract Expansion or Variation (R'000)
Design, construction and commissioning of a Tank Farm Facility in Zone 10 of the Coega SEZ	EPCM Consultants & EPCM Bonisana (Pty) Ltd JV	Variation	CDC/496/19	R230,000	-	R29,337
Acacia/ Seraphim Warehouse	WBHO	Variation	CDC/169/18	R175,810 (Re-baselined with Treasury Approval)	R 9,301	R8,568
Construction of the WeidPlas Facility in Zone 2	GVK-Siya Zama Building Contractors (Cape)	Variation	CDC/74/21	R58,899	-	R14,593

Inter-Institutional Variations (non-SEZ Programmes implemented on behalf of budget holders)

Project Description	Name of Supplier	Contract Number	Modification Type (Expansion or Variation)	Original Contract Value (R'000)	Value of Current Contract Expansions or Variations (R'000)	Value of Previous Contract Expansion or Variation (R'000)
Tshwane Automotive Special Zone (TASEZ) Bulk Earthworks Platforms in Phase 1 (South)	Motheo Construction Group	CDC/240/20	Variation	R 159,885	R 24,338	R 19,697
Supply & Installation of Security Fencing at Nhlanhlayethu SS	Fistoz Management Services	CDC/21/22	Variation	R 2,442	R 693	-
Supply & Installation of Bulk Water Pipeline for TASEZ Phase 1	Buzaphi Construction Pty Ltd	CDC/9/21	Variation	R 42,568	R 18,012	R 22,205
Upgrading of Khotsong TB Hospital Phase 3	Ruwacon Nyelezi Nepa Tjisa JV	CDC/583/15	Variation	R 436,957	R 34,958	R 13,176
					R 18,667	R 48,135
TASEZ Cluster 02 Ford Frame Line: Construction of Factory, Access Roads and Related Engineering Services	WBHO	CDC/628/20	Variation	R 807,595	R 17,720	R 31,713
Professional Consulting Services for Smart Revitalisation of Dihlabeng Regional Hospital in Bethlehem	A-M Consulting Engineers	CDC/742/15C	Variation	R 28,286	R 23,756	-
Construction of Flagstaff CHC Phase 2: New Community Health Centre Main Building	Motheo Construction Group	CDC/478/17	Variation	R 119,716	R 22,990	R 19,107
Port Of Durban Technical Concepts Expert Validation	ARUP	CDC/1/22	Variation	R 4,195	R 2,817	-

BBBEE PERFORMANCE REPORT

Reporting Compliance on BBBEE Commission

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Answer**	**Attachment**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law.	N/A	
Developing and implementing a preferential procurement policy.	Yes	The CDC's Procurement Policy has been developed in alignment with the Preferential Procurement Regulations of 2022. A preference points system is applied for all acquisition of goods and services with a Rand value of above the Petty cash Threshold of R2000. Points are awarded for Price and Specific goals and the organisation's specific goals are based on the B-BBEE Contributor Level of a service provider.
Determining qualification criteria for the sale of state-owned enterprises.	N/A	
Developing criteria for entering into partnerships with the private sector.	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment.	N/A	

INVESTMENT PROMOTION

Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) has become critical for the Coega Special Economic Zone (SEZ). It brings in capital, revenue, technology, and scarce expertise and management skills through continuously cultivating a multi-dimensional investment and project development pipeline. Moreover, FDI is essential to mobilising private investment into sustainable development sectors through effective investment promotion to grow the Coega SEZ.

Investment promotion provides solutions that are designed to attract investors across a range of key industry sectors, matching them to the most complementary product combination of serviced land in the zone and/or customised 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 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.

Despite a subdued global growth and investment climate following the COVID-19 Pandemic, Russia-Ukraine's war, global supply chain disruptions, the global energy crisis coupled with elevated inflation, as well as geopolitical tensions, investment promotion activities were reinforced to identify and pursue opportunities.

During the past two decades, investment growth was associated with strong real output growth, robust real credit growth in capital inflows, and investment environment reform spirits. The trend indicates a downward spiral of these variables. Moreover, a weak investment growth has continued to be a concern, as it dampens growth and trade.

Domestic demand conditions will continue to be a key factor in driving growth, and to bolster economic development in 2023, as capital inflows wane. In the January 2022, World Economic Outlook (WEO), the IMF forecast showed global growth to be 3.4 percent and expected to fall to 2.9 percent in 2023. However, the near-term outlook for South Africa continued to deteriorate due to ongoing energy supply crisis and weaker commodity prices in the face of a challenging global economic climate. At the time of writing this report, the updated forecast indicated that the South African economy would moderate at 0.8 percent in 2023. This will put more pressure to FDI in order to create job opportunities in the economy.

With respect to Foreign Direct Investment (FDI), a report by UNCTAD notes that the outlook for global FDI in 2023 appears weak. Negative or slow growth in many economies, further deteriorating financing conditions, investor uncertainty in the face of multiple crises and, especially in developing countries, increasing debt-related risks will put significant downward pressure on FDI. Global flows of foreign direct investment fell by 12 per cent to $1.3 trillion in 2022; the slowdown was limited, investment flows to developing countries increased marginally, and investors finished the year announcing new projects in both industry and infrastructure. According to UNCTAD, business as usual, however, is still bad news; and growth of investment in developing countries is concentrated in a small number of large emerging economies. FDI flows to developing economies as a group increased by 4 per cent to $916 billion in 2022. FDI flows to Africa fell by 44 per cent to $45 billion, following a record year in 2021 that was due to a single intrafirm financial transaction in South Africa. Excluding this deal, the change in FDI flows to Africa in 2022 would have increased by 7 per cent. FDI in South Africa reached $9.1 billion – double the average of the last decade.

Furthermore, the CDC continued to integrate sustainability, such as ESG, into investment decisions. ESG impacts investor sentiments and the ability to grow the number and value of investors in the Coega SEZ. Moreover, the focus on Sustainable Development Goals (SDGs) affects strategic decisions and operations.

Despite the global economic challenges and the country still recovering from the COVID-19 Pandemic, the CDC achieved its investment targets. The number of investment secured was nine (9) and value of investment pledged was R1,224 billion. More than 50% of this investment pledged is in the agro-processing and energy sectors, as indicated in the table, below.

Coega SEZ – Number of Investments Signed during the 2022/23 FY

No.	Project Name	Description	Investment Value	Country of Origin
1	Mhlobiso Concrete	Manufactures concrete products	R9,525,000	South Africa
2	AMSOL	Storage of marine equipment	-	South Africa
3	Benteler Expansion	Automotive components	R168,000,000	Germany

Coega SEZ – Number of Investments Signed during the 2022/23 FY continued...

No.	Project Name	Description	Investment Value	Country of Origin
4	Jeco Limited	Energy units & related components	R102,120,600	Netherlands
5	Africa Loop	Organic waste material processing	R13,000,000	South Africa
6	Mediterranean Shipping Company (MSC) Expansion	Truck staging area	R40,000,000	Switzerland
7	CEMZA	Cement manufacturing	R100,000,000	South Africa
8	San Miguel	Citrus processing	R492,000,000	Argentina
9	Vanguard Rigging	Storage of wind turbines components/ equipment and repairs	R300,000,000	South Africa

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

(a) Gas Readiness
The CDC is in the process of conducting three EIAs for the gas import infrastructure and 3x1000 MW power generation facilities. During last quarter the 2022/23 FY, the Draft Environmental Report for the Gas infrastructure were issued for public comments and the Background Information Documents for the two power plants were also published.

(b) RM4IP
The RMI4P was designed to procure 2,000 MW of new generation 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. The status of these two projects is as follows:

- Karpowership - DFFE is of the opinion that the minimum requirements specifically with regard to listed and specified activities applied for and location of the vessels in the Port of Ngqura, were not met. The CDC is awaiting confirmation from Karpowership (KPS) regarding their proposed way forward.
- Mulilo Total - The Mulilo Total Coega project is currently undergoing the project's financial closure phase.

The success of these two projects provides further impetus to the development of a natural gas sector at the Coega SEZ and the region, and position Coega and the Eastern Cape Province as a Gas Hub.

Solar Rooftop Project

With the accelerated load shedding in the country, Coega has been intentional in trying to provide alternative power supply solution for tenants within the SEZ and the NMBLP and this aligns to the drive to increase power generated from renewable sources. Coega approved its SEZ energy strategy which provides a tactical means by which the SEZ would respond to current power crisis and further look at security of supply for the SEZ.

Coega started piloting the rollout of Coega Solar Photovoltaic (PV) Rooftop Project (CSRP) in five (5) buildings in the SEZ and NMBLP. Phase I will initially see the implementation of 4.5 MW PV systems on rooftops with the rollout of identified buildings under Phase I for the implementation of CSRP has been concluded:

No.	Building	Location
1.	BPO	Coega SEZ
2.	Rehau	NMBLP
3.	Grupo Antolin	NMBLP
4.	Vector Logistics	Coega SEZ
5.	DHL	Coega SEZ

Construction in Building 1 (see picture on next page) with a capacity of 1 MW has been concluded pending final handover, and the plan is to proceed to the next four (4) buildings.

The Coega Solar PV Rooftop project is complemented by energy efficiency audits on buildings including other renewable energy projects in the pipeline. Once fully implemented it will allow energy flexibility and ensure energy security for CDC tenants, especially energy intensive users. Moreover, a bigger view as an organisation is to develop several strategies to implement in order to decrease energy consumption and ultimately, to contribute to the reduction of carbon footprint and to mitigate climate change. This is in line with the United Nations Sustainability Development Goals initiatives, and the Government's recently approved Nationally Determined Contribution (NDC), which seeks to lower SA's carbon emissions.

Aquaculture Development Zone

Environmental authorisation for land-based aquaculture development in Zone (ADZ) 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 paved the way for marine aquaculture in the Coega ADZ as seawater to 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.

Progress on ADZ is as follows:

(a) In August of 2022, Coega received a positive outcome on the Coastal Waters Discharge Permit for the ADZ. 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;

(b) Construction on Phase 1 of the ADZ was practically completed in August 2022 to accommodate additional works. The additional works entail the surfacing of two additional roads (Roads D and E) and created 224 construction jobs;

(c) On 18 November 2022, Coega welcomed the Honourable MEC, Mr. Mlungisi Mvoko, and project stakeholders to celebrate a critical milestone in bulk infrastructure development in Zone 10 of the Special Economic Zone. Over the past two years, the Provincial Economic Stimulus Fund investment, totaling R206 million, has facilitated enabling infrastructure including road networks, stormwater and water reticulation systems, and electrical networks for the Coega ADZ area, making it a highly attractive investment location. The infrastructure will unlock Eastern Cape (EC) aquaculture, paving the way for abalone farming in the process; and

(d) Funding for the seawater pipeline infrastructure remains a critical issue; and a funding application was submitted to the Budget Facility for Infrastructure (BFI) Fund Application. However, the funding for the infrastructure was not granted, and the CDC will investigate other funding mechanisms for the Coega ADZ.

Business Development Unit will continue to engage parties that have previously shown interest in accessing land in the ADZ for investment. In addition, the Unit will intensify investment promotion efforts to attract other new investors that may not be aware of this investment ready platform for Aquaculture investment.

Sunshine Natural Company Ingredient (Holding Company: San Miguel)

Argentinian agro-processing company which operates citrus farms within South Africa's Sundays River Valley and South America, pledged R492 million investment. This investment will allow San Miguel to boost its South African operations and increase their citrus juice concentrate export by 50,000 tons per annum. The estimated number of jobs to be created from the project is 112 operational jobs and 50 construction jobs.

A detailed description of future developments on the project will be provided as the project progresses.

Benteler Expansion

Benteler SA is a subsidiary of Benteler AG, a family-owned company that specialises in metal processing. Benteler AG is a global tier supplier in all relevant markets with around 100 locations in 28 countries including in the South African Uitenhage plant in the NMBLP. Benteler SA is a leading producer of metal processed components such as steel coils, steel components, automotive components, catalytic converters, and catalytic sub-assemblies.

The company is expanding its existing facility at the NMBLP by 9,000m^2, this will be the expansion of production space for new business as well as warehouse space for raw materials. The expansion project will be in two phases. The current size of the Benteler facility is 21,480m^2.

The company has been awarded a 7-year contract by BMW SA for the new models which is the primary reason for expansion. The additional business from BMW SA will also bring their offsite warehouse all under one roof within the NMBLP. Benteler SA's major customers include BMW SA, MBSA and VWSA, only 40% of its products is for the export market.

The company will be investing R168 million and employ an additional 120 people in its own production facilities. The company already has a warehouse offsite around Uitenhage that supports the production plant in the NMBLP.

LOOKING AHEAD

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

The aftermath of the COVID-19 Pandemic remains a challenge from an investment promotion perspective. However, it is encouraging to see that despite a turbulent economic environment, the CDC has continued to meet its investment numbers and value, as a story of good progress. Going forward, the operationalisation of these investments will be crucial to job creation and other socio-economic variables, like training and small business development.

The NMBLP Phase 2 and ADZ projects will bring more investment opportunities to the Coega SEZ. Engagements are currently on-going with potential aquaculture investors seeking to develop their businesses in the Coega ADZ.

Furthermover, the energy projects will continue to be attractive for the CDC because of the energy supply challenges faced by the country. Despite the Karpowership's challenges of Environmental Authorisation, amongst others, there is an opportunity to benefit from this investment as well as the Mulilo Total Coega project in terms of infrastructure development for gas projects in the Coega SEZ, in line with the Energy Strategy of the organisation.

Benteler SA in Nelson Mandela Bay Logistics Park, Kariega.

COEGA SEZ OPERATIONS

The Coega SEZ Operations is a key contributor to the vision and mission of the Coega Development Corporation (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:

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

Each operational section works according to their annual Business Implementation Plans which provide a detailed work schedule, aligned to impact and strategic outcome statements of the organisation. Furthermore, each section is managed according to best practice and 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 elsewhere in this section.

PROPERTY DEVELOPMENT AND MAINTENANCE (PDM)

PDM within Operations Business Unit supports the strategic plan of the CDC by developing the 9 003ha Coega SEZ to be a world class destination. PDM is the delivery arm in bulk infrastructure, enabling infrastructure, top structure buildings and facilities management for current and new Investors. Moreover, PDM is responsible to conceptualise, plan, design and execute all infrastructure and top structure requirements, as required by investors; and enables the CDC to fulfill the goals and objectives of the Coega Project.

Furthermore, PDM is responsible for the master planning of the 9 003ha Coega SEZ that outlines the vision, goals, objectives, and strategies for the long-term development of infrastructure projects. It provides a roadmap for the systematic development of infrastructure projects and ensures that the projects are designed and built in a sustainable and integrated manner. The following are some of the important areas of the PDM Masterplan:

1. **Strategic roadmap:** The Masterplan provides a strategic roadmap that outlines the sequence of actions to be taken to execute the projects, and to coordinate the various projects that make up the infrastructure programme.

2. **Comprehensive planning:** A Masterplan covers all aspects of the infrastructure development, including urban planning, transportation planning, environmental planning, and economic planning. This ensures that the projects are integrated and sustainable.

3. **Efficient resource allocation:** The Masterplan helps in the efficient allocation of resources, including funds, materials, and labor. It ensures that the resources are used effectively and efficiently to achieve the desired outcomes.

4. **Stakeholder engagement:** The Masterplan provides a platform for stakeholder engagement and participation. It allows stakeholders, including the public, private sector, and civil society, to provide inputs and feedback to the planning process.

5. **Risk management:** The Masterplan helps in identifying and managing risks associated with infrastructure projects. It helps in reducing uncertainties, mitigating risks, and ensuring that the projects are delivered on time and within budget.

6. **Long-term sustainability:** The Masterplan ensures that infrastructure projects are designed and built to meet the long-term needs of the society. It ensures that the projects are sustainable and can adapt to changing social, economic, and environmental conditions.

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

Infrastructure Overview for 2022/23 FY

Planning	Under Construction	Now Completed
Bulk Sewer Connections for Eastern Side of Coega River	Construction of OEC Tank Farm in Zone 7	Construction of Zone 10 enabling infrastructure to enable ADZ development
Cannabis Processing Facility		BAIC Electrical infrastructure in Zone 1 & 2
Desalination 15 ML Plant		Seraphim Solar Cell Manufacturing Facility in Zone 3
Security Upgrades Phase 2		Weidplas Automotive Plastic Component Manufacturing Plant in Zone 2
Tyre Extraction Facility (TEE)		

Work also includes the master planning for bulk services, and PDM is working closely with the Nelson Mandela Bay Municipality (NMBM) to plan for portable water and sanitation mega projects, of which water is currently a big concern in the NMBM.

Projects completed in the 2022/23 FY

WeidPlas Automotive Plastic Component Manufacturing Plant in Zone 2

BAIC HV Electric Upgrades in Zone 2

Seraphim Solar Cell Manufacturing Facility in Zone 3

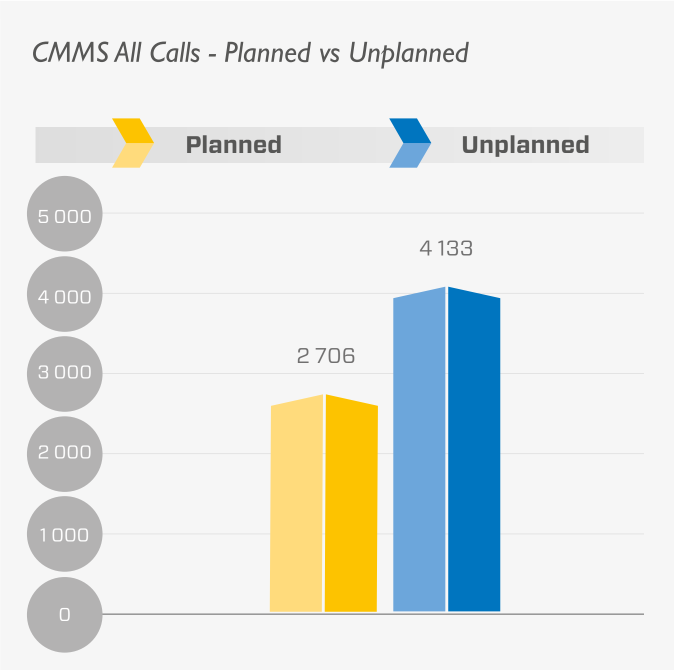
Projects still under construction in the 2023/24 FY

Construction of OEC Tank Farm in Zone 7

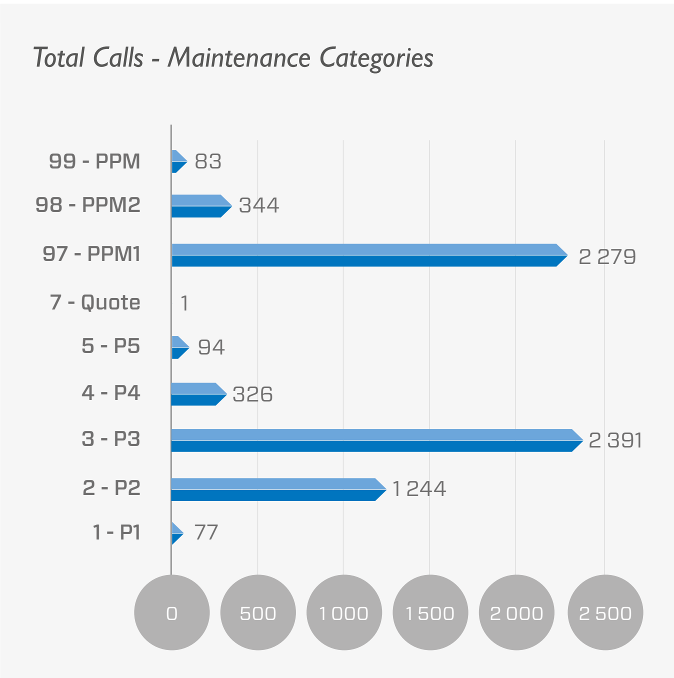
Aquaculture Infill Infrastructure in Zone 10

Maintenance Overview

The PDM operates a Call Centre and has procured its own Computerised Maintenance Management Software (CMMS) to support maintenance of all existing infrastructure and top structures. The programme runs planned and unplanned maintenance to improve asset life and swiftly respond to all asset failures; and recorded the following performance for 2022/23 FY, with a total of 6, 839 calls.



The detail split between ad-hoc and planned maintenance can be shown in 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.



In summary, the planning and development of the Coega SEZ infrastructure progressed well in the 2022/23 financial year. The pipeline of projects that are currently underway is promising, and it is critical to continue with the bulk services planning and implementation to ensure that investors in all Zones of the SEZ are serviced with bulk infrastructure in line with the annual updated Master Plans, given the Coega SEZ's project pipeline. Therefore, planning and sourcing of funding is critical to further develop critical bulk infrastructure, including the desalination and return effluent water supply, for the servicing of not only the Coega SEZ, but also the rest of the Nelson Mandela Bay Metro.

TRADE FACILITATION

The Coega Trade Facilitation, within the Operations Business Unit, optimises 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 longer to export goods, with as many documents and more approvals than developed countries. The Coega'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." According to the United Nations Economic Commission for Europe (UNECE) (2012) Trade Facilitation Implementation Guide, these Business-to-Business (B2B) activities are carried out using the trade facilitation principles of Transparency, Simplification, Harmonisation, and Standardisation. Customs, environmental (SHEQ), infrastructural services, investor services, logistics, security, and spatial planning are some of the key aspects of trade facilitation that Coega focuses on to address the challenge of trade facilitation. Over the past financial year, considerable progress has been made; however, 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 or investor aftercare, including providing a One-Stop-Services (OSS) centre. Investor aftercare remains 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 decreased to a weighted average score of 3/5 in 2022/23 (4,2/5 in 2021, and 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.

Customs

The Customs function is aligned to the new CDC Strategy and the revised regulatory framework of the Customs and Excise Act. The alignment included the focus on SARS Customs reporting, systems implementation and RLA onboarding. For the financial year 2022/23, there was minimum CCA-Enterprises import and export transactions. During this period, a new CCA-E investor was registered for the benefits to participate in the CCA program. The Coega Customs Depot received their licences this year, and operations will start in the new financial year, 2023/24. Customs provided consultancy services for Two SEZ Operators in the implementation of their CCA areas which created an additional revenue stream for the CDC.

The CDC received approval as a SARS Authorised Economic Operator (AEO) at level 2 as AEO-S status. From a Customs unique value perspective, the benefits include, amongst others, waivers on surety bonds, expedited processes and inspections time frames, and mutual recognition with major trading partners.

Logistics

Growth interventions for the Deepwater 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 the 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 because of change in licensing requirements associated with the wind energy sector. However, 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 Coega Commercial Unit is integral to the organisation's strategic outcomes, in ensuring the conversion of investor proposals to revenue generating transactions with the aim of achieving financial sustainability. The Unit’s core function includes, inter alia, analysing the commercial viability of all CDC transactions, facilitating transaction structuring and conclusion, and monitoring the transaction risks for the benefit of CDC.

The 2022/23 financial year has been a success with the signing of nine (9) investment projects, that included, inter-alia, Benteler Expansion, Mhlobiso Concrete, and San Miguel. Land leases were also concluded with CEMZA, Grindrod Logistics and MSC Shipping to advance their operational expansions.

The Commercial Unit continues to engage in negotiations for projects in strategic sectors including but not limited to, Automotive, Energy, Agro-processing, and Logistics sectors with the aim of securing new investors over the next financial year. The Unit will further be reviewing its operating model, to provide the necessary support in respect of CDC’s external finance and/or transaction collaborations.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

After establishing the Sustainability Business Unit in 2022 and appointed the Chief Sustainability Officer, the Sustainability Report 2022 has been published. The Report is based on the Sustainability Strategy. Corporate Sustainability refers to the long-term strategy of an organisation for continued operations into the future taking into consideration every dimension of how a business operates in the social, cultural, economic, and environmental set-up. Sustainability at the Coega Development Corporation is an essential strategic value which commands the way business is conducted. For Coega, Sustainability means:

- Protection of the environment;
- Protection of the communities;
- Protection of the employees; and
- Business growth and better future positioning.

Over the past two financial years, the Coega Development Corporation has been consistent in compiling and publishing its sustainability reports. Through the involvement of different Coega business units, the 2020 and 2021 Sustainability Reports were compiled and published on the Coega website. Moreover, sustainability reporting is part of Coega’s strategy, and will continue to be maintained. Currently, the focus is on sustainable development and investment creation to develop a long term and sustainable life cycle for the Coega Special Economic Zone (SEZ). A detailed Coega Sustainability Report 2022 is available on Coega’s website, and a summary of this year's achievements are available in the following sections of this Integrated Annual Report.

Air Quality Management in the Coega SEZ

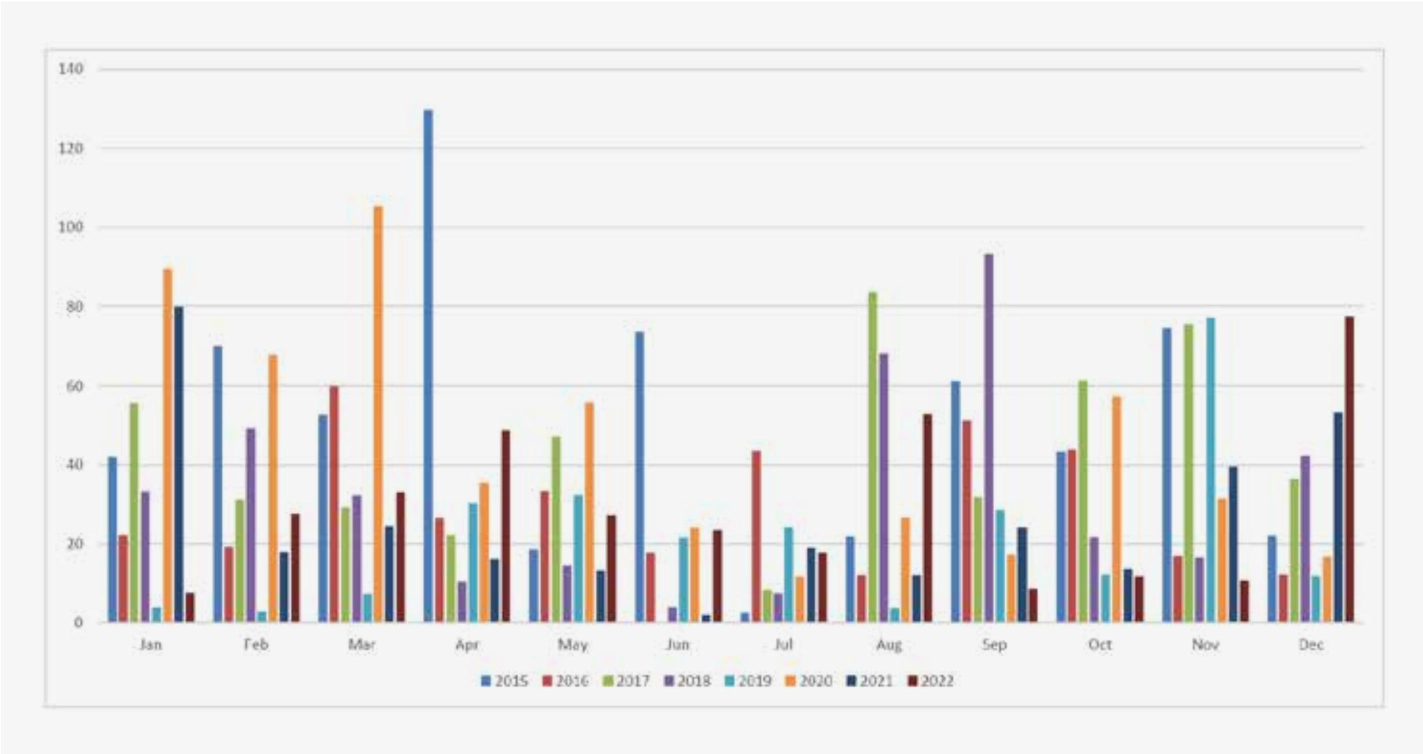
The Coega Development Corporation has an ambient Air Quality Monitoring network in the Coega SEZ, which consists of three Air Quality Monitoring Stations. The Saltworks Station is the primary meteorological station and a National Ambient Air Quality Indicator (NAAQI) Station. The data loggers are installed at the stations log 1-minute data, which is transmitted to three different servers. Data is also reported monthly to the South African Air Quality Information System (SAAQIS). The table below shows the variables monitored at each Station.

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 recorded in the Coega SEZ over the past eight (8) years has fluctuated, with the 2022 rainfall figures below the annual average rainfall for the SEZ, as shown in the table and graphic below.

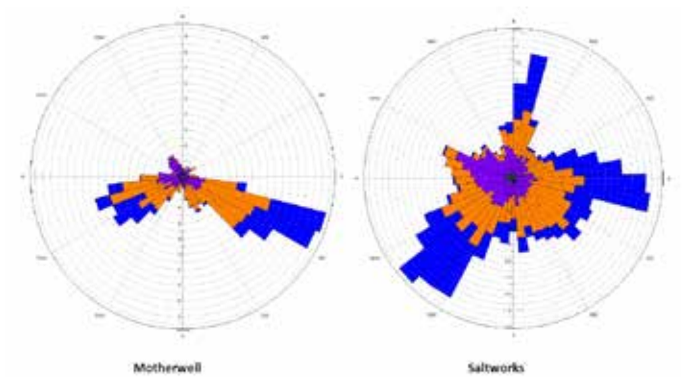
Month	2015 (mm)	2016 (mm)	2017 (mm)	2018 (mm)	2019 (mm)	2020 (mm)	2021 (mm)	2022 (mm)
January	42	22.2	55.5	33.2	3.8	89.5	79.9	7.6
February	70	19.3	31	49.2	2.9	67.7	17.9	27.6
March	52.6	59.8	29.3	32.2	7.4	105.4	24.5	33
April	129.7	26.5	22.2	10.4	30.2	35.4	16.1	48.7
May	18.5	33.3	47.1	14.6	32.3	55.7	13.2	27.2
June	73.7	17.8	0.3	3.9	21.5	24.0	2	23.4
July	2.6	43.4	8.3	7.5	24.1	11.6	19	17.8
August	21.9	12.2	83.7	68	3.7	26.7	**12.2***	52.8
September	61.2	51.2	31.9	93.4	28.4	17.3	24.1	8.6
October	43.2	43.8	61.3	21.6	12.3	57.2	13.6	11.7
November	74.5	17	75.4	16.5	77.1	31.3	39.6	10.7
December	22.1	12.3	36.5	42.3	11.9	16.7	53.1	77.4
Total	**612**	**358.8**	**482.5**	**392.8**	**255.6**	**538.5**	**315.2***	**346.5**

*Significant interference recorded during Aug 2022, cumulative values to be used for indicative purposes only.

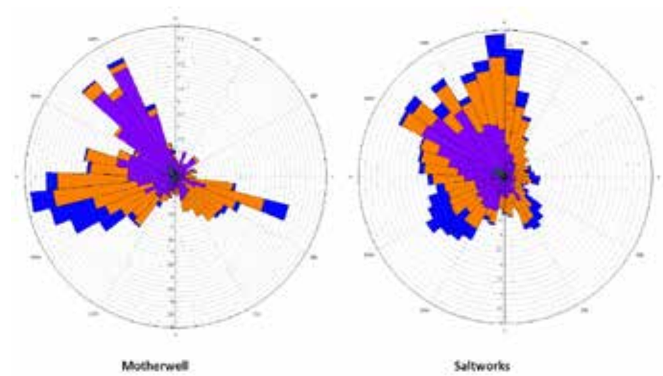


Annual Rainfall in the Coega SEZ, 2015 – 2022

Prevailing summer season winds are south-westerly and easterly winds, whereas the prevailing winter season winds are predominantly westerly and north-westerly, 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 Coega's three Air Quality Monitoring Stations (AQMS) over the past eight (8) years is compared in the table 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 improved to 85%. However, the Amsterdamplein AQMS was vandalised in December 2020 and the Motherwell AQMS was vandalised in May 2022, again reducing the total data recovery rate. Coega has upgraded the security system to the AQMS and is in the process of returning the Amsterdamplein AQMS to service. Data recovery at the Saltworks AQMS is over 90%. Due to the continued threat of vandalism, a decision was taken to replace the Motherwell AQMS with a mobile screening tool called an EARTHSENSE – Zephyr ® The Screening Tool will provide detailed air quality measurements in real-time to help identify pollution hotspots at a localised level. The Screening Tool can be moved to wherever needed and can be attached to a building. It operates on solar or DC power supply with an internal Li-Ion battery. The screening tool has a replaceable cartridge system and can monitor a range of variables, as shown in the diagram below.

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)	87%
2022	91	32	0 (vandalised)	62%

The total data recovery rate (validated data) based on hourly averaged data for the three AQMS: 2015 – 2022

Data availability/ recovery is affected by power supply constraints due to load shedding, extended power cuts and bouts of erratic power supply. The total data availability during 2022 was affected by the vandalism of the Motherwell AQMS in May 2022. Maintenance activities, including routine checks such as zeroes and spans, also impact on data availability. Annual analyser maintenance took place during Q3 of 2022. This entailed the removal of analysers from site to be cleaned, consumable items replaced and inspected.

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

The SO_2, NO_2, $PM_{2.5}$ and PM_{10} data recorded at the Saltworks Station from 2015 to 2022 was subjected to linear regression analysis to determine long-term trends in the data:

- Sulphur dioxide: The SO2 concentration showed no increasing or decreasing trend.
- Nitrogen dioxide: The NO2 concentration showed an increase rate of ± 1.38% per year.
- PM10 particulates: The PM10 concentration showed an increase rate of ± 0.166% per year.
- PM2.5 particulates: The PM2.5 concentration showed a decrease rate of ± 0.164% per year since monitoring started in 2018.

The SO2, NO2 and PM10 data recorded at the Motherwell Station from 2015 to 2022 was subjected to linear regression analysis to determine long-term trends in the data:

- Sulphur dioxide: The SO_2 concentration showed an increase rate of ± 0.014% per year.
- Nitrogen dioxide: The NO_2 concentration showed an increase rate of ± 0.051% per year.
- PM_{10} particulates: The PM_{10} concentration showed in increase rate of ± 0.386% per year.

These rates of increase are regarded as negligible. When comparing the year-on-year SO_2, NO_2 and PM_{10} data recorded at the two AQMS, there appears to be no significant increase over the eight-year period.

On 24 January 2022, there was one exceedance of the National Ambient Air Quality Standard in the Coega SEZ. The exceedance was of the daily particulate matter (PM_{10}) limit, recorded at the Motherwell AQMS. The primary wind direction on 24 January 2022 was West-South-westerly with wind speeds higher than 6 m/s. Directionally grouped, averaged values were in the 60 µg/m³ range with the highest concentrations measured from the West-South-westerly direction. Both the wind speed and pollutant concentration were elevated for the period between 13:00 to 19:00. PM_{10} concentrations at the Saltworks station were elevated for the same period but no exceedance occurred.

DATE	PARAMETER	LIMIT	EXCEEDANCE	WIND DIRECTION	WIND SPEED
24 January	PM_{10}	75 µg/m³	84,7 µg/m³	200°	4,7 m/s

NAAQS exceedance – 2022

Coega identified the need for comprehensive air dispersion modelling (ADM) to determine the cumulative impact of air emissions from new investors into the Coega SEZ. The organisation 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 Coega 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 licences and other environmental permits consult Coega's Air Dispersion Model to enable decision-making for applications in the SEZ.

Clean air is a critical element for good health. Coega's air dispersion model improves the understanding of air space consumption by industries within and near the SEZ. Coega's extensive air dispersion modelling programme has identified potential hot-spot areas within the Coega SEZ and 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 Coega's investment planning to ensure that the organisation effectively manage its air space to maximise investment and job creation, without compromising the air quality.

It is evident that Coega is still setting the best example in air quality management in South Africa, firstly because the organisation has a good air quality monitoring system in place, with many years of valuable data and importantly, the data availability from the operational air quality monitoring stations is in excess of 80%, and secondly, because Coega, 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, without transferring the existing environmental and health issues from one Port to another. Through years of air quality monitoring, air dispersion modelling, environmental studies and workshops with the environmental decision-makers and air quality experts, Coega has developed minimum requirements for ore stockpiling and handling in the Coega SEZ, with the aim of ensuring environmental best practice is implemented.

A key consideration that informed Coega'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 minimise and rectify such pollution and degradation of the environment.

Alternative technologies to the open stockpiling and handling of ore have been considered and will be implemented in the Coega SEZ. These technologies include the storage of ore in totally enclosed facilities and the use of totally enclosed conveyors to transport the ore to the ships for export.

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

Rehabilitation and Landscaping in the Coega SEZ

It is a requirement of the Coega's Environmental Authorisation that faunal and floral species of special concern are rescued and relocated. Coega 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 Coega SEZ:

a) Plants are used in the rehabilitation of identified areas in the Coega SEZ. The identified areas include all road verges that have been disturbed because of development. Instead of grassing the verges, they are being rehabilitated with topsoil from the construction projects in the Coega SEZ and by 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 Coega 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 SEZ. Such mechanisms also provide the public with an opportunity to collect plants from the Coega SEZ for home use.

As part of the Coega City Sustainability initiative, the organisation is advocating the use of common Coega plants in business, home, and institutional gardens throughout Nelson Mandela Bay Municipality. Coega plants are drought resistant, water wise and can add considerable value to home environments. Home gardens play an important role in promoting an appreciation of Coega's 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. Coega 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.

Environmental Best Practice

Coega is serious about implementing environmental best practice within the SEZ. Emphasis is placed on the economic value of natural resources, which include water resources, air quality, faunal and floral resources as well as heritage resources. Development of the SEZ is done with due consideration of the natural resources.

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

Further examples of environmental stewardship employed by Coega 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 species 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.

A further example of environmental best practice was implemented during the design and construction of stormwater infrastructure in Zone 10 of the Coega SEZ. Micro-siting of the storm water outfalls in Zone 10 was conducted, together with Coega, the appointed design engineers, SANParks and environmental 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 stormwater outlet designs were amended, following the micro-siting process, where the principle of attenuating and retaining stormwater on land was implemented. The foredune integrity was 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.

Environmental best practice implementation has also come in the form of water-savings initiatives. Since the onset of the Nelson Mandela Bay water crisis, Coega has consistently put stringent measures in place to conserve water and reduce consumption across its growing SEZ. 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. Water for the hydrostatic pressure-testing of a pipeline on one of Coega's construction sites was obtained from a local desalination plant, as potable water is not allowed to be used for construction.

Recycling of waste materials on one of Coega's construction sites exceeded 1 ton during 2022, which is an example of best practice on a construction site.

Coega has environmental approval to develop the metro's first 15MLD 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 Coega-owned buildings. Coega has installed water tanks in all its operational facilities to supplement municipal supply and established a dedicated call centre for the reporting of all leaks. Coega 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. Coega has also implemented the mandatory use of rainwater tanks in Site Development Plans.

Coega recognises the value of sustainable development, not only in terms of the natural resources, but in the long-term sustainability of the Coega SEZ and the NMBLP and the 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.

Coega's Open Space Management Plan (OSMP)

Coega 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 Coega 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. Signage is being developed that will be placed at strategic locations within the SEZ, to identify the environmentally sensitive open spaces and to provide an educational overview of the importance of conserving these areas.

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

Alien Plant Eradication in the Coega SEZ

Coega 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 Authorisation, advancing socio-economic development and transformation in Nelson Mandela Bay Municipality 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 allocated for the 2022/23 FY and an additional R1 million has been approved for the 2023/24 FY. 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 was appointed by Coega to provide the Alien plant Eradication Management.

End Product: The scope of the clearing for the 2022/23 FY was for 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 will be cleared as and when required.

Water Quality Monitoring in the Coega SEZ

As per the Coega's Environmental Authorisation, Water Quality Management in the SEZ must be undertaken by the organisation. Coega 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 Coega'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 - November 2022 had some exceedances.

Surface water
Surface water illustrates limited impacts from site activities, with physical and chemical parameters generally being reported at relatively stable levels. This is considered likely to be due to contributions from the Motherwell Canal, which confluences the Coega River between these sample locations.

Slight increasing trends in some physical and chemical parameters are noted to occur from upstream to downstream of the site. This is due to baseflow contributions to surface water from the groundwater environment, as indicated by similar trends in observed groundwater, but at higher concentrations. Dilution of baseflow from upstream contributions in the surface waters allows for the reduced concentrations of the physical parameters in comparison to those observed in the groundwater.

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 naturally occurring on the coastal regions and contamination of salts due to saltwater intrusions possibly being close to the ocean that salt 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.

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 2022/23 financial year have indicated that the water supplied to Coega SEZ, is fit for human consumption and use even though the potable water sampled at the NMBLP end of November 2022 indicated pH exceedances and was unsafe for human consumption.

Trade effluent
Trade effluent sampling and monitoring is also conducted monthly. This monitoring assists Coega 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 2022/23 FY indicated that there were tenants that had exceedances, who discharged non-compliant effluent from their premises. Follow-ups and improvement will be monitored.

EIA's Being Conducted in the Coega SEZ

Coega commenced with EIAs for the proposed Gas-to-Power Project at Coega, which seeks to establish 3000MW of power generation capacity and gas infrastructure to support power generation.

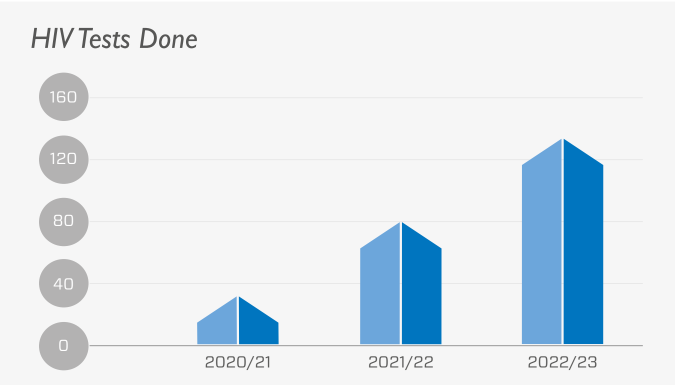
Coega plans to expand the existing Vulindlela Accommodation and Conference Centre (VACC) by constructing Phase 3 of the Vulindlela Social Housing project. A Basic Assessment will be required for the expansion project, with the application to be made to the National DFFE.

CEMZA (Pty) Ltd, a cement manufacturing company that established within the Coega SEZ in 2021, seeks to expand their production facility and commenced with an amendment to their Environmental Authorisation, which will be submitted to the Provincial DEDEAT for approval.

HIVE Energy proposes to develop a green hydrogen and ammonia production facility within the Coega SEZ. An EIA will be required for the project, with pre-application planning and consultation underway.

Health and Wellness

HIV & AIDS Statistics (Voluntary Counselling and Testing)
It is not compulsory for Coega employees to subject themselves to HIV voluntary counselling and testing (VCT). Coega needs to provide awareness to encourage employees to undergo VCT. During the 2022/23 FY, 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 2021/22 FY.



Integrated Management System

The purpose of the Coega's Integrated Management System (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 9001:2015 Quality, ISO 45001:2018 Health and Safety, and ISO 14001:2015 Environmental. The current certificate which was obtained in April 2022 will be expiring in April 2025. Following the recertification audit conducted in April 2022, SHEQ Management systems surveillance audit was conducted in April 2023 and assurance that Coega is adequately managing and maintaining their ISO standards was confirmed.

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

Construction Works Management

The projects have been managed by the assigned Coega SHE Project Manager. Coega 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 dependent on risk matrix. Coega SHE Project Manager oversees the services of the PrCHSA. Any scope changes are approved by Coega prior to commencement, and any adjustment of the Contract value through scope changes is submitted to the Coega Change Review Committee for prior approval.

Compliance and Quality
Quality assurance is monitored on an on-going basis by the Coega SHE Project Manager (PM). The Coega SHE PM attends 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 2022/23 FY.

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 materialise. The cost plan was also critical to ensure payments have been raised to ensure that Coega at all times has adequate funding to effect payment to both the contractor and the consultants on the project.

Coega SHE Project Manager has developed a relationship with Department of Employment and Labour to minimise the prescribed 30 days response time on permit application projects. All permit projects secured construction work permit certificates within 14 days response.

SECURITY SERVICES

Coega SEZ Security has recognised 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 Coega Security Risk Framework is aligned with international best practice of Physical

Security Standards Guidelines and Management of Information Security Standards guidelines. Coega's approach to reducing crime or security incidents through the strategic design of the built environment typically employing organisational, mechanical, and natural methods to control access, enhance natural surveillance and territoriality, and support legitimate activity. The Coega's Physical Asset Protection (PAP) program encompasses a systematic approach to identify threats and vulnerabilities the organisation faces so that physical security threats against personnel and all property & assets, investors, contractors, and visitor in the SEZ are appropriately addressed.

During 2021/22 FY, with the provisions of DTIC funding, the Integrated Security Systems were upgraded in terms of various technical security projects with a great anticipation of creating a safe and secure environment. Coega's objective to create the new Command & Control Centre has been achieved and is operational 24/7. This has enhanced Coega's security controls around SEZ and other related operations, enabling a more proactive and reactive approach when dealing with security and other related emergency incidents. In December 2022, Coega appointed a Technical Security Service Provider for a period of (3) three years for the installation of further security enhancements. These upgrades have been made possible through the DTIC approval of further funds for phase 2 security upgrades. This in essence shows that Coega and the DTIC are committed to the Physical Asset Protection Program.

Furthermore, Coega is in the process of concluding its procurement process for a Security Manned Guarding Services, and hope to make an appointment in the first quarter of the next financial year to a successful bidder. Currently, Coega utilises Falcon Security Group (FSG), a technology-based service provider, to improve security technology as security is taking a center stage of all aspects of securing the SEZ. This service is critical in the safety and security of the SEZ, which entails protection in terms of access control, perimeter patrols and overall protection of people, property and assets within the SEZ.

The Coega security has continued to successfully conduct security risk assessments for all high profile planned and unplanned events within the SEZ, supported by other law enforcement agencies and external security stakeholders. Coega Security looks forward to continuing to support all business activities within the SEZ in the year ahead. In an addition, Coega is expected to have an independent Security Risk Assessment undertaken in 2023/24 FY to ensure threats of criminality are mitigated through a Security Risk Appropriate measure.

Furthermore, the Coega security has embarked in discussions with the SAPS National Key Point (NKP) Secretariat, Provincial Office, and National Office to pursue the declaration of Coega SEZ to be a National Key Point. This will assist in bringing more enforcement resources to enable Coega security to protect the SEZ effectively and efficiently, thereby advancing the Coega SEZ unique value proposition, as an investment destination of choice for current and future Investors. This will also change and improve on how Coega provides physical security.

As part of Coega's security service offering, the organisation has extended support to various non-SEZ programmes to ensure physical security designs and implementation remain security risks appropriate. New software technology and upgrades on access control systems have been successfully completed with full systems integration into the command-and-control centre, located at the Coega Headquarters.

Coega has appointed a Zone Traffic Officer (ZTO), to assist in traffic management and enforcement of the zone rules together with other traffic impact assessments.

During the financial year, a total of 116 cameras on high mast were strategically positioned around the Coega SEZ; and are powered by solar power with back up battery power. This contributes to easing reliance on the Eskom grid; and it is a step in the right direction for ensuring uninterrupted security services remain in place.

The installation of future fibre technology on the Coega SEZ fence line around Zone 1 and 2 is expected to be completed on the 2nd Quarter of 2023/24 FY and will enhance security intrusion detection mechanism once completed. However, further security hardening measures of electric fencing are being considered for certain zones in the Coega SEZ.

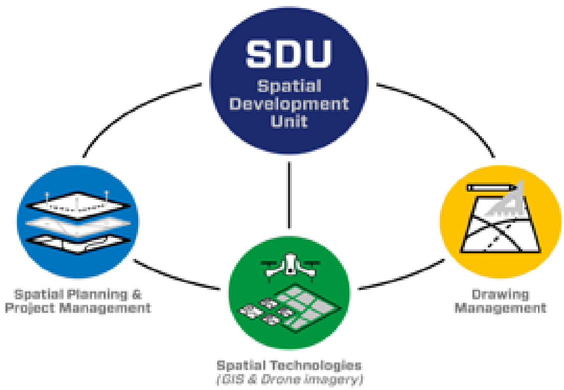
The introduction of online intelligence software tool into operations enables effective and efficient reporting mechanism that informs Coega's approach to security risk management and review.

The Coega's agility and flexibility to innovation and continuous improvements are key in ensuring the security and safety of all who operate within the SEZ, and rest of the Coega operations throughout the country and on the continent.

Lastly, the Coega Security Forum with the Tenant community representatives and various law enforcement agencies have forged good relations, and a more meaningful approach in collaboration of people and asset protection, thereby creating a positive security environment.

SPATIAL PLANNING AND DEVELOPMENT

The Coega Spatial Development Unit (SDU) has three broad work areas, namely: Spatial Planning; Spatial Technologies and Drawing Management.



Spatial Development Unit Components

Spatial Planning: is a comprehensive approach directed towards achieving balanced regional development and the physical organisation of space according to the overall strategy of the Coega Development Corporation, Province, and National policies.

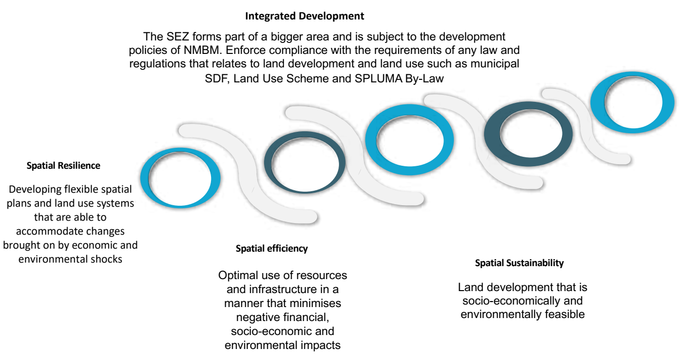
Spatial Technologies: comprise drone technology, innovative initiatives and new technologies geared for 4IR integration to Geographic Information System (GIS). GIS gives geographical expression to the economic, social, cultural, and ecological policies which influence land development.

Drawing Management: entails the management of a drawing register for all "As Built" drawings issued by appointed consultants. Electronic versions of "as built" drawings are uploaded against registered drawings by consultants thereby ensuring that as built CAD drawings are available to the organisation and appointed consultants. The drawings form a critical element for the development and maintenance of current and future developments.

SDU's objectives are to:

- Provide effective and efficient services for the development of the SEZ and harness sustainable land development practices;
- Create a flexible and enabling environment for development;
- Identify organisational systems which can be integrated with the GIS system to improve analysis, decision making and reporting; and
- Assist non-SEZ Programmes with SPLUMA applications and compliance.

During 2022/23 FY, SDU focused on areas of integration and streamlining processes for improved efficiencies. The following principles have been applied.



Spatial Development Objectives

Spatial Planning

The SDU facilitates the implementation of all land development processes, as described hereunder:

- **Land Management Process:** Encompasses the facilitation of economic, social, and environmental sustainability by implementing the underpinning town planning principles, sound land use management, and environmental regulations. The land management process within the SEZ administers a cluster-based approach, which considers locational requirements for different industrial activities, thereby enforcing compatibility of land uses through the Development Framework Plan, Environmental Authorisation, as well as Architectural and Landscaping Guidelines for site specific developments within the SEZ boundary. This is to ensure the sustainable management and control of land use, natural resources, and the environment, attributed to the building of new physical infrastructure and implementation of construction processes through granting planning permission and permits.

- **Site Allocation Process:** The process of assessing suitability of sites for various investment developments, taking cognisance of compatibility of the proposed development to existing industrial activities, SEZ master planning, open space management system, environmental authorisation, access roads, visual impact, and availability of infrastructure as well as timeframes of the proposed development.

- **Site Reservation Agreement Process:** Sites are reserved for investors to conduct feasibility studies and environmental impact studies. To a certain extent, depending on the magnitude of the proposed development, there are occurrences where site reservation fee is applicable.

- **Lease Agreement Process**: Lease Agreements are signed between Coega and an investor once the project has developed, reached financial closure, and a decision has been granted to commence operations within the SEZ.

- **Lodging Long-Term Lease Process:** Coega and the investors sign a Long-Term Lease for a period ranging between 10 and 99 years. A long-term lease incorporates a Survey Diagram, approved by the Surveyor General, and all the specified terms of the agreement are registered at the Deeds Registry. An endorsement is made against the property's title deed.

  There has been an increase in the demand for land and buildings in the agro-processing, automotive, logistics, energy, and chemical sectors. Site reservations agreements have been entered into for land east of the Coega River and new lease agreements signed in Zones 1, 2 and 3.

- **Site Development Process:** Site Development Plans (SDP) within the Coega SEZ are 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 Rev 1 (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 table below lists the SDPs reviewed during the 2022/23 FY.

MSC Phase2 Container Terminal	Zone 1S
Benteler Warehouse Expansion	NMBLP
CEMZA Workshop	Zone 5
ZacPak Warehouse facility	Zone 2
San Miguel Fruit Processing plant	Zone 3

- **Building Plans Approval Process:** The SDU facilitates the submission of building plans to NMBM. Once assessed and accepted, a cover letter is provided in support of the building plan submission. The table below lists the approved building plans for the 2022/23 FY.

Benteler Warehouse Expansion	NMBLP
ZacPak Warehouse Facility	Zone 2
CEMZA Cement Grinding Plant	Zone 5
Weidplas Vehicle Assembly Plant	Zone 2

- **Occupation Certificate:** 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 table below summarises the Occupation Certificates issued during the period 2022/23 FY.

CEMZA Phase 1	Zone 5	9 Dec 22
MSC Phase 1	Zone 1S	18 July 22
Weidplas	Zone 2	16 August 22
Billboard No. 2	Zone 2	6 Dec 2022
Billboard No. 5	Zone 6	6 Dec 2022

SPLUMA Applications

Erf 220 was rezoned to Special Purposes: IDZ in line with the broader Coega SEZ. The Rezoning Application for Erf 8769, Wells Estate is still under review. A Removal of Restrictive conditions application for Erf 318, Coega, was lodged with NMBM.

Spatial Technologies

With the focus being on streamlining and improving efficiencies, SDU embarked on a number of initiatives including the review and update of land management and site development processes. Commencing a pilot project for testing Internet of Things (IoT) integration with Coega's GIS system and extending usage of Drones.

GIS Migration

Database architecture and innovation are becoming increasingly important to an ever-evolving industry. Over the past year, SDU has worked closely with software experts to ensure the layout and architecture of the GIS database structure can adapt to continuous changes in technology, process flows and opportunities for database integration aligned to big data processing. This innovative solution gears Coega towards 4IR and assists in becoming more data-centric and customer-focused.

The GIS Enterprise licence includes a range of desktop user licences, a suite of software applications and development hours. Geographic information is distributed to users by means of Internet based Map Services. A particular emphasis is placed on building the necessary logical and physical data structures required for a comprehensive Spatial Data Infrastructure (SDI). Key layers, such as Investors, Cadastral, Tenants, civil services and other Base Data layers are updated and maintained on an ongoing basis.

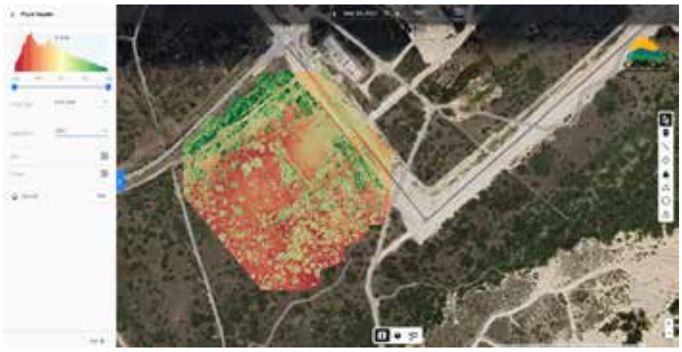
The Road to Smart City

Through the monitoring and reading of utility meters, SDU has started to lead the change in increasing daily efficiencies. To demonstrate the proof of concept, a project to retrofit and replace a few of the utility meters inside the Coega Head office with smart meters was approved. During implementation, a few challenges were experienced, this has provided Coega an opportunity to improve the scope for the future rollout to the various zones and external facilities.

The image below illustrate the dashboard prepared from the information received. From this data a few trends have been identified, and working with PDM, necessary changes have been implemented.

Drones
The implementation of the use of drones has taken project and program reporting to another level. It allows clients to stay up-to-date on project progress, ensure buildings are constructed per approved plans, and post-build can assist with reviewing as-built drawings.

The SDU acquired the Phantom4 RTK. The use of multi-band integration has greatly enhanced environmental monitoring and data gathering, and thus assisting SDU with decision-making through imagery.



Coega Development Corporation Programme Support

The SDU supports Programmes, such as the Wild Coast SEZ, Tshwane Automotive SEZ, Transnet, Human Settlements and provides planning and implementation services for the Department of Tourism and other new/ existing industrial park applicants. Below is an update on SDU responsibilities and progress for 2022/23 FY.

Wild Coast Industrial Park
The application for Subdivision and Rezoning of Farm Portion 4 and 75 Umtata was approved, with conditions, on 26 August 2019 by the KSD Municipality. The Wild Coast Industrial Park

Spatial Layout Plan was submitted on 20 January 2022 for review and approval by KSD. SDU is currently finalising a Development Framework Plan inclusive of Architectural and Landscaping Guidelines for the development of WCIP.

The SDPs and Building Plans will be submitted per investor on allocated sites as the information becomes available.

A property valuation was conducted in August 2022 with the report finalised on 28 September 2022.

Tshwane Automotive SEZ
SDU continues to support the Tshwane Automotive SEZ (TASEZ) Programme with the town planning approvals for Phase 1 & 1A. Some of the achievements of the past financial year include obtaining the Extension of time approval for Phase 1A Conditions of Establishment, obtaining approval for the revised flood line delineation, and concluding the land transfer. For Phase 1, a number of challenges have delayed a smooth process; however, through constant interactions with municipal officials the planning approvals are imminent.

TASEZ has appointed Coega Development Corporation to assist with the planning of Phase 2 of the Automotive SEZ.

Human Settlements
SDU supports the Eastern Cape Department of Human Settlements Programme for pre-planning and implementation projects. The programme consists of Greenfields (Full scope town planning processes: rezoning, subdivision, and township establishment) and Brownfields developments (rectification projects: demolish and rebuild) in both rural and urban landscape.

Department of Tourism (NDT)
In March 2018, a Memorandum of Agreement (MOA) was signed between NDT and the Coega Development Corporation. Coega was appointed to assist NDT in achieving its current and future strategic direction which entails various aspects of tourism destination development in collaboration or in support of provincial tourism authorities, inter alia:

- Short to long-term planning;
- Concept development;
- Architectural design;
- Implementation of infrastructure delivery; and
- Project management.

During 2022/23 FY, SDU managed to close out the bulk of awarded projects inclusive of interpretive signage, Tourism Masterplans and providing Universal Access at Dwesa & Hluhluwe Nature Reserves.

Interpretive Signage – Mkambati Nature Reserve

Universal Access – Dwesa Nature Reserve

A Tourism Precinct Plan was also prepared for the Port St. Johns Waterfront.

Waterfront Precinct Concept Design - Port St. Johns

Waterfront Precinct Concept Design - Port St. Johns

COEGA VULINDLELA ACCOMMODATION AND CONFERENCE CENTRE (VACC)

The VACC has demonstrated resilience and adaptability in the face of numerous challenges during the 2022/23 FY. The ongoing effects of the Covid-19 Pandemic, and reduced spending in the hospitality sector have impacted the VACC's revenue, but the center has continued to operate and provide quality services to clients. The VACC's location on the boundary of the Coega SEZ has been advantageous, and it has been a frequent popular choice for private companies, individuals, and government departments hosting large conferences or needing long and short-term rental accommodation.

During the financial year, the VACC hosted clients such as the Advent Sport, Methodist Church of SA, Department of Rural Development, Aloe Travel, Department of Water Affairs, EC Academy of Sport, Department of Sports and Recreation, Harvey Travel and Siyawela Travel agency, to name a few.

The VACC's ability to accommodate large groups for both long and short-term stays and offer various venues for conferences and events has been a significant competitive advantage. There has been an increase in the number of long-term stays as the facility offers secure living with 24-hour security and controlled access to the facility. This unique value-proposition has made the centre a popular choice for clients in the Eastern Cape and nationally for events being hosted in the area with a need for affordable and quality accommodation and conference facilities.

Challenges

The VACC faced challenges, such as revenue decline due to the Covid-19 Pandemic, and continued reduced government spending, which still affects the entire hospitality sector. Additionally, with the CPI for food increasing sharply and the continued pressure of rising utility costs, VACC's finances have felt the associated pressure. Despite these challenges, the VACC has been able to navigate through them with resilience and adaptability.

Revenue and Expenditure 2022/23 FY

Despite facing various challenges, the VACC was able to generate a total revenue of R29,763,830. The expenditure incurred amounted to R26,480,842, resulting in a net profit of R3,282,988, representing a 11% margin. This achievement demonstrates the VACC's effective resource management and its ability to maintain financial stability even in a difficult economic climate.

Furthermore, the VACC has made significant contributions to the cross-subsidisation of the broader CDC business, particularly the Skills Development Centre. This noteworthy support highlights the VACC's role in fostering the local community and its commitment to job creation.

With these accomplishments, the VACC remains strongly positioned to sustain its success and pursue further growth in the future.

BLUEWATER BAY SUNRISE HOTEL

The Bluewater Bay Sunrise Hotel (BWBSH) is a luxury four-star Boutique Hotel situated in the coastal suburban area of Bluewater Bay, Gqeberha. Having opened during the height of the Covid-19 Pandemic, in March of 2021, the year 2022/23 FY was the first that the BWBSH was able to operate without any Covid-19 restrictions, since opening its doors to the public.

The BWBSH continued to be a venue of choice for celebration events, such as weddings, birthday celebrations, anniversaries, baby showers, baby welcomings, gala dinners and conferences. The BWBSH's popularity online also grew reaching 11 000 Likes and 11 000 Followers on Facebook and 1 598 Followers on Instagram. Steady bookings and positive reviews also came from Online Travel Agents, such as Booking.com, Agoda and Lekkerslaap. **BWBSH received its first award this year, as it was awarded a Travellers Review Award from Booking.com**, where guests satisfaction currently stands on 87%. On Google Reviews, the BWBSH sits on 90% guest satisfaction.

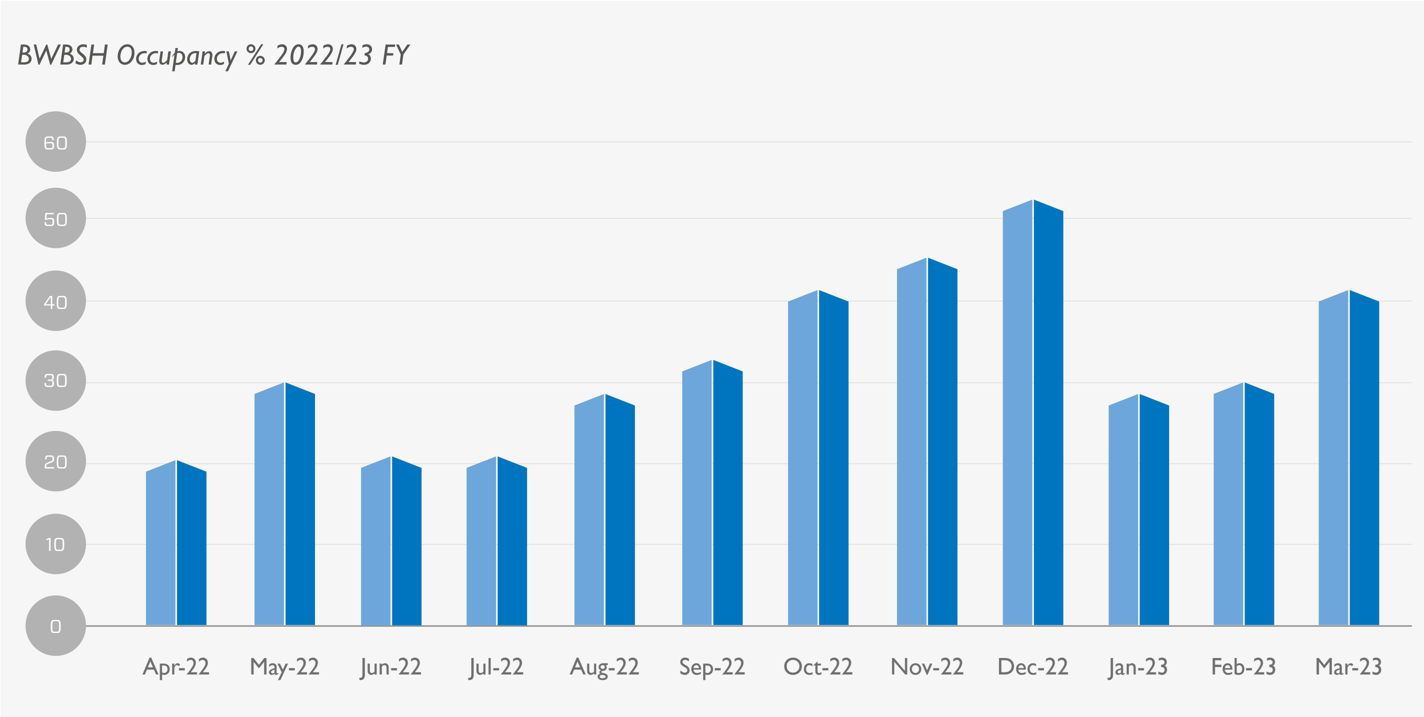
Both the Christmas Lunch and Valentines Dinner were fully booked with two seatings done for Christmas Lunch. High profile guests such government MECs, national and local celebrities, and royalty from the Kingdom of Maharlika, Queen Maria Leonara Torres were hosted at the Hotel. "Sunset Sessions" was launched where a two-hour long happy-hour takes place every Friday from 17:00 – 18:00. Various specials are run during these two hours including discounts on food items and two-for-one specials on selected beverages. Another drawcard to the Hotel is the "Sunday Lunch" which has attracted the most foot traffic to the Hotel, consistently. A brandy and wine tasting were organised in collaboration with Distell Group Limited, both events were a success and tickets were sold out. A "Women's Day High Tea" was also hosted with Lee Duru, South African actress and comedian, as the guest speaker.

The 4-Star Bluewater Bay Sunrise Hotel.

Support has been received from several churches who have booked rooms and hosted their meetings and conferences, most notably, the Ethiopian Episcopal Church, Methodist Church, Jesus Christ Empowerment Centre, Victory Ministries and the Zion Christian Church (ZCC).

More Travel Agents made a booking, including Hotel Club Travel, Khumzi Travel, Travel Dynamix, XL International Travels and XL Turner Travel. The Coega SEZ tenants, such as Lactalis, Famous Brands, CEMZA, Black Magic, continued to support the BWBSH by booking rooms and catering services. The largest support was received from Transnet National Ports Authority (TNPA) that has continued to book rooms for short and long stays, conference facilities and catering services. Guests visiting Coega also made use of the BWBSH, such as Auditor General South Africa (AGSA) and Allan & Gill Gray Philanthropy.

Staff turnover has been very low at 4.55 %, and thus the BWBSH is contributing to Coega's mandate of creating sustainable jobs. One of the staff members, Ms Gloria Kulati, will be going on retirement. Ms Kulati was part of the Hotel's opening team after having worked at the Coega Vulindlela Accommodation and Conference Centre (VACC) for more than ten years. The BWBSH team would like to extend her a happy retirement.



Occupancy at Sunrise improved month-on-month and peaked during high season (September – December 2022), with December reaching 53,11% and dropped over the January and February 2023 months, which was in line with Hospitality Industry trends. Occupancy for the year is 33,43%. A vigorous sales drive was undertaken in collaboration with the VACC which resulted in the majority of the municipalities, government departments and state owned companies or parastatals in the Eastern Cape visiting the hotel for the first time. Sales calls included the Western Cape to solicit business from Tour Operators. The Travel Indaba and Womxn Explore Tourism Exhibitions were attended to gain more exposure to buyers. Word-of-mouth contributed to the growth of the client base with many guests coming through referrals. BWBSH's growth has been steady with the guests showing appreciation for the hotel's luxury facilities and excellent service, and thus pledging to return, and to recommend the hotel to others.

CRUX MARITIME SOLUTIONS (CMS) – VESSEL

CMS received positive feedback from stakeholders, like SAMSA, Transnet, and Sunrise Hotel regarding proposed charter operations for the Bluewater Bay Sunrise Hotel (BWBSH) clients and the public, to visit the St Croix Islands and cruises in the bay.

Crux Marine is in the process of applying for a Marine Mammal Viewing Permit, and permission to approach the islands within 300m, which would make this proposition even more attractive. The Bay Charter licences should be in place by mid-May this year, 2023, and are pending feedback from the Department of Sea Fisheries on the application process.

Regarding the potential assistance to the NSRI for medi vac operations in the bay, Crux Marine hosted a NSRI representative onboard the Zemora Vessel and they were impressed with the capabilities, including the clinic and ambulance options. However, minor modification of existing floating medical spine board is required. This will not necessarily be a big revenue generator but could help put CMS on the local maritime map.

On the downside, CMS is no longer permitted to take out lube oils to visiting vessels as Crux Marine has found it challenging to comply with the new marine notice governing OPL vessels construction criteria for lube oils transport.

The cost of the modifications necessary to comply with the new vessel construction requirements outline in the new marine notice, versus the frequency of requests for lube oils transfer, is thought not feasible at this stage.

Crux Marine is best suited to the crew changes, other personnel transfers, like surveyors, technicians, and cash to master, and general cargo transportation. The organisation would benefit most from promoting and marketing these abilities.

A bird's-eye view of the CMS Vessel in Algoa Bay.

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 Special Economic Zone (SEZ).

Coega HCS has an excellent track record over the past 20 years in facilitating success on a full range of mega and complex construction projects, including harbours, municipal infrastructure, factories, warehouses, roads, hospitals, clinics, and schools.

The uniqueness of the Coega HCS team is largely due to the Coega SEZ, with a 50+ years' construction horizon, leading to the evolution of unique and effective solutions through continuous improvement. This is contrary to the common or conventional approach of establishing a new team for every mega/ complex projects.

International Best Practice

Coega HCS's socio-economic and risk management protocols are aligned with "EQUATOR" and "IFC Financing standards," which is one of the best practices in the world.

The Equator Principles, on the one hand, are a financial industry benchmark for determining, assessing, and managing environment and social risk in projects. These Principles are designed to guarantee a minimum standard and relevant monitoring of a project. On the other hand, the International Finance Corporation (IFC) is the largest global development institution focused on the private sector in developing countries. IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries.

The IFC Performance Standards are an international benchmark for identifying and managing environmental and social risk and have been adopted by many organisations as a key component of their environmental and social risk management.

IFC's Performance Standards on Environmental and Social Sustainability have become globally recognised good practice in dealing with environmental and social risk management.

The Coega HCS has two core mandates:

(a) ***The provision of a stable labour environment for SEZ investors –*** During the 2022/23 FY, Coega HCS was central to minimising lost time through labour conflict on the Coega SEZ, and by maintaining the construction statistic of 99.9% uptime over the past 21 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 2022/23 FY, 3,932 people benefitted from training initiatives undertaken by Coega HCS in the Eastern Cape, while an average local labour absorption rate of 87.6% was achieved on all Eastern Cape projects supported by Coega HCS.

In keeping with the Coega Development Corporation's corporate objective of achieving financial sustainability, Coega HCS added a range of bespoke consulting services to its portfolio, and currently supports the non-SEZ services (external services) infrastructure portfolios through the provision of labour management and social facilitation services. Revenues earned through consulting activities met expectations, despite the challenging economic environment. Relentless cost containment and continual improvement programmes improved the profitability outcome of the Coega HCS.

During the financial year, several portfolio services were expanded, including the Coega uLwazi e-learning capability.

The Coega uLwazi e-learning platform, managed and maintained by Coega HCS has been successfully deployed to address business critical good governance and compliance imperatives. Programmes delivered across the Coega uLwazi platform included, amongst others:

- The Public Finance Management Act (PFMA);
- Treasury Regulations;
- Unauthorised, Irregular and Fruitless & Wasteful Expenditure; and
- Fraud Awareness.

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 Coega's current clients. This project includes the enhancement of Coega HCS labour management and risk mitigation systems, harnessing significant technological improvements for greater efficiencies and speed to market. Included in this initiative is the packaging and deployment of these systems to third parties on a software-as-a-service model. 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.

COEGA HCS: Providing integrated human capital and business management solutions to the Coega SEZ, Partners, and Clients - visit www.coega.co.za for service brochure.

A second initiative is to actively pursue partnerships and collaborations to address the socio-economic challenges as these pertain to unemployment and poverty alleviation.

The extent of these socio-economic challenges requires concerted efforts to break down silos, and through aligned partnerships and collaborations achieve economies of scale to meaningfully multiply the results of otherwise individual efforts.

In the 2022/23 FY, Coega HCS concluded two significant partnerships, which meaningfully impacted on these socio-economic imperatives.

The first partnership concluded was with the National Institute for the Deaf (NID) and the National Skills Fund (NSF) to afford 74 persons living with disabilities the opportunity to participate in hospitality occupationally directed learning programmes.

This collaboration focused on the delivery of two programmes, namely:

a) Assistant Chef - a 6 months NQF skills programme; and
b) Professional Cookery - a 12 months NQF Learnership.

Beneficiaries, sourced from communities within the Nelson Mandela Bay Metro (NMBM), received classroom based theoretical learning and were placed in workplaces across the Metro for practical application.

Last year, Coega 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. The ICT Graduate Internship Project was successful in that more than 80% of Graduate Interns, most of whom had been unemployed for 8 months prior to joining this Internship Programme, received gainful employment upon completion of the Programme.

These initiatives have paved the way for Coega HCS to build on these successes and further expand partnership drive in the new financial year.

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 less 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 organisation's corporate training target in supporting economic transformation in the country. Over the past 20 years, more than 84,500 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 required funds and, working with a diverse range of best-in-class South African training institutions, continues 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 Coega to deliver the absolute best for investors. Coega's approach is to support, amplify, and leverage excellence where it is found, and continue partnering with training providers and higher education institutions and support their development.

b) A key challenge in the South African training system is workplace integration and relevance. With Coega's large recruitment centre and diverse client base, the organisation is uniquely positioned to assist a network of excellent skills development providers to access relevant workplace experience under the appropriate supervision and mentorship. Similarly, working with Coega's investors and partners, the organisation is often at the forefront of ground-breaking projects. In this regard, Coega's focus is to give the best and brightest young graduates an opportunity to work alongside their global peers on new technology and in 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 Coega's 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. Coega continues to work with the BRICS Skills Council in facilitating the broad adoption of the BRICS foresight methodology to position people to participate in the 4IR economy, and to respond to the massive displacement the lower skilled segments of the workforce will likely face. Likewise, Coega continues to support the Eastern Cape HRD Council and SETAs by leveraging in-house extensive labour market intelligence and forecasting capabilities in support of their skills planning efforts.

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-addition, 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 Coega's 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 Coega 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, the business outlook for the coming financial year is indeed promising, and Coega consulting portfolio revenues continue to support developmental work. Opportunities on the African Continent are indeed exciting, and going forward, Coega's 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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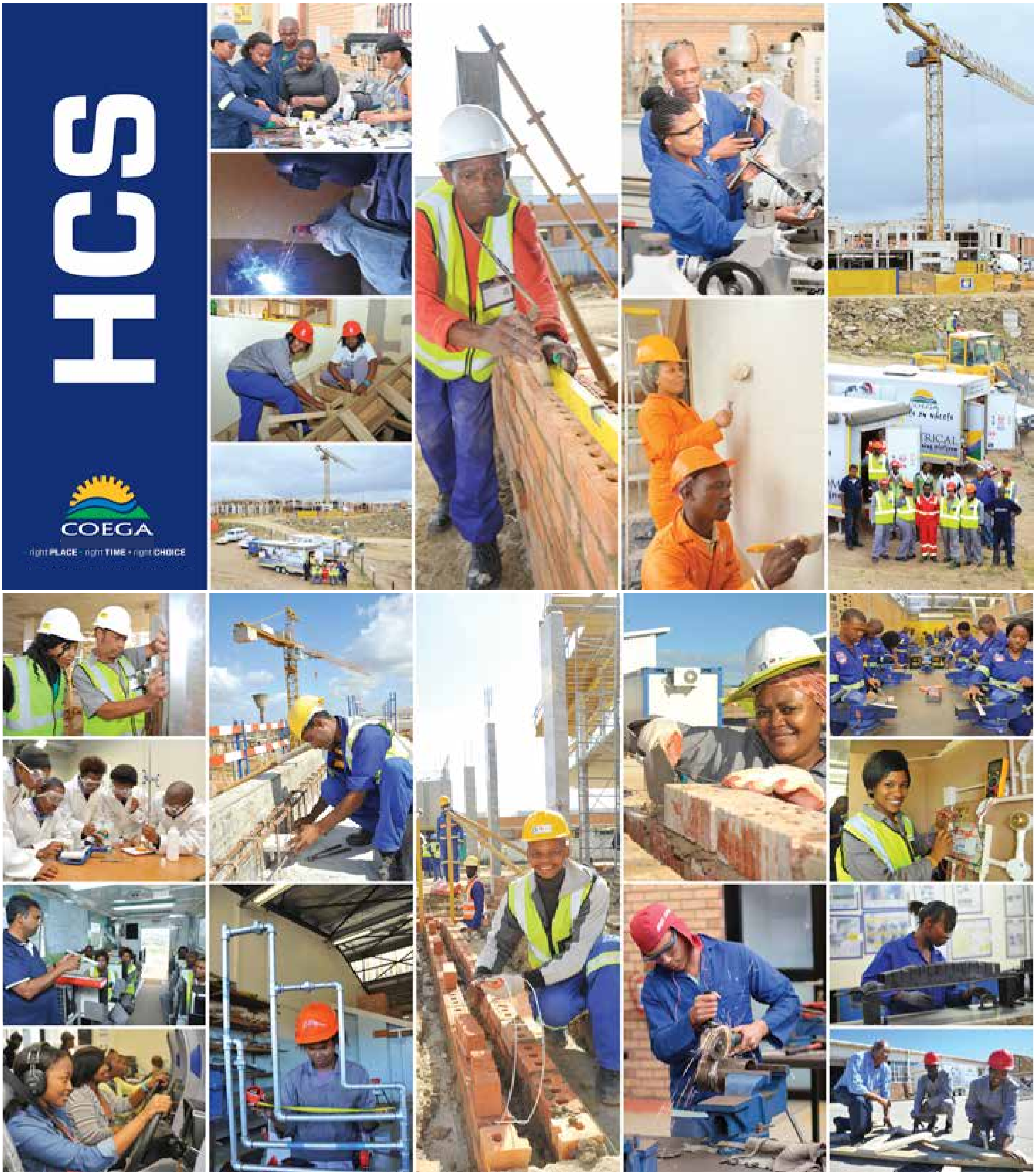


LABOUR STABILITY AND SOCIO-ECONOMIC DEVELOPMENT: Coega HCS providing a stable labour environment for SEZ investors, partners, and clients.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Coega Development Corporation's social responsibility programmes focus on education, human capital 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 organisation implements its programmes.

Coega 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 Coega Development Corporation aims to create value and make long- term sustainable investment in communities. CSR forms part of the Coega's sustainability initiative to respond, amongst others, to the Sustainable Development Goals (SDGs), as part of the United Nation's 2030 Agenda.

Furthermore, Coega 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 Coega's CSR Policy and strategy outlines the organisation'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 in the immediate aftermath of the Covid-19 Pandemic negatively impacted the 2022/23 FY through offering limited CSR programmes. However, the successful Maths and Science, Internship, and Disability Affirmation Programmes continued.

Covid-19 Vaccination Site

The Coega Wellness Centre was approved by the Department of Health, as a Covid-19 Vaccination Site on 29 July 2021, and continued through to October 2022. Vaccination services were available to all eligible and willing to be vaccinated amongst Coega 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 was further affirmation of Coega being an employer that cares for employees, tenants, and the community.

Maths & Science Programme

The Coega Development Corporation established the Maths and Science Programme (MSP) twelve 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 1100 learners, whom upon completion have been able to further their studies in disciplines requiring Maths and Science.

The success of the Class of 2022, is another story of good progress; and despite very trying and challenging circumstances, it was no exception to the past. In 2022, the MSP enrolled 100 learners from different areas within the Eastern Cape Province, of which 77% were female and 23% male. Out of the 100 learners initially enrolled in the programme, 93 rewrote their final matric examination in Mathematics and Physical Science. The MSP Class of 2022 earned four distinctions in Mathematics and two distinctions in Physical Science. Twenty-one learners achieved above 70% in both Mathematics and Physical Science. The Mathematics subject average was 61% and the Physical Science subject average was 65%, with an overall Maths and Science Programme pass rate of 100%.

2022/23 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	0	6	12	24	25	22	4

2022/23 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	0	0	9	25	38	19	2

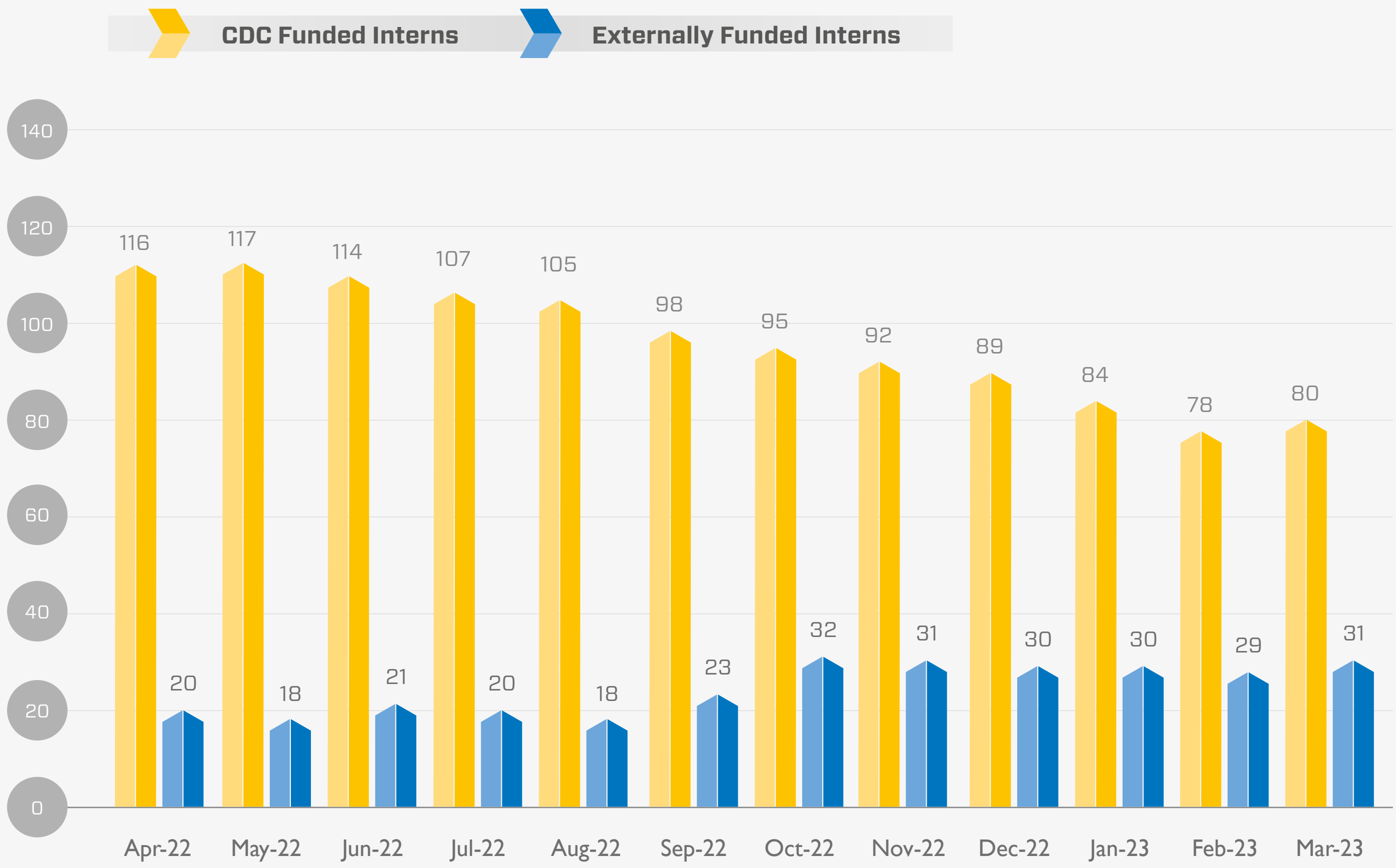
Internship Programme

Since its inception in 1999, in line with its vision, Coega remained steadfast to provide the youth an opportunity to acquire work experience which opens many employment opportunities, either at the 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 Coega and Coega SEZ tenants.

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 2022/23 FY, Coega 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, as mentioned above, 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 Coega, through the 12-month period, ending 31 March 2023.

Internship and Learnership Headcount as of 31 March 2023



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

As at 31 March 2023, Coega had fourteen (14) employees with disabilities in its employ, which equates to an achievement of 3.2%; and they are placed in the various Business Units and Programmes across the organisation.

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

Furthermore, the organisation through its Coega Human Capital Solutions (HCS), as mentioned above, partnered with the National Institute for the Deaf (NID), who received funding from the National Skills Fund (NSF), for 74 qualified applicants with disabilities to participate in the NQF Level 4 Professional Cookery and NQF Level 2 Assistant Chef programmes. The programme continues to provide the organisation with the opportunity to contribute significantly to addressing the numerous socio-economic challenges that people with disabilities endure in our communities.

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

CSR PROGRAMMES AND BENEFICIARIES	
Driver Training Programme	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 Coega Development Corporation 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 CDF.

In 2022, the Coega Skills Development Centre secured funding from various funders for 403 beneficiaries to enable a range of vocational and technical training programmes to be delivered to selected beneficiaries. 343 (85.1%) were Youth beneficiaries and 243 (60.3%) were Women beneficiaries.

The budget constraints necessitated that CDF's Driver Training Programme model to 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 Unemployment Insurance Fund (UIF) to assist previously employed beneficiaries to upskill themselves for re-entry into the job market. 79 beneficiaries selected by the UIF were enrolled to the National Certificate NQF level 3 Professional Driver learnership with such training delivered by the CDF's Driver Training Programme.

Working World Exhibition

Coega supports the Working World Exhibition and Outreach Programmes. This annual event has taken place for the past 22 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, Coega's approach is two-pronged:

(a) The organisation 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.

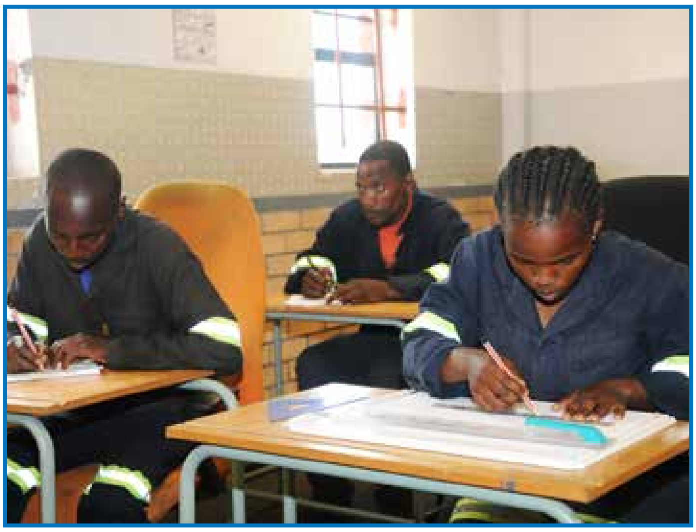
To this end, Coega continues to support the annual publication of the World of Work Exhibition (WWE) Workbook – a career guidance instrument and teaching tool fully aligned to the Department of Education's CATS curriculum statement. Some 20,000 copies are normally distributed annually to rural schools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

This year, the physical exhibition was held in Gqeberha in March 2023, and was 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.

LOOKING AHEAD

As a beacon of hope, and a story of good progress, Coega will continue to aggressively pursue socio-economic development programmes targeting youth, women, and persons with disabilities to further its vision and the goals of the National Development Plan (NDP), Vision 2030, through strategic partnerships. Digital innovation will also be a critical focal area to drive continuous improvement and development. Technological advances will increase the number of participants on some of the Coega CSR programmes, especially on the flagship successful maths and science, which is in high demand.

Scan QR code to watch Future of Work video.



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

SMALL, MEDIUM AND MICRO-SIZED ENTERPRISES

The Coega Development Corporation 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, Coega 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, Coega 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 Coega Development Corporation's BEE Programme is guided by the revised Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice; and as a public entity, Coega'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, Coega 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, Coega conducts an annual B-BBEE audit through accredited institutions. During the 2021/22 FY, and at the time last year's report was published, the Coega's BBBEE status level assessment was pending. This year, 2022/23 FY, 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 Coega Development Corporation recognises that a growing small, medium, and micro enterprise (SMME) sector is vital for broadening participation and delivering on the 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 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 2022/23 FY, a total of 144 SMMEs had benefited from the training programme; and of these, 74 SMMEs received CETA Accredited Training and 70 SMMEs received Non-Accredited Training.

Further to the above, the total value of contracts awarded to SMMEs through the Development Programme amounts to R26 571 436.49.

The mentorship programme implemented during the financial year ensured that 80% of SMMEs awarded contracts successfully completed the programme, while 65 SMMEs successfully upgraded on CIDB from one grade to another through Coega's intervention and support.

Economic Empowerment of SMMEs

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

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

During the 2022/23 FY, **the organisation achieved 47.93% of the Procurement Spend** towards SMME against a target of 33%.

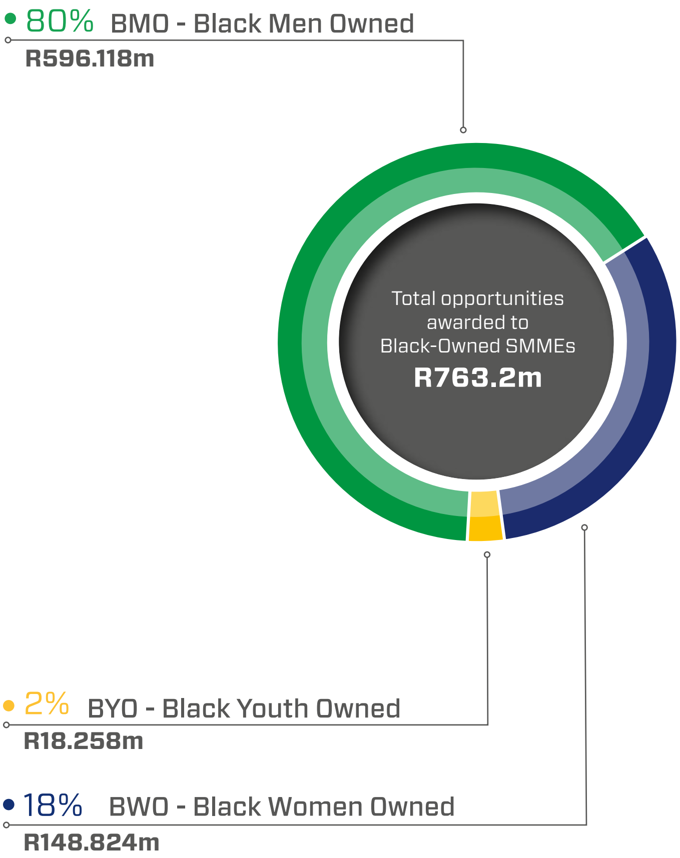
In pursuit of SMME corporate target, **a total spend of R763 225 171.98 was achieved** during the 2022/23 FY.

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

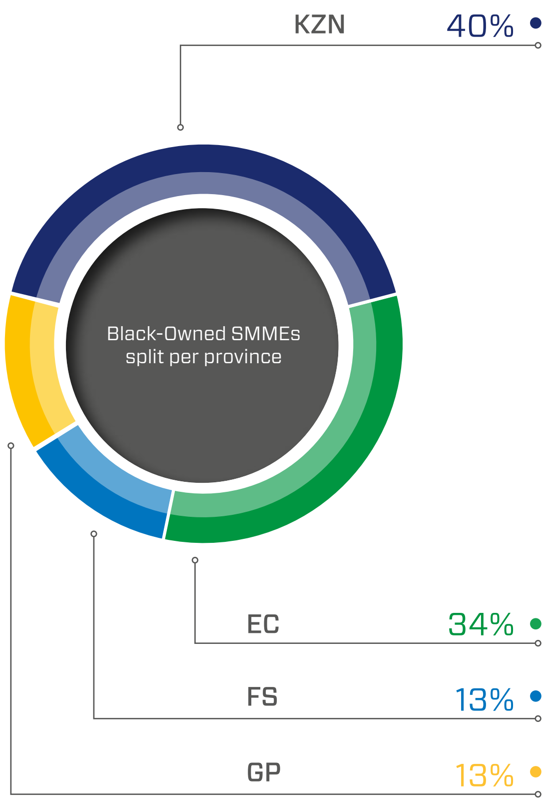
LOOKING AHEAD

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.

Total opportunities awarded to Black-Owned SMMEs



SMME split per province for 2021/22



To ensure an environment in which an equitable procurement system can flourish, barriers to entry need to be reduced for SMMEs and emerging contractors.

As an empowerment-driven organisation, Coega 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. Therefore, Coega 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 Coega's supply chain; and
  - Encourage Black Industrialists in line with the dtic programmes.

- **Enterprise Development**
  - Encourage and support the development of small business outside Coega'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, and Micro Enterprise (SMME) development, and the organisation'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 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 sea-based activities consist of bunkering and maritime services, while the Land-based activities are further divided into Special Economic Zones (Coega SEZ and Wild Coast SEZ/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 (Engineering, Procurement and Construction). Moreover, the Implementing Agency Services include domestic (South African) and continental activities. In the last few years, Coega has been involved on the continent in both Anglophone and Francophone countries, such as the Central African Republic, Cameroon, Senegal and Zimbabwe.

During this financial year, new markets were added to the Portfolio of Clients.

As a public entity, Coega'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 contracts.

Performance Results

The financial target for the 2022/23 FY was R3 billion, a target which was exceeded to achieve more than R5.88 billion.

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

New Work Secured during the 2022/23 FY is shown in the table below:

No.	Client Name	Scope of Work	Estimated Value	Type of Work
1.	National Department of Public Works and Infrastructure (NDPWI)	a) Beit Bridge Border Post Facility Management	a) R 78 m	a) Facilities Management
		b) Telkom Towers Information Technology Building	b) R 200 m (still under assessment)	b) Refurbishment of Telkom Tower Building
2.	Department of Human Settlements	a) Amathole DM	a) R 303 m	a) 2055 RDP Houses
		b) BCM	b) R 765 m	b) 4958 RDP Houses
		c) Chris Hani DM	c) R 657 m	c) 4529 RDP Houses
		d) Joe Gqabi DM	d) R 762 m	d) 5138 RDP Houses
		e) Alfred Nzo	e) R 1.153 m	e) 7775 RDP Houses
		f) Sarah Baartman	e) R 124 m	e) 839 Houses
3.	Nelson Mandela Water Security	Providing Water Security for NMBM	R 988 m	NMBMM Water Security Programme - Part A: Short-term interventions
4.	Department of Higher Education	a) New/ Replacement Infrastructure for TVET Colleges	a) R 114 m	a) Provision and Repair of Infrastructure
		b) Provision of Professionals from the Built Environment	b) R 31 m	b) Capacity Building
		c) Conditional Assessment of TVET Colleges	c) R 250 m	c) Conditional Assessment of TVET Colleges
5.	KZN DoE	Storm Damage for KZN Programme	Varies - Subject to Assessment	Various Damaged Schools

Wild Coast Industrial Park

During the 2022 State of the Province Address (SOPA), the Premier of the Eastern Cape, Honourable Lubabalo Mabuyane, stated, amongst others, that the "...Wild Coast Industrial Park is no longer a dream, it is a reality..." Furthermore, the project (phase 1: fencing) 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 would 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.

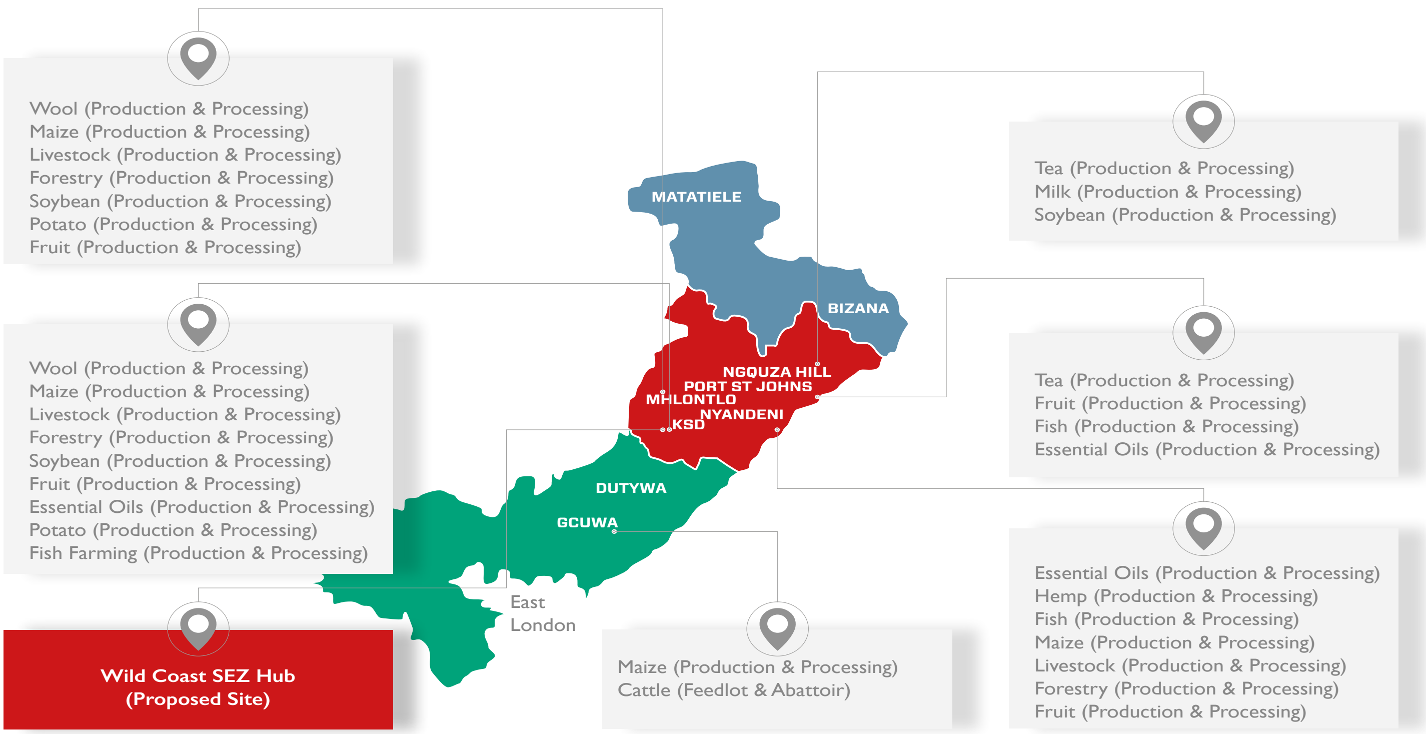
According to the Honourable Minister of Trade, Industry and Competition (the dtic), Mr. Ebrahim Patel, during the 2022 budget vote, "...transformation is about building an economy that works where our people are bringing development to rural provinces and districts. Our revised approach to spatial industrial 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.

The development of infrastructure at the Wild Coast SEZ Industrial Park in Mthatha is progressing well; and the EC provincial government's focus is now on bulk infrastructure.

This project has been included as one of the 6 Mega Infrastructure Projects in the Province.

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



The construction of fencing is 100% complete. Bulk Infrastructure Phase 1: designs 100% complete, and the contractor has been appointed and contract value is more than R48 million. Site handover was done in June 2022 and anticipated completion in March 2024.

One key contributors for successful establishment and operations of the SEZ today is access to fast, reliable, and cost-effective telecommunications systems and services for investors located in the zone. During the 2022/23 FY, the following was achieved regarding ICT:

- **Telecommunication Services:** market study completed, and this further confirmed the feasibility of establishing the Wild Coast ISP of Choice, Fibre infrastructure and connectivity designs completed, Fibre infrastructure implementation bundled with bulk infrastructure services, data centre designs completed, appointment of internet service provider is underway, and Expression of Interest for construction of Data Centre is underway; and
- **Digital Hub:** Strategic Business Case completed, market and feasibility study underway and Service Provider was appointed, and Expression of Interest for construction of Data Centre underway.

The areas of focus for the planned economic research in 2024 to develop the Park will include the agroprocessing incubator, logistics hub feasibility study, abattoir with the operational model analysis, blue ocean market study, digital hub feasibility, and hospitality industry. Furthermore, social facilitation and stakeholder engagements will continue, as well as the training of SMMEs to ensure that all targets set in the SMME specification are achieved.

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.

In is important to note that FDI flows to developing economies as a group increased by 4 per cent to $916 billion in 2022; and to Africa FDI flows fell by 44 percent to $45 billion, following a record year in 2021. Furthermore, the value of greenfield projects announced in Africa almost quadrupled, to a record $195 billion (from $52 billion in 2021). The number of projects also rose, by 39 percent, to 766. The biggest increases were in energy and gas supply (to $120 billion), construction ($24 billion) and extractive industries ($21 billion). Six of the top 15 greenfield megaprojects announced in 2022 were in Africa European investors remain, by far, the largest holders of FDI stock in Africa, led by the United Kingdom ($60 billion), France ($54 billion) and the Netherlands ($54 billion).

In West Africa, Nigeria saw inflows turn negative, to -$187 million, due to equity divestments.

In Senegal, FDI flows remained flat at $2.6 billion, and the value of international project finance deals rose to $1.2 billion.

Flows to Central Africa fell by 7 per cent to $6 billion.

FDI to East Africa rose by 3 percent to $8.7 billion - two large greenfield projects were announced by TotalEnergies (France): the development of the Lake Albert oil field in a joint venture with China National Offshore Oil Corporation and the Uganda National Oil Company for $6.5 billion, and the construction of the 1,440-kilometre East African Crude Oil Pipeline in a $3.5 billion joint venture with the Uganda National Oil Company, the Petroleum Development Corporation (United Republic of Tanzania) and the China National Offshore Oil Corporation. Coega and its partners is pursuing opportunities in Uganda, which will include the co-development on a strategic project in Uganda with the Ugandan National Oil Company.

Coega will continue to pursue business opportunities and partnerships to develop projects in several markets on the continent.

CDC footprint in the rest of Africa

The Coega 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. Coega 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, Coega is committed to being the leading catalyst for economic development in keeping with the broader African regional developmental agenda and economic imperatives. Moreover, Coega 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 organisation's Strategic Plan for 2020-2025, in which Coega has prioritised its continental journey, for joint development collaboration with African states and partners in the development of SEZs, industrial parks, dry ports and logistics bases.

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

- In December 2022, Coega hosted, at its Headquarters in Gqeberha, the Minister of State for Provincial Affairs and Devolution, Manicaland Province, Zimbabwe, Honourable Nokuthula Matsikenyere. Manicaland is a Province in Eastern Zimbabwe bordering with the Republic of Mozambique. The visit formed part of the relationship-building strategy that aims to position Coega as a key partner in the provision of integrated logistics platforms, SEZs and industrial park solutions in Africa, in support of the Africa Continental Free Trade Area (AfCFTA). The visit by Honourable Nokuthula Matsikenyere followed from an engagement between Coega and the Manicaland Province prior to the onset of the Covid-19 Pandemic, whereby a Memorandum of Agreement (MoA) was signed to partner for the development of specified projects. "In Zimbabwe, we want action, and we believe that when it relates to this partnership, we have made the right choice, at the right time, and Coega is the right place," shared Provincial Minister, Honourable Matsikenyere.

- In July 2022, Coega visited the Central African Republic (CAR) regarding progress achieved towards the operationalisation of the 20-years concession project. The organisation, represented by CEO Khwezi Tiya, met with the President of CAR, His Excellency [H.E] Faustin-Archange Touadéra to brief him on the progress of the development of the logistics bases in Douala and Kribi. H.E. Faustin Archange Touadéra spoke about the excellent relations that exist between South Africa and the Central African Republic. The development of the CAR logistics bases will reinforce the rapport between the two countries. H.E. Faustin Archange Touadéra expressed wishes for the construction activities of the logistics bases to start soon.

- In March 2022, Coega also 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, Coega paid a courtesy visit to the South African High Commissioner in Nigeria, H.E. Mseleku.

- 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 was expected to reach financial closure on a non-recourse project finance in 2022.

- In Senegal, Coega successfully concluded the work it was contracted to do by the Senegalese Investment Agency, PAIMRAI, in partnership with Automotive Investment Holdings (AIH), and funded by the African Development Bank to develop the Automotive Industry Strategy for the Senegalese Government.

Coega 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 the South African Government.

OUTLOOK

The Coega Development Corporation's Strategic Plan 2020 - 2025 is directly aligned with government's priorities. In this regard, Coega complies with the state's economic policy, and governance framework, and the executive authority provides oversight, amongst other assurance providers, as discribed elsewhere in this report. The organisation translates policy into action, and ensures there is right capability and continuous skills development, proper governance, and credible systems and processes. Furthermore, Coega drives inclusive economic growth and other socio-economic development initiatives in line with its vision; and thus infrastructure development and project management, small business finance and support, job creation, skills development, and expanding manufacturing in the SEZ are among the important cornerstones of the organisation. The sixth administration of the South African government released the following priorities in 2019, which the organisation has continued to support through its business activities and implementation of 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 Coega Development Corporation'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, 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 Coega strategy.

Coega will continue to generate alternative sources of revenue through product and market diversification. The organisation cannot rely on a single revenue source from grant funding of government, as a result, it continued this year with actively exploring how best to diversify its revenue streams, grow market share of external services locally and through the Coega Africa Programme (CAP).

In addition to the current strategies to increase revenue, the current five-year Strategic Plan 2020-2025 aims to broaden the organisation's footprint and the scope of products and services offered as well as improve its competitiveness through partnerships. Its intent is driven by the pursuit of liquidity and profitability, in addition to socio-economic outcomes. Coega does not have a solvency problem but a liquidity challenge. Considering the Provincial Government (ECPG) and the dtic's reduction in funding over time, Coega can no longer solely depend on obtaining 100% funding for projects from these sources for infrastructure development in the SEZ. Therefore, the organisation should seek alternative funding in the open competitive market, as well as funds within the state. The implication of this is that this year Coega performed careful planning regarding which projects it undertakes and how reserves of capital would be allocated for these projects. In this regard, the Coega Capital, Funding, and Investment Unit was established two years ago to drive solutions towards capital attraction and investment, and good progress has been made, as indicated in the following section.

Capital, Funding, and Investment

The Coega Capital, Funding and Investment Unit is a specialist unit of the organisation's Finance Department, with the brief to secure additional sources of funding and raise capital in support of the Coega growth strategy. The Capital, Funding and Investment Unit reports to the Capital Allocations Committee (CAC) of the Coega Board which oversees all capital and investment projects.

The strategic mandate of the Unit is to provide Coega 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 Coega's market access, the diversification of current revenue streams (both in South Africa and on the Continent) and enable its entry into new markets.
(b) *Improve returns* on the overall portfolio which includes placing strategic investment into economically enabling infrastructure and optimising returns on existing assets.
(c) *Strategically enhance the value proposition* of Coega's existing offerings, which would allow the organisation to create its own portfolio of large, economically enabling infrastructure projects, in partnership with the private sector or other State Owned Entities (SOEs), by becoming more active in project origination and finance, in addition to the Coega's infrastructure implementation role.

In this, Coega has been well received, and is currently participating, at the request of the private sector, in a R16 billion deep-water port construct, finance and operate transaction in the Northern Cape.

Having been well received by capital markets, the Capital, Funding and Investment Unit was successful in forming the necessary partnerships and secured debt and equity funding in support of:
i) The R2 billion Bhisho Office Complex; and
ii) The USD $10 billion Port of Doula Deepwater Port with integrated rail logistics and SEZ.

Similarly, the Capital, Funding and Investment Unit provided support to:
i) The Coega Africa Programme in securing the debt component of USD $15 million and an international ports logistics operating partner in support of the Logistics Bases adjacent to the Ports of Kribi and Douala, with the equity raise still underway.

ii) The Coega New Ventures Programme in securing the necessary debt and equity funding in support of the Coega Solar Rooftop Programme to the combined Phase 1 and 2 value of R400 million, which will see 20MW of solar power installed on the SEZ's and NMBLP's industrial rooftops.
iii) The Coega PDM unit in securing a R1.8 billion grant through the BFI in support of critical infrastructure on the SEZ, including the long-awaited return-effluent scheme in support of water security in the NMB.

The Capital, Funding and Investment Unit is further making steady progress in its capital raises in support of:

i) The proposed 15MLD Coega Desalination Plant with an estimated project value of R900 million.
ii) The proposed 100 MW Solar Plant with an estimated project value of R2.4 billion inclusive of energy storage solutions that will see 24-hour renewable energy coverage becoming available for industrial tenants on the SEZ.
iii) The development of digital infrastructure linking the Province to the continental sub-sea data cable and providing connectivity to the rural Eastern Cape inclusive of five decentralised co-location data centres and high speed connectivity that would enable the transition of the Eastern Cape economy to a 4IR digital platform and create a digital coastal highway with an estimated project value of R2 billion.
iv) The financing of the Coega / CSIR BioFibre Cluster that will see the greening of automotive component value chains, provide support to the rural economy, and enable the commercialization and industrialisation of South African intellectual property, support localisation, provide entry for emerging black industrialists and add value to the province's existing bio-fibre exports with an estimated value of R1,015 billion.
v) The financing of supporting infrastructure investments in preparation for the gas-to-power procurement programme with an estimated project value of R4 billion.
vi) Unlocking additional revenue and funding streams in support of the ongoing community outreach and social enterprise activities undertaken by the Coega Development Foundation in support of improved health, and educational outcomes in vulnerable communities, economic inclusion, employment and sustainable livelihoods.
vii) Mineral Resources and Energy to position the Coega SEZ as the national gas hub.
viii) The Solar Rooftop project on the Coega SEZ.
ix) An Agro-Processing Zone in Northern Nigeria in support of the Coega Africa Programme.
x) The Bhisho Office Complex.
xi) Securing the appropriate PFMA listing of the Coega Development Corporation to fully enable the activities of the Capital, Funding and Investment Unit.

A key focus for the next financial year is to achieve closure on the Coega's existing R6.9 billion economically enabling infrastructure pipeline on the Coega SEZ and the NMBLP, which will see, amongst others, the full unlocking of the Coega's Aquaculture Development 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 NMBM 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 Unit, the Coega Board approved the Capital Allocation Framework and the Development and Operating Partnership Framework that would enable the Capital, Funding and Investment 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 of the organisation, as mandated by the SEZ Act No.16 of 2014. As a result, Coega will continue to increase strategic economic advantage for targeted industries, including growing the manufacturing at Coega. The focus of the strategy this year and the next is to maximise income from rentals through the operationalisation of signed investments and converting targeted investments in the pipeline. However, Coega must consider the complex global operating environment, exacerbated, amongst others, by the prolonged conflict between Russia and Ukraine, negatively impacting business confidence. Global investor fears continue due to additional risks and setbacks to economic recovery causing inflation, and triple crises of fluctuations in price, fuel, and finance. In terms of the economic outlook, which will influence investment, at the time of reporting the World Bank report indicated that the global economy, after growing by 3,1% in 2022, will slow substantially to 2,1% in 2023, before a rapid recovery in 2024 to 2,4%.

Furthermore, the national institute of economic and social research indicated at the beginning of 2023 lower energy prices and slightly stronger readings for economic activity late 2022 and early 2023, especially in China following the ending of lockdowns and in the United States, have resulted in a stronger than forecast start to this year. But worrying downside risks for activity, particularly in the United States and the Euro Area, remain. Outside the major advanced economies, the outlook is somewhat stronger but with continued uncertainty. Inflation is expected to remain elevated relative to pre-Covid-19 target rates in advanced economies in the next two years because price pressures have broadened beyond volatile items such as energy and food. However, lower energy and commodity prices and the effects of tighter monetary policies on demand will gradually feed through and lower inflation towards target in the medium term.

Out of the geopolitical conflict, and global uncertainties, opportunities abound where more 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, last year increased its export to Europe, said the OEC's Chief Executive Officer, Mr. Corning Painter, during the Sod Turning held at Coega in April of 2022.

Non-SEZ Services

Non-SEZ services will continue to play a critical role in the upcoming years, diversifying revenue streams for the organisation. These services include international (under the Coega Africa Programme), national, and provincial infrastructure Programmes to government departments, as well as the Coega Travel Agency, and Bluewater Bay Sunrise Hotel (BWBSH), to name a few.

Finally, as a beacon of hope driven by its vision to be a leading catalyst for championing of the socio-economic development, the Coega's contribution to 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 organisation will pay particular attention to increasing opportunities for the youth, women, and people with disabilities; and in the process, champion the stories of good progress, together with its partners and stakeholders.

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 because 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 Skills 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 2023 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

Coega Development Corporation's Chief Executive Officer, Mr. Khwezi Tiya, at a stakeholder engagement.

AUDIT & RISK COMMITTEE

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)
Resigned: 2022

See Ayanda Mjekula's profile under Board Member profile.

BATANDWA DAMOYI

Appointed: 2019

See Batandwa Damoyi's profile under Board Member profile.

TEMBA ZAKUZA

Appointed: 2010
Resigned: 2022

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
Resigned: 2022

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

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 has worked for Nedbank Corporate and in its international division.

PHELISA NKOMO

Appointed: 2021

See Phelisa Nkomo's profile under Board Member profile.

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, multi-disciplinary advisory and assurance firm. He was previously a Senior Partner (Executive Committee) of SNG (SizweNtsalubaGobodo), the fifth largest Audit and Advisory Firm in South Africa, now known as Grant Thornton SNG.

Mr. Bhika spent close to 20 years with the firm in various leadership and strategic roles and is viewed as one of the founding partners of this organisation, having seen the firm grow from 50 staff members in the Eastern Cape to a national complement of over 800 employees.

Mr. Bhika is a seasoned professional and serial entrepreneur across a number of sectors including Financial Services, Telecommunications, and Mining and Energy, and has also been involved in many start-ups, incubating them and sourcing funding. His passion lies in business strategy, broader business development, high performance team building and facilitating societal impact.

DR. TEBOGO SETHIBE

Appointed: 2022

Dr. Tebogo Sethibe, an accomplished executive, has more than 20 years' experience in Information and Communication Technology (ICT) and Management Consulting, inclusive of designing and implementing technology programs, developing product and service requirements, and analysing strategies and processes to facilitate improved operations and efficiency. He is currently a Group Executive: Information Systems at the Agricultural Research Council.

Dr. Sethibe has held various managerial positions as Client Technical Lead at International Business Machines (IBM) Corporation, Principal Solution Consultant at ACI Worldwide, and Services Manager at Cornastone. He is currently a member of the Government Information Technology Officer Council, Chairperson of the ICT Steering Committee at the Special Investigation Unit, Chairperson of the Inkomati-Usuthu Catchment Management Agency, Chairperson of the Audit Committee for Central Johannesburg TVET College, and Deputy Chairperson of the Audit Committee for Eastern Cape Provincial Treasury. Further to this, Dr. Sethibe is a member of the Audit and Risk Committee for the National Library of South Africa and the ICT Steering Committee for Nkangala TVET College.

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
Resigned: 2022

See Dr. Paul Jourdan'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
Resigned: 2022

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

Sakhiwo Glen Zamisa began his career as an Industrial Engineering Technician in the automotive industry in the early 80s, and later moved from Industrial Engineering and Production into Human Resources (HR).

Mr. Zamisa has studied for various management diplomas at the then Port Elizabeth Technikon. In 1992, he undertook an Advanced Management Programme at the University of Cape Town Business School. He also completed his Master's in Business Administration (MBA) with Stellenbosch University in 2004. He also boasts a Diploma in Company Direction from the Graduate Institute of Management and Technology.

Mr. Zamisa has been the HR Manager for various companies (mostly in the automotive sector) and was the HR Manager at Borbet SA in Gqeberha from 2010 until his retirement at the end of 2022. He is a long-standing member of the Black Management Forum, and previously served as Provincial Chair, as well as on the National Board.

Mr. 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 sits on the Board of Trustees of the Medimed Medical Scheme.

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 to achieve financial sustainability.

BATANDWA DAMOYI
CHAIRPERSON

Appointed: 2019

See Batandwa Damoyi's profile under Board Member profile.

AYANDA MJEKULA

Appointed: 2002 (ARC Member); 2010 (ARC Chairperson)
Resigned: 2022

See Ayanda Mjekula's profile under Board Member profile.

MZUVUKILE MQUQU

Appointed: 2019
Resigned: 2022

See Mzuvukile Mququ'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 four committees of the Board – Audit and Risk (ARC), Human Resources and Remuneration (HRRC), and the Social and Ethics Committee (SEC), and Capital Allocation Committee (CAC) – 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 2022/23

2022/23 FY BOARD MEETING ATTENDANCE SCHEDULE

MEMBERS	MEETING 26 MAY 2022	MEETING 28 JUL 2022	MEETING 17 NOV 2022	MEETING 23 FEB 2023
Dr. P Jourdan	√	√	√	√
Mr. A Mjekula	√	√	√	√
Ms. N Mtembu	√	√	√	√
Ms. P Xuza	√	√	√	√
Mr. M Sogoni	Apology	Apology	√	Apology
Mr. S Khan	Apology	√	√	Apology
Ms. B Damoyi	√	√	√	Apology
Ms. P Nkomo	√	√	√	√
Mr. M Mququ	√	√	√	Apology
Mr. K Tiya	√	√	√	√

2022/23 FY AUDIT AND RISK COMMITTEE ATTENDANCE SCHEDULE				
MEMBERS	**MEETING 19 MAY 2022**	**MEETING 21 JUL 2022**	**MEETING 10 NOV 2022**	**MEETING 16 FEB 2023**
Mr. A Mjekula	√	√	√	√
Mr. T Zakuza *	√	-	-	-
Ms. N Qangule **	√	-	-	-
Ms. B Damoyi	√	√	√	√
Mr. L Nene	√	√	√	√
Ms. P Nkomo	√	√	√	√
Mr. R Bhika	√	√	√	√
Dr. T Sethibe ***	-	√	√	√

** Mr. T Zakuza resigned from ARC in 2022. ** Ms. N Qangule resigned from ARC in 2022. *** Dr. T Sethibe was appointed to ARC in 2022.*

2022/23 FY SOCIAL AND ETHICS COMMITTEE ATTENDANCE SCHEDULE		
MEMBERS	**MEETING 10 MAY 2022**	**MEETING 01 NOV 2022**
Ms. P Xuza	√	√
Dr. P Jourdan	√	√
Ms. N Mtembu	√	√
Mr. G Zamisa	√	√

2022/23 FY HUMAN RESOURCES AND REMUNERATION COMMITTEE ATTENDANCE SCHEDULE				
MEMBERS	**MEETING 11 MAY 2022**	**MEETING 13 JUL 2022**	**SPECIAL MEETING 02 NOV 2022**	**MEETING 08 FEB 2023**
Ms. N Mtembu	√	√	√	√
Dr. P Jourdan	√	√	√	√
Mr. G Zamisa	√	√	√	√
Ms. P Xuza	√	√	√	√

2022/23 FY CAPITAL ALLOCATION COMMITTEE ATTENDANCE SCHEDULE			
MEMBERS	**MEETING 17 MAY 2022**	**MEETING 19 JUL 2022**	**MEETING 08 NOV 2022**
Ms. B Damoyi	√	√	√
Mr. A Mjekula	√	√	√
Mr. M Mququ	√	√	√

REMUNERATION

REMUNERATION PHILOSOPHY

The CDC differentiates remuneration based on 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	Total Cost to Company
	2023	2023	2022 Restated	2022 Restated
	R'000	R'000	R'000	R'000
K.V.Tiya (Chief Executive)	5,784	5,784	5,250	5,250
	5,784	**5,784**	**5,250**	**5,250**

Non-executive

	Directors' Fees	Total Cost to Company	Directors' Fees	Total Cost to Company
	2023	2023	2022	2022
	R'000	R'000	R'000	R'000
Dr. P. Jourdan (outgoing Chairperson)	411	411	252	252
A. Mjekula (outgoing Deputy Chairperson)	360	360	315	315
Y.B.B. Damoyi (Chairperson)	140	140	219	219
N.P. Mtembu	261	261	220	220
P. Nkomo	154	154	100	100
P. Xuza	226	226	211	211
	1,552	1,552	1,317	1,317

Tshwane Automotive SEZ Central Hub construction site, with Coega as a trusted infrastructure implementing agent of choice, in partnership with Gauteng Provincial Government, the dtic, and City of Tshwane. Visit www.tasez.co.za.

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 2023
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	Y.B. B. Damoyi (Chairperson) N. P. Mtembu P. Nkomo K.V. Tiya (Chief Executive) P. Xuza S. Lazarus S. Nduna Z. Potelwa
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. Rodger Hill, CA(SA), *Chief Financial Officer*

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVALS

Consolidated Annual Financial Statements for the year ended 31 March 2023

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 2024 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 consolidated annual financial statements set out on page 138 to 195, which have been prepared on the going concern basis, were approved by the board of directors on 31 July 2023 and were signed on their behalf by:

Ms. Y.B. B. Damoyi (Chairperson)
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 138 to 195, which comprise the consolidated statement of financial position as at 31 March 2023, 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 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 2023 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of 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 responsibilities of the auditorgeneral 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.

OTHER MATTER

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

NATIONAL TREASURY INSTRUCTION NOTE NO. 4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual consolidated financial statements, only the current year and prior year figures are disclosed in note 37 to the consolidated financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual consolidated financial statements of Coega Development Corporation (Pty) Ltd. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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.

9. 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.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

10. 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.

11. 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following programme presented in the annual performance report for the year I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page Numbers	Purpose
SEZ Investment Services	66 - 68	To provide competitive investment locations and investment value as well as related infrastructure

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

17. I did not identify any material findings on the reported performance information of SEZ investment services.

OTHER MATTER

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting authority is responsible for the other 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 referred to does not include the consolidated financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported on in this auditor's report.

25. My opinion on the consolidated financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

28. I have nothing to report in this regard

Internal control deficiencies

29. I considered internal control relevant to my audit of the consolidated financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

Material irregularities

31. 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 material irregularities as previously reported in the auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITY

32. The material irregularity identified is as follows:

SUSPECTED FRAUD - FUNDS MEANT FOR STUDENT ALLOWANCES (STIPENDS)

33. An employee of the entity was alleged to have created fictitious students and then facilitated the transfer of the student stipends into his own bank account from 2013 to February 2021. The suspected fraud was likely to result in a material financial loss to the entity of R7 million if not recovered.

34. 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 to 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, and substantiated the allegations and quantified the loss. The responsible employee was accordingly dismissed on 28 April 2021. As reported in my previous auditor's report, R 153 532 of the financial loss had 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.

35. The matter was also reported to the South African Police Service on 14 April 2021 for further criminal investigation. In addition, the relevant internal controls were strengthened to prevent a recurrence of incidents of a similar nature.

36. Subsequent to my previous report, an amount of R5,2 million was received on 9 January 2023 from the insurance company as a full and final settlement of the claim submitted on 13 April 2021 to recover the financial loss.

37. The employee was found guilty and convicted of fraud and money laundering on 1 March 2023 and sentenced to an effective 10 years in prison on 29 May 2023.

38. Based on my evaluation of the information and evidence provided, the steps taken by the accounting authority are appropriate and the material irregularity is therefore resolved.

Auditor General

East London
29 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the followings:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 the selected programme and on the entity's compliance with selected requirements in key legislation.

CONSOLIDATED FINANCIAL STATEMENTS

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.
- conclude on the appropriateness of the 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 group 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 a 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

I communicate 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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to 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.

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3); Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51 (1)(e)(iii); Section 52(b); Section 53(4); Section 54(2)(c); 54(2)(d); Section 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56; Section 57(b); Section 57(d); Sections 66(3)(d); 66(5); 67
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; Regulation 31.1.2(c); Regulation 31.2.5; 31.2.7(a); Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); Section 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1); Section 22(3)
Construction Industry Development Board Regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations of 2017	Regulation 4.1; 4.2; Regulation 5.1; 5.3; 5.6; 5. 7; Regulation 6.1; 6.2; 6.3; 6.5; 6.6; Regulation 7.1; 7.2; 7.3; 7.5; 7.6; Regulation 8.2; 8.5; Regulation 9.1; 9.2; Regulation 11.2; Regulation 12.1; 12.2
Preferential Procurement Regulations of 2022	Regulation 4.1; 4.2; 4.3; 4.4; Regulation 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 3 of 2021-22	Paragraph 4.3; 4.4; 4.4(c); 4.4(d)
NT SCM Instruction Note 11 of 2020-21	Paragraph 3.1; 3.4(b); 3.9
NT Instruction Note 4 of 2015-16	Paragraph 3.4
NT Instruction Note 5 of 2020-21	Paragraphs 5.1; 5.3
Second amendment to NT Instruction Note 5 of 2020-21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum to NT Instruction Note 5 of 2020-21	Paragraphs 1; 2

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 2023.

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*

	2023 Number of Shares	2022 Number of Shares
Authorised		
Ordinary shares	1,000,000	1,000,000
Class A ordinary shares	1	1

	2023 R '000	2022 R '000	2023 Number of Shares	2022 Number of Shares
Issued				
Ordinary shares	7	7	673,832	673,832

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	(outgoing Chairperson)	Non-executive Independent	South African	Resigned 25 May 2023
A. Mjekula	(outgoing Deputy Chairperson)	Non-executive Independent	South African	Resigned 25 May 2023
S. Khan		Non-executive Independent	South African	Resigned 25 May 2023
Y.B. B. Damoyi	(Chairperson)	Non-executive Independent	South African	
M.N Mququ		Non-executive Independent	South African	Resigned 25 May 2023
N. P. Mtembu		Non-executive Independent	South African	
P. Nkomo		Non-executive Independent	South African	
M. Sogoni		Non-executive Independent	South African	Resigned 25 May 2023
K.V. Tiya	(Chief Executive)	Executive	South African	
P. Xuza		Non-executive Independent	South African	
S. Lazarus		Non-executive Independent	South African	Appointed 24 May 2023
S. Nduna		Non-executive Independent	South African	Appointed 24 May 2023
Z. Potelwa		Non-executive Independent	South African	Appointed 24 May 2023

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 30, 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 2023.

7. Company Secretary

The company secretary is Mrs. 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 2023

	Notes	2023 R'000	2022 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	337,399	330,891
Right-of-use assets	4	247	781
Investment property	5	6,026,320	5,900,083
• Fair value of Investment properties	5.1	5,768,050	5,639,022
• Straight-line rental accrual	5.2	258,270	261,061
Intangible assets	6	40,204	33,403
Deferred tax	8	9,567	-
		6,413,737	**6,265,158**
Current assets			
Inventories	9	844	652
Loans and advances	10	55,429	46,118
Trade and other receivables	11	142,778	148,228
Prepayments		24,208	43,464
Current tax receivable	18	-	9,110
Cash and cash equivalents	12	855,735	1,005,704
		1,078,994	**1,253,276**
Total assets		**7,492,731**	**7,518,434**

EQUITY			
Share capital	13	1,264,558	1,264,558
Retained income		4,816,939	4,707,029
		6,081,497	**5,971,587**

LIABILITIES			
Non-current liabilities			
Finance lease liabilities	4	-	230
Deferred income	17	355,055	582,214
Deferred tax	8	203,492	239,757
Income received in advance	15	16,170	23,510
		574,717	**845,711**
Current liabilities			
Trade and other payables	16	767,519	638,714
Finance lease liabilities	4	230	591
Current tax payable	18	1,263	-
Provisions	14	60,165	51,018
Income received in advance	15	7,340	10,813
		836,517	**701,136**
Total liabilities		**1,411,234**	**1,546,847**
Total equity and liabilities		**7,492,731**	**7,518,434**

STATEMENT OF PROFIT OR LOSS

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2023

	Notes	2023 R'000	2022 R'000
Revenue	**19**	634,111	648,178
Cost of sales	**20**	(12,316)	(23,247)
Gross profit		**621,795**	**624,931**
Other operating income	**21**	312,592	456,191
Movement in credit loss allowances	**22**	7,975	(9,123)
Other operating expenses		(791,026)	(715,540)
Operating profit	**22**	**151,336**	**356,459**
Investment income	**25**	9,985	5,574
Finance costs	**26**	(12,550)	(8,235)
Other non-operating gains (losses)	**27**	(84,694)	(557,875)
Profit (loss) before taxation		**64,077**	**(204,077)**
Taxation	**28**	45,832	167,027
Profit (loss) for the year		**109,909**	**(37,050)**

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity as at 31 March 2023

	Share Capital	Share Premium	Total Share Capital	Retained Income	Total Equity
	R'000	R'000	R'000	R'000	R'000
Balance at 1 April 2021	7	1,264,551	1,264,558	4,744,079	6,008,637
Loss for the year	-	-	-	(37,050)	(37,050)
Balance at 1 April 2022	7	1,264,551	1,264,558	4,707,030	5,971,588
Profit for the year	-	-	-	109,909	109,909
Balance at 31 March 2023	7	1,264,551	1,264,558	4,816,939	6,081,497
Note(s)	13	13	13		

STATEMENT OF CASH FLOWS

Statement of Cash Flows for the year ended 31 March 2023

	Notes	2023 R'000	2022 R'000
Cash flows from operating activities			
Profit/(loss) before taxation		64,077	(204,077)
Adjustments for non-cash items:			
Depreciation and amortisation		29,259	28,736
Losses on disposals, scrapping and settlements of assets and liabilities		3,062	1,092
Fair value losses		81,632	556,438
Movements in provisions		9,147	6,593
Change in straight-line rental accrual		2,791	(26,774)
Net impairments and movements in credit loss allowances		(7,975)	9,123
Deferred income released to income		(304,356)	(433,344)
Other non cash items (including asset write offs)		8,922	2,495
Income received in advance		(10,813)	(10,813)
Adjust for items which are presented separately:			
Interest income		(9,986)	(5,574)
Finance costs		12,550	8,235
Changes in working capital:			
(Increase) decrease in inventories		(192)	(319)
(Increase) decrease in trade and other receivables		13,848	(1,101)
(Increase) decrease in prepayments		19,256	(10,619)
Increase (decrease) in trade and other payables		128,806	(30,369)
(Increase) decrease in loans and advances		(9,734)	(7,501)
Cash (used in) generated from operations		**30,294**	**(117,779)**
Interest income	25	9,986	5,574
Finance costs	26	(12,550)	(8,235)
Tax received/(paid)	29	10,373	(73,846)
Net cash from operating activities		**38,103**	**(194,286)**

Cash flows from investing activities			
Purchase of property, plant and equipment	3	(16,183)	(12,532)
Purchase of investment properties	5	(235,526)	(394,309)
Purchase of intangible assets	6	(12,922)	(12,043)
Net cash from investing activities		**(264,631)**	**(418,884)**

Cash flows from financing activities			
Government grants received		53,242	357,364
Interest earned on deferred income funds		23,955	21,595
Cash repayments on lease liabilities	4	(638)	(1,157)
Net cash from financing activities		**76,559**	**377,802**

Total cash movement for the year		**(149,969)**	**(235,368)**
Cash and cash equivalents at the beginning of the year		1,005,704	1,241,072
Cash and cash equivalents at the end of the year	12	**855,735**	**1,005,704**

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 2023 were authorised for issue in accordance with a resolution of the directors on 31 July 2023.

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 Standards Interpretations Committee ("IFRS IC") 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 annual 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 properties

Investment properties is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise, and the cost of the investment properties can be measured reliably.

Investment properties 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 properties, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment properties 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 25).

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 22).

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 25).

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 22).

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 26).

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 and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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 judgements 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 22) 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 22).

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 26).

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 19).

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
- Hospitality services

The group also recognises rental income on its investment properties 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.

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.

National Treasury instruction note no. 4 of 2022/2023 which was issued in terms of sections 76(1) and 76(4) of the PFMA requires the following (effective from 3 January 2023):

Details and amounts of alleged irregular expenditure must be included in the Irregular Expenditure Register. An assessment must be conducted to confirm whether irregular expenditure has been incurred or may be incurred.

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure note. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year; and
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed from the register.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material 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 2024	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	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	400,390	(164,556)	235,834	383,173	(149,157)	234,016
Marine vessels and equipment	9,531	(2,085)	7,446	9,531	(1,291)	8,240
Furniture and fixtures	12,320	(4,910)	7,410	12,169	(4,336)	7,833
Motor vehicles	38,049	(20,938)	17,111	38,248	(18,283)	19,965
IT equipment	14,910	(6,540)	8,370	12,689	(5,451)	7,238
Hospitality equipment	11,117	(3,880)	7,237	10,775	(2,662)	8,113
Other property, plant and equipment	22,005	(8,672)	13,333	16,694	(6,846)	9,848
Capital - Work in progress	12,108	-	12,108	7,088	-	7,088
Total	**548,980**	**(211,581)**	**337,399**	**518,917**	**(188,026)**	**330,891**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers	Write offs	Depreciation	Impairment loss	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	28,550	-	-	-	-	-	28,550
Buildings	234,016	-	17,217	-	(15,399)	-	235,834
Marine vessels and equipment	8,240	-	-	-	(794)	-	7,446
Furniture and fixtures	7,833	205	28	(37)	(619)	-	7,410
Motor vehicles	19,965	164	-	(99)	(2,879)	(40)	17,111
IT equipment	7,238	3,280	90	(228)	(2,010)	-	8,370
Hospitality equipment	8,113	343	-	-	(1,219)	-	7,237
Other property, plant and equipment	9,848	1,372	4,446	(473)	(1,860)	-	13,333
Capital - Work in progress	7,088	10,819	(4,572)	(1,227)	-	-	12,108
Total	**330,891**	**16,183**	**17,209**	**(2,064)**	**(24,780)**	**(40)**	**337,399**

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 vessel	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**

Property, plant and equipment notes

No assets have been encumbered as security for the secured long-term borrowings.

Changes in estimates

The company reassesses the useful lives and residual values of items of 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 land and buildings are available for inspection by shareholders or their duly authorised representatives at the business address of the group.

4. RIGHT OF USE ASSETS AND LEASE LIABILITIES

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:

	2023	2022
	R'000	R'000
PPE subject to operating lease arrangements	247	781

Additions to right-of-use assets 2023

Additions to ROU Assets	Opening balance	Additions	Depreciation	Closing balance
	R'000	R'000	R'000	R'000
Leasehold Property	127	-	(127)	-
IT Equipment	654	-	(407)	247
	781	**-**	**(534)**	**247**

Lease liability movements 2023

	Opening balance	Additions	Interest Expense	Cash Flows	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Leasehold Property	75	-	2	(77)	-
IT Equipment	746	-	45	(561)	230
	821	**-**	**47**	**(638)**	**230**

Finance lease liabilities

The maturity analysis of lease liabilities is as follows:	2023	2022
	R'000	R'000
Within one year	230	591
Two to five years	-	230
	230	**821**
Non-current liabilities	-	230
Current liabilities	230	591
	230	**821**

5. INVESTMENT PROPERTY

5.1 Fair value of investment properties

	2023			2022		
	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 properties	5,768,050	-	5,768,050	5,639,022	-	5,639,022

Reconciliation of investment properties - 2023

	Opening balance	Additions	Transfers	Write offs	Fair value adjustments	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Investment properties	5,639,022	235,526	(17,217)	(7,649)	(81,632)	5,768,050

Reconciliation of investment properties - 2022

	Opening balance	Additions	Other changes, movements	Fair value adjustments	Total
	R'000	R'000	R'000	R'000	R'000
Investment properties	5,801,868	394,309	(717)	(556,438)	5,639,022

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 to 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 properties are investment properties under construction. Such properties are accounted for at cost until completed.

Included in investment properties under construction as at 31 March 2023 is a cumulative amount of R84 million (2022: 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 properties

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

	2023	2022
	R'000	R'000
Rental income from investment properties	323,607	307,004

Direct operating expenses for investment properties are included in total operating expenditure. The detailed income statement on page 196 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

	2023	2022
	R'000	R'000
Operating lease smoothing asset (net)	258,270	261,061

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 R258,3m (2022: R261,1m) reflects the cumulative aggregate amount by which rental income in the statement of profit or loss or other comprehensive income has been adjusted. In 2022/23 rental income was decreased by R2,7million (2021/22 increased by R26,7million) as a result of straight lining.

6. INTANGIBLE ASSETS

	2023			2022		
	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	69,358	(47,597)	21,761	70,056	(45,490)	24,566
Intangible assets under development	18,443	-	18,443	8,837	-	8,837
Total	**87,801**	**(47,597)**	**40,204**	**78,893**	**(45,490)**	**33,403**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfers	Write offs	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software, other	24,566	3,316	8	(2,225)	(3,904)	21,761
Intangible assets under development	8,837	9,606	-	-	-	18,443
Total	**33,403**	**12,922**	**8**	**(2,225)**	**(3,904)**	**40,204**

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**

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 their 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 annual financial statements.

Subsidiaries

	% voting power 2023	% voting power 2022	Carrying amount 2023	Carrying amount 2022
Rapid Infrastructure Development Agency (Pty) Ltd	100	100	-	-
Coega Development Foundation NPC	100	100	-	-

8. DEFERRED TAX

Deferred tax liability

	2023 R'000	2022 R'000
Temporary Differences - refer to analysis below	(203,492)	(239,757)

Deferred tax liabilities		
Investment properties	(180,359)	(202,400)
Operating lease smoothing	(69,733)	(70,486)
Right of use assets	(67)	(211)
PPE	(12,926)	(11,766)
Prepaid expenses	(3,663)	(4,111)
Deferred tax assets		
Provision for incentive payments	10,084	8,505
Provision for leave pay	6,160	5,270
Expected credit losses	3,946	5,307
Income received in advance	18,290	20,629
Lease liability	62	222
Assessed loss	24,714	9,284
Total deferred tax balance	**(203,492)**	**(239,757)**
Deferred tax liability	(203,492)	(239,757)
Deferred tax asset	9,567	-
Total net deferred tax liability	**(193,925)**	**(239,757)**

Deferred tax liability (continued)

	2023 R'000	2022 R'000
Deferred tax liabilities		
Right of use assets	(334)	-
Deferred tax assets		
Lease liability	696	-
Expected credit losses	2,964	-
Assessed loss	6,241	-
Total deferred tax asset balance	**9,567**	**-**

Reconciliation of net deferred tax asset / (liability)

	2022 R'000	2022 R'000
At beginning of year	(239,757)	(406,784)
Recognition of prior year deferred tax asset not previously recognised	9,897	-
Reversing temporary difference on investment properties	22,041	163,299
Reversing (Originating) temporary difference on operating lease smoothing asset	753	(4,886)
Originating temporary difference on IFRS 16 Right-of-use asset	272	14
Originating (reversing) temporary difference on provision for performance incentives	1,580	1,272
Reversing temporary difference on provision for leave pay	890	64
Originating (reversing) temporary difference on expected credit losses	(1,292)	1,314
Reversing temporary difference on income received in advance	(2,339)	(2,777)
Originating temporary difference on IFRS 16 Lease liability	(287)	(17)
Originating (reversing) temporary difference on assessed loss on assessed loss	15,031	9,284
Originating temporary difference on PPE	(1,161)	(429)
Reversing temporary difference on prepaid expenses	447	(111)
	(193,925)	**(239,757)**

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.

Unrecognised deferred tax asset

	2023 R'000	2022 R'000
Deductible temporary differences not recognised as deferred tax assets	-	14,136
Unused tax losses not recognised as deferred tax assets	-	25,127
	-	**39,263**

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 propertiesy/financial assets is through sale the capital gains tax rate of 22% (2022: 22%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 27% (2022: 27%) 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 180 million (2022: R202 million) at the normal tax rate

9. INVENTORIES

	2023 R'000	2022 R'000
Other inventories for sale	844	652

10. LOANS AND ADVANCES

Loans and advances are presented at amortised cost, which is net of loss allowance, as follows:

	2023 R'000	2022 R'000
Loans and advances	55,429	46,118
Split between non-current and current portions		
Current assets	55,429	46,118

Exposure to credit risk

Loans and advances inherently exposes the company to credit risk, being the risk that the company 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 company 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 company 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 company 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:

2023

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)	73,723	(18,294)	55,429

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

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):

	2023 R'000	2022 R'000
Opening balance	**17,871**	**19,135**
Charge for the year	423	(1,264)
Closing balance	**18,294**	**17,871**

Fair value of loans and advances

The fair value of loans and advances approximates their carrying amounts.

11. TRADE AND OTHER RECEIVABLES

	2023 R'000	2022 R'000
Financial instruments:		
Trade receivables	159,480	178,398
Loss allowance	(25,569)	(33,967)
Trade receivables at amortised cost	133,911	144,431
Deposits	992	956
Other receivables	37	10
Other receivables	5,786	2,831
Non-financial instruments:		
VAT	2,052	-
Total trade and other receivables	**142,778**	**148,228**

Split between non-current and current portions

	2023 R'000	2022 R'000
Current assets	142,778	148,228

Financial instrument and non-financial instrument components of trade and other receivables

	2023 R'000	2022 R'000
At amortised cost	140,726	147,688
Non-financial instruments	2,052	-
	142,778	**147,688**

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 receivables:

	2023 R'000	2022 R'000
Opening balance	**(33,967)**	**(23,580)**
Charge for the year	8,398	(10,387)
Closing balance	**(25,569)**	**(33,967)**

Trade receivables to the extent of R 3 million (2022: R14million) 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:

	2023	2022
	R'000	R'000
Cash on hand	13	13
Bank balances	466,094	386,115
Short-term deposits	389,628	619,576
	855,735	**1,005,704**

The bank and cash balances above include funds held which are not available to the company amounting to R820 million (2022: R932 million). R369 million (2022: R624 million) of this are funds earmarked for special projects, and of which the corresponding liability is disclosed as deferred grant income.

13. SHARE CAPITAL

	2023	2022
Authorised	**Rands**	**Rands**
1,000,000 Ordinary shares of 1c each	10,000	10,000
1 "A" Class shares of R1	1	1
	10,001	**10,001**
Issued	**R'000**	**R'000**
Ordinary	7	7
Share premium	1,264,551	1,264,551
	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 - 2023						
Provision for performance incentives	31,500	37,608	(31,757)	-	-	37,351
Provision for leave pay	19,518	36,064	(33,411)	(2,275)	2,918	22,814
	51,018	**73,672**	**(65,168)**	**(2,275)**	**2,918**	**60,165**
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**

15. INCOME RECEIVED IN ADVANCE

	2023 R'000	2022 R'000
Non-current portion		
On the 8th of December 2010, the company concluded a 12 year agreement with Souvaris in respect of the General Motors South Africa property. Effectively the company has ceded and assigned its rights, title and obligations in the General Motors SA lease to Souvaris. Souvaris in return paid an amount of R125 million to the company which represents future rentals.	-	6,945
On the 1st of February 2015, the company concluded a 50 year agreement with MSC, who made an upfront payment of R19.8 million for the lease contract.	16,170	16,565
	16,170	**23,510**

	2023 R'000	2022 R'000
Current portion		
On the 8th of December 2010, the company concluded a 12 year agreement with Souvaris in respect of the General Motors South Africa property. Effectively the company has ceded and assigned its rights, title and obligations in the General Motors SA lease to Souvaris. Souvaris in return paid an amount of R125 million to the company which represents future rentals.	6,944	10,417
On the 1st of February 2015, the company concluded a 50 year agreement with MSC, who made an upfront payment of R19.8 million for the lease contract.	396	396
	7,340	**10,813**

16. TRADE AND OTHER PAYABLES

	2023 R'000	2022 R'000
Financial instruments:		
Trade payables	255,731	263,403
Project payables	427,296	286,243
Deposits received	41,929	38,175
Other payables	38,891	35,314
Non-financial instruments:		
Refund liability	3,672	-
VAT	-	15,579
	767,519	**638,714**

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

	2023 R'000	2022 R'000
Government grants		
At beginning of the year	582,214	636,600
Grants received during the year	53,242	357,364
Interest earned on unspent grant funds received	23,955	21,594
Released to income/utilised during the year	(304,356)	(433,344)
- operating costs	(95,144)	(69,466)
- adjustments	(4,547)	460
- SEZ Projects	(204,665))	(364,338)
	355,055	**582,214**

Funding of R53 million (2022: R357 million) was received during the year and R304 million (2022: R433 milion) was utilised during the year. The unused portion of R355 million (2022: 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. CURRENT TAX RECEIVABLE (PAYABLE)

	2023 R'000	2022 R'000
Normal tax	(1,263)	9,110
Net current tax receivable (payable)		
Current assets	-	9,110
Current liabilities	(1,263)	-
	(1,263)	**9,110**

19. REVENUE

	2023 R'000	2022 R'000
Revenue from contracts with customers		
Sale of goods	10,786	8,114
Rendering of services	283,803	315,586
Royalty income	194	178
Donations	10	19
	294,793	**323,897**
Revenue other than from contracts with customers		
Rental Income	323,607	307,004
Interest received (trading)	15,711	17,277
	339,318	**324,281**
	634,111	**648,178**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

	2023 R'000	2022 R'000
Sale of goods		
Catering and bar sales	10,786	8,114
Rendering of services		
Administration and management fees received	189,503	233,989
Fees earned	452	-
Marine services	1,266	1,401
Other revenue from rendering of services	92,582	80,196
	283,803	**315,586**
Royalty income		
Royalty income	194	178
Other revenue		
Donations received	10	19
Total revenue from contracts with customers	**294,793**	**323,897**

Timing of revenue recognition

	2023 R'000	2022 R'000
At a point in time		
Sale of goods	10,786	8,114
Rendering of services	1,266	1,401
Donations received	10	19
	12,062	**9,534**
Over time		
Rendering of services	189,503	233,989
Services revenue arising from property leases (rentals)	92,582	80,196
Royalty income	194	178
Fees earned	(452)	-
	282,731	**314,363**
Total revenue from contracts with customers	**294,793**	**323,897**

20. COST OF SALES

	2023 R'000	2022 R'000
Sale of goods	12,316	23,247
Sale of goods		
Sale of goods - catering and bar sales	12,316	23,247
Rendering of services		

21. OTHER OPERATING INCOME

	2023 R'000	2022 R'000
Fees earned	398	360
Sundry income	9,041	17,708
Government grants	303,153	438,123
	312,592	**456,191**

22. OPERATING PROFIT (LOSS)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	2023 R'000	2022 R'000
Auditor's remuneration - external		
Audit fees	4,702	4,378
Remuneration, other than to employees		
Consulting and professional services	23,359	11,528
Employee costs		
Salaries, wages, bonuses and other benefits	354,565	325,602
Insurances	207	223
Allowances	-	39
Other short-term costs	7,153	5,228
Retirement benefit plans: defined contribution expense	24,782	22,598
Termination benefits	-	150
Total employee costs	**386,707**	**353,840**

	2023 R'000	2022 R'000
Leases		
Short-term leases	3,664	1,134
Total lease expenses	**3,664**	**1,134**
Depreciation and amortisation		
Depreciation of property, plant and equipment	24,780	24,210
Depreciation of right-of-use assets	534	892
Amortisation of intangible assets	3,905	3,634
Total depreciation and amortisation	**29,219**	**28,736**
Impairment losses		
Property, plant and equipment	40	-
Movement in credit loss allowances		
Trade and other receivables and loans and advances	(7,975)	9,123
Other		
Research and development costs	557	161

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:

	2023 R'000	2022 R'000
Changes in inventories of finished goods and work in progress	12,316	23,247
Employee costs	386,707	353,840
Lease expenses	3,664	1,134
Depreciation, amortisation and impairment	29,259	28,736
Other expenses	371,396	331,830
	803,342	**738,787**

23. EMPLOYEE COSTS

	2023 R'000	2022 R'000
Employee costs		
Basic	295,236	274,801
Performance incentives	36,743	31,975
Medical aid - company contributions	12,021	10,833
UIF	982	1,005
WCA	641	587
SDL	3,192	2,887
Leave pay provision charge	5,750	3,514
Funeral scheme benefits	207	223
Relocation allowances	-	39
Other short-term costs	7,153	5,228
Retirement benefit plans	24,782	22,598
Termination benefits	-	150
	386,707	**353,840**
Total employee costs		
Indirect employee costs	-	-
Direct employee costs	386,707	353,840
	386,707	**353,840**

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 2023	Total Cost to Company 2022
	R'000	R'000	R'000	R'000	R'000
Executive management and programme directors	40,967	6,197	5,911	53,075	50,925
Other employees	274,838	16,608	24,023	315,469	288,208
	315,805	**22,805**	**29,934**	**368,544**	**339,133**

Included in the above-mentioned employee costs are costs for the following key management personnel:

Key management personnel cost paid (other than directors)

	Salary	Other Short-Term Benefits	Performance Incentive Paid	Total Cost to Company 2023	Total Cost to Company 2022
	R'000	R'000	R'000	R'000	R'000
L Billings	1,066	110	-	1,176	3,840
T Ngxekana	1,580	423	348	2,351	1,813
A Xawuka	1,769	488	-	2,257	773
Z Kunene	1,817	241	363	2,421	2,265
T Poswa	1,804	237	150	2,191	2,094
R Hill	1,555	237	-	1,792	-
T Chauke	1,680	260	-	1,940	-
Z Mqhathu	1,874	251	314	2,440	2,132
S Simayi	1,969	253	359	2,581	2,208
A Ntloko	805	81	-	886	-
M Sebothoma	1,991	298	-	2,289	-
H van der Kolf	-	-	-	-	1,504
F Ndema	1,651	225	308	2,183	1,793
T Koza	3,007	455	768	4,230	3,789
D Lefutso	2,264	351	611	3,228	2,897
N Mouchilli	1,808	239	231	2,278	2,269
M Mawasha	2,263	290	127	2,680	2,766
C Mbande	2,281	475	612	3,367	3,072
B Mthembu	-	-	-	-	2,317
G Moyo	1,690	223	300	2,213	1,921
K Byrne	-	-	-	-	3,372
A van Jaarsveldt	2,243	105	464	2,812	2,674
T Jack	1,553	335	316	2,204	1,946
M Mabula	2,503	378	250	3,131	3,348
V Heynes	1,794	242	390	2,425	2,132
	40,967	**6,197**	**5,911**	**53,075**	**50,925**

Number of persons employed during the year:

	2023	2022
Fixed term contract	176	191
Permanent	264	248
	440	**439**

24. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	2023 R'000	2022 R'000
Depreciation		
Property, plant and equipment	24,780	24,210
Right-of-use assets	534	892
	25,314	25,102
Amortisation		
Intangible assets	3,905	3,634
Impairment losses		
Property, plant and equipment	40	-
Total depreciation, amortisation and impairment		
Depreciation	25,314	25,102
Amortisation	3,905	3,634
Impairment losses	40	-
	29,259	**28,736**

25. INVESTMENT INCOME

	2023 R'000	2022 R'000
Interest income **Investments in financial assets:**		
Bank and other cash	9,985	5,574

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

26. FINANCE COSTS

	2023 R'000	2022 R'000
Trade and other payables	12,665	6,399
Late payment of tax (Tax authorities)	(162)	1,569
Other interest paid	47	267
Total finance costs	**12,550**	**8,235**

27. OTHER NON-OPERATING GAINS (LOSSES)

	Note	2023 R'000	2022 R'000
Gains (losses) on disposals, scrappings or settlements			
Disposal of PPE and investment property		(3,062)	(1,437)
Fair value gains (losses)			
Investment property	5	(81,632)	(556,438)
Total other non-operating gains (losses)		**(84,694)**	**(557,875)**

28. TAXATION

Major components of the tax expense (income)

	2023 R'000	2022 R'000
Deferred		
Originating and reversing temporary differences	(35,935)	(158,382)
Changes in tax rates	-	(8,645)
Arising from previously unrecognised tax loss	(9,897)	-
Other deferred tax	-	-
	(45,832)	**(167,027)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2023 R'000	2022 R'000
Accounting profit/(loss)	64,077	(204,077)
Tax at the applicable tax rate of 27% (2022: 28%)	17,301	(57,142)
Tax effect of adjustments on taxable income		
Recognition of deferred tax asset not previously recognised	(9,897)	-
Donations received	(2)	(5)
Current year tax losses not recognised	2	706
Rate change (permanent difference)	-	(8,645)
Non-deductible expenses	5,580	5,547
Exempt income: Government grants	(58,816)	(107,488)
	(45,832)	**(167,027)**
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	-	-
Temporary differences not recognised for investments in subsidiaries / branches / associates / joint ventures.	-	39,263

No provision has been made for 2023 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R114,6 million (2022: R59 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.

29. TAX (PAID) REFUNDED

	2023 R'000	2022 R'000
Balance at beginning of the year	9,110	(64,736)
Balance at end of the year	1,263	(9,110)
	10,373	**(73,846)**

30. COMMITMENTS

Authorised capital expenditure

	2023 R'000	2022 R'000
Already contracted for but not provided for		
Property, plant and equipment	176,089	378,581

This committed expenditure relates to property, plant and equipment (including future investment properties) and will be financed by available grant funding, existing cash resources and other internally generated funds.

Operating leases – as lessor (income)

	2023 R'000	2022 R'000
Minimum lease payments due		
First year	186,707	189,230
Second year	177,426	164,667
Third year	166,694	159,855
Fourth year	157,678	141,434
Fifth year	154,714	123,098
Sixth year and onwards	3,365,514	3,084,162
	4,208,733	**3,862,446**

31. CONTINGENCIES

The company 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 R16,6 million (2022: R12,5 million).

Contingent asset - counter claim against the Nelson Mandela Bay Municipality:

Included in trade and other payables is an amount of R158 million (2022: 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 R140 million (2022: 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 company holds guarantees amounting to R764 025 (2022: 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 the company has credit card facilities with a combined limit of R350 000 (2022: R350 000), petrol cards to the value of R1 200 000 (2022: 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 Public Finance Managment Act. 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 21 and 17. There were no further transactions with related parties during the year other than those disclosed in this note.

In terms of IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements. In the case of Coega Development Corporation (Pty) Ltd, the related parties are: a) its holding comany, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism; b) its subsidiaries, Rapid Infrastructure Development Agency (Pty) Ltd and the Coega Development Foundation and c) members of key management which are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Details of transactions with key management is set out in notes 23 and 33.

Relationships

Ultimate holding company:	Eastern Cape Department of Economic Development, Environmental Affairs and Tourism
Subsidiaries:	Refer to note 7

Related party balances

	2023 R'000	2022 R'000
Loan accounts - Owing (to) by related parties		
Rapid Infrastructure Development Agency (Pty) Ltd	88,278	81,515

Related party balances continued...

	2023 R'000	2022 R'000
Amounts included in loan accounts regarding related parties		
Expenses paid on behalf of Rapid Infrastructure Development Agency (Pty) Ltd	5,817	10,600
Rental income received from Rapid Infrastructure Development Agency (Pty) Ltd	946	889
Other related party transactions - grants received		
Department of Economic Development Environment Affairs and Tourism	53,242	181,166

33. DIRECTORS' EMOLUMENTS

Executive

	Emoluments	Total Cost to Company	Emoluments	Total Cost to Company
	2023	2023	2022	2022
	R'000	R'000	R'000	R'000
K.V. Tiya (Chief Executive)	5,784	5,784	5,250	5,250
	5,784	**5,784**	**5,250**	**5,250**

Non-executive

	Directors' Fees	Total Cost to Company	Directors' Fees	Total Cost to Company
	2023	2023	2022	2022
	R'000	R'000	R'000	R'000
Dr. P. Jourdan (outgoing Chairperson)	411	411	252	252
A. Mjekula (outgoing Deputy Chairperson)	360	360	315	315
Y.B.B. Damoyi (Chairperson)	140	140	219	219
N.P. Mtembu	261	261	220	220
P. Nkomo	154	154	100	100
P. Xuza	226	226	211	211
	1,552	**1,552**	**1,317**	**1,317**

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of Financial Assets

	Notes	2023 Amortised cost R'000	2023 Total R'000	2023 Fair value R'000
Loans and advances	10	55,429	55,429	51,757
Trade and other receivables	11	140,726	140,726	140,726
Cash and cash equivalents	12	855,735	855,735	855,735
		1,051,890	**1,051,890**	**1,048,218**

	Notes	2022 Amortised cost R'000	2022 Total R'000	2022 Fair value R'000
Loans and advances	10	46,118	46,118	46,118
Trade and other receivables	11	148,228	148,228	148,228
Cash and cash equivalents	12	1,005,704	1,005,704	1,005,704
		1,200,050	**1,200,050**	**1,200,050**

Categories of Financial Liabilities

	Notes	2023 Amortised cost R'000	2023 Leases R'000	2023 Total R'000	2023 Fair value R'000
Trade and other payables	16	763,842	-	763,842	763,842
Finance lease obligations	4	-	230	230	230
		763,842	**230**	**764,072**	**764,072**

	Notes	2022 Amortised cost R'000	2022 Leases R'000	2022 Total R'000	2022 Fair value 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**

Pre-tax gains and losses on financial instruments

Gains and losses on financial assets	Notes	2023 Amortised cost R'000	2023 Total R'000	2022 Amortised cost R'000	2022 Total R'000
Recognised in profit or loss:					
Interest income	**25**	9,985	9,985	5,574	5,574
Movement in credit loss allowances	**22**	7,975	7,975	(9,123)	(9,123)
Net gains (losses)		**17,960**	**17,960**	**(3,549)**	**(3,549)**

Gains and losses on financial liabilities	Notes	2023 Amortised cost R'000	2023 Total R'000	2022 Amortised cost R'000	2022 Total R'000
Recognised in profit or loss:					
Finance costs	**26**	(12,550)	(12,550)	(8,235)	(8,235)

Capital risk management

The company's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Notes	2023 R'000	2022 R'000
Lease liabilities		230	821
Trade and other payables	16	767,514	638,708
Deferred income		355,055	582,214
Income received in advance		23,510	34,323
Total borrowings		**1,146,309**	**1,256,066**
Cash and cash equivalents	12	(855,735)	(1,006,243)
Net borrowings		**290,574**	**249,823**
Equity		6,081,497	5,971,588
Gearing ratio		5%	4%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (interest rate risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities.

The company 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 company. 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 and contract assets 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.

		2023			2022		
		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	73,723	(18,294)	55,429	63,989	(17,871)	46,118
Operating lease asset	5.2	258,270	-	258,270	261,061	-	261,061
Trade and other receivables	11	166,295	(25,569)	140,726	182,195	(33,967)	148,228
Cash and cash equivalents	12	855,735	-	855,735	1,005,704	-	1,005,704
		1,354,023	**(43,863)**	**1,310,160**	**1,512,949**	**(51,838)**	**1,461,111**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company 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 andgrant funding.

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.

		2023		
	Notes	Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	16	763,842	763,842	763,842
Lease liabilities	4	230	230	230
		623,720	**623,950**	**623,950**
Current assets				
Trade and other receivables	11	140,726	140,726	140,726
Loans and advances	10	55,429	55,429	55,429
		196,155	196,155	196,155
		(567,917)	**(567,917)**	**(567,917)**

		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	148,228	-	148,228	148,228
Loans and advances	10	46,118	-	46,118	46,118
		194,346	-	194,346	194,346
		(429,374)	**(230)**	**(429,604)**	**(429,604)**

Interest rate risk

Fluctuations in interest rates impact on the value of investments, giving rise to interest rate risk.

The company 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

	2023		2022	
	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Bank and cash deposits (1% increase or decrease)	8,558	(8,558)	10,057	(10,057)

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	2023 R'000	2022 R'000
ASSETS			
Investment properties	**5**		
Investment properties		6,026,320	5,900,083
Total		**6,026,320**	**5,900,083**

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 2022/23 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 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. In reaching its conclusion on the going concern assessment, the directors also considered the long-term viability of the company. This included key changes to the principal risks relevant to the sustainability of our operations, sensitivity analysis, scenario assessments, and combinations thereof, including that of a longer-term global recession with likely impacts beyond 2023. 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 AND FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R'000	2022 R'000
Irregular expenditure incurred during the year	8,418	38,195

The disclosure note above has been restated during the financial year under review, as a result of National Treasury Instruction Note 4 of 2022/2023. This requires a specific format for disclosure of Irregular and Fruitless and wasteful expenditure in the Annual Financial Statements as aligned to the PFMA requirements. The impact is to only reflect amounts incurred in the current financial year, with a one financial year comparative figure.

Current year irregular expenditure reflected above relates to further expenditures incurred on finalisation of two projects carried forward from the prior year irregular expenditure register. This is because the matters have not yet been condoned or removed from the register in terms of the relevant National Treasury instruction.

R11.1 million of the prior year irregular expenditure reflected above was recovered in the prior financial year. Additional information relating to irregular expenditure is recorded in the PFMA Compliance Report of the annual report.

No fruitless or wasteful expenditure has been recognised in the period under review.

38. 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 company again embarked on a process of being measured for B-BBEE compliance with the B-BBEE Codes of Good Practice, Gazette No. 38766. However, the company 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 annual financial statements.

DETAILED INCOME STATEMENT

	Notes	31-Mar 2023 R'000	31-Mar 2022 R'000
REVENUE			
Sale of goods		10,786	8,114
Rendering of services		283,803	315,586
Royalty income		194	178
Rental income on investment properties		296,167	283,367
Levies and other income on investment properties		27,440	23,637
Interest received (trading)		15,711	17,277
Donations		10	19
	19	**634,111**	**648,178**
Cost of sales			
Opening stock		(652)	(333)
Purchases		(12,508)	(23,566)
Closing stock		844	652
	20	**(12,316)**	**(23,247)**
Gross profit		**621,795**	**624,931**
Other operating income			
Fees earned		398	360
Other income		9,041	17,708
Government grants		303,153	438,123
	21	**312,592**	**456,191**
Movement in credit loss allowances	**22**	**7,975**	**(9,123)**
EXPENDITURE *(refer to next page)*		(791,026)	(715,540)
Operating profit	**22**	**151,336**	**356,459**
Investment income	**25**	9,985	5,574
Finance costs	**26**	(12,550)	(8,235)
Other non-operating gains (losses)			
Losses on disposal of assets or settlement of liabilities		(3,062)	(1,437)
Fair value losses		(81,632)	(556,438)
Profit (loss) before taxation		**64,077**	**(204,077)**
Taxation	**28**	45,832	167,027
Profit (loss) for the year		**109,909**	**(37,050)**

The supplementary information presented does not form part of the consolidated annual financial statements and is unaudited.

	Notes	2023 R'000	2022 R'000
Other operating expenses			
Advertising		(2,062)	(2,401)
Amortisation	**24**	(3,905)	(3,634)
Auditors remuneration - external audit	**22**	(4,702)	(4,378)
Bad debts		(2,635)	(14,268)
Bank charges		(548)	(685)
Cleaning		(2,944)	(3,019)
Computer expenses		88	(659)
Accounting fees		(196)	(3)
Consulting and professional fees - general		(12,304)	(5,700)
Consulting and professional fees - legal fees		(10,859)	(5,825)
Consumables		(661)	(766)
Delivery expenses		(105)	(82)
Depreciation	**24**	(25,314)	(25,102)
Donations		(2)	-
Employee costs	**23**	(386,707)	(353,840)
Entertainment		(61)	(14)
Other		(597)	(1,484)
Lease rentals - operating leases		(2,056)	(2,578)
Temporary workers		(5,187)	(4,653)
Direct contract costs		(8,981)	(1,494)
Health & safety		(6,780)	(7,468)
Project costs		(23,984)	(29,488)
CSI		(41)	(43)
Programme training expenses		(6,219)	(6,756)
Credit checks		(10)	(10)
Impairment		(40)	-
Insurance		(10,317)	(8,858)
IT expenses		(27,062)	(17,370)
Short-term leases		(3,664)	(1,134)
Motor vehicle expenses		(5,145)	(4,601)
Municipal expenses		(112,828)	(104,529)
Placement fees		(585)	(570)
Printing and stationery		(869)	(1,027)
Promotions		(2,974)	(1,657)
Repairs and maintenance		(33,962)	(30,384)
Research and development costs		(557)	(161)
Security		(27,345)	(23,322)
Staff welfare		(3,888)	(2,060)
Subscriptions		(3,405)	(3,876)
Telephone and fax		(20,193)	(15,662)
Training		(6,069)	(7,300)
Travel - local		(24,283)	(17,725)
Travel - overseas		(1,068)	(954)
		(791,026)	**(715,540)**

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 (GB) 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 a Delegation of Authority Document in place that has been approved by the Board and is periodically reviewed to ensure that the document is current and addresses the issues that need to be dealt with by the Board as well as those that the Board has delegated to either its 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 subcommittees 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 for ensuring compliance by monitoring compliance through the reports presented for approval. • Each functional unit within the organisation ensures compliance and is thereafter subjected to an independent audit; all findings emanating from an audit are diligently addressed 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 – Coega Headquarters, South Africa, Gqeberha.

ABBREVIATIONS & ACRONYMS

ABASA	Advancement of Black Accountants of Southern Africa
ADZ	Aquaculture Development Zone
ADB	African Development Bank
AfCFTA	African Continent Free Trade Area
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
AIH	Africa Information Highway
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
AU	African Union
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
BFI	Budget Facility for Infrastructure
BMF	Black Management Forum
BPO	Business Process Outsourcing
Bps	Basis Points
BSc.	Bachelor of Science
BU	Business Unit
CA (SA)	Chartered Accountant of South Africa
CAPEX	Capital Expenditure
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
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
DEDEAT	Department of Economic Development, Environmental Affairs & Tourism
DFFE	Department of Environment, Forestry and Fisheries
DFP	Development Framework Plan
DRDLR	Department of Rural Development and Land Reform
DoE	Department of Education
DoH	Department of Health
DoT	Department of Transport
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
EC-PDP	Eastern Cape Provincial Development Plan
EIA	Environmental Impact Assessment
EM	Executive Manager
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ESD	Enterprise and Supplier Development
ETI	Employment Tax Incentive
EU	European Union
EXMA	Executive Management Committee
FAW	First Automotive Works
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GGDA	Gauteng Growth and Development Agency
GGP	Gross Geographic Product
GIAIP	Gulu Integrated Agro-Industrial Park
HA	Hectare
HCS	Human Capital Solutions
HIV	Human Immunodeficiency Virus
HRRC	Human Resources and Remuneration Committee
HV	High Voltage
IA	Implementing Agent
IAR	Integrated Annual Report
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
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
MSc.	Master of Science
MMC	Member of the Mayoral Committee
MTEF	Medium Term Expenditure Framework
MV	Medium Voltage
MW	Mega Watts
NAAQI	National Ambient Air Quality Indicator
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
OPEX	Operational Expenditure
OTP	Office of the Premier
P-MTSF	Provincial Medium Term Strategic Framework
PA	Principal Agent
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
PFMA	Public Finance Management Act
PhD.	Doctor of Philosophy
PIA	Programme Implementing Agent
PIC	Public Investment Corporation
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
SIID	Research and Development
SA	South Africa
SAAE	South African Academy of Engineers
SAAQIS	South African Air Quality Information System
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
SDG	Sustainable Development Goals
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
TASEZ	Tshwane Automotive Special Economic Zone
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
VACC	Vulindlela Accommodation and Conference Centre
VAT	Value Added Tax
VWSA	Volkswagen South Africa
WISA	Water Institute for Southern Africa
WWTW	Wastewater Treatment Works


COEGA
DEVELOPMENT CORPORATION

From left: CDC Chief Executive Officer, Mr. Khwezi Tiya, CDC Executive Manager: Business Development, Ms. Asanda Xawuka, MEC DEDEAT, Mr. Mlungisi Mvoko, HOD DEDEAT, Ms. Mickey Mama, DTIC Deputy Minister, Hon. Mr. Fikile Majola and CEO EL IDZ, Mr. Simphiwe Kondlo.

A few of the 58 Operational Investors at the Coega SEZ.

Complaints Management

Help us change your bad experience into a positive encounter

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

Tip-Off Anonymous

BLOW THE WHISTLE ON FRAUD / CORRUPTION / THEFT / BLACKMAIL / BRIBERY / INTIMIDATION / OTHER UNETHICAL BEHAVIOR

Call Toll-free TODAY: 0800 007 035 and remain anonymous.

Free fax: 0800 200 796 | Email: hotline@kpmg.co.za | Website: www.thornhill.co.za/kpmgfaircallreport
Postal Address: BNT 371, P.O Box 14671, Sinoville, 0129

The Tip-Off Anonymous hotline is currently independently managed by KPMG.

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

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