



Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa



ENVIRONMENTAL, SOCIAL, RESILIENCE AND GOVERNANCE JOURNEY 2025

Introduction

In the past year we have seen material changes in our Environmental, Social, Resilience and Governance (ESRG) policy and regulatory space:

- The European Union (EU) Carbon Border Adjustment Mechanism (CBAM) introduced in 2019 and published in 2021 with further amendments introduced in 2022, 2023 and 2025, is a carbon-border tax on embedded greenhouse gases (GHGs) of carbon-intensive products imported into the EU. The EU CBAM covers carbon-intensive sectors such as iron and steel, cement, aluminium, fertilisers, electricity and hydrogen. The IDC has initiated the process of assessing impacts of this regulation on the IDC portfolio.
- The South Africa Climate Change Act 22 of 2024, envisages a long term, just transition to a low-carbon, climate-resilient economy and society aligned with sustainable development goals. The Act mandates the government (i.e., departments) to set sectoral emission targets (SETs) every five years and allocate carbon budgets to major greenhouse gas emitting companies, effectively capping their emissions and requiring them to develop mitigation plans to stay within these limits.
- The South African Reserve Bank has asked the financial services sector to participate in stress testing to assess the impact of climate risks on its financial stability. The IDC as part of its ESRG programme is thus assessing the impact of emerging climate risks on its portfolio whilst ensuring identification and appropriate management of the climate risks in its new investments.

Significant strides were made during the year in integrating ESRG principles through the IDC's investment and funding cycles.

The Corporation's Responsible Investment Policy continues to inform investments and funding decisions as it defines IDC's principles for responsible investing. This policy provides the IDC exclusion list (i.e., transactions it will not invest in) and a list of restricted activities that the IDC will fund, guided by and under specific conditions.

The IDC Environment and Social Policy, has been updated and approved and is now known as the ESRG Risk Policy. This policy sets out how the IDC, in partnership with its business partners, is to manage and implement an integrated ESRG risk and impact management process which also prioritises the identification and management of emerging climate transition and physical risks.

The ESRG Risk Policy enables the enactment and improvement of the Corporation's environmental and social management system (ESMS) and all other related ESRG tools applied at due diligence stage, post investment stage and at the exit stage.

Some of the IDC ESRG tools applied and tracked across the investment cycle include the Development Scorecard and Fossil House Views/Positions (as and when required) on coal, natural gas, liquid fuels and uranium activities. These ESRG tools together with the application of the ESMS also enable the implementation of the sustainable finance bond framework.

In this financial year, the IDC further approved the IDC Metrics Framework for disclosures, GHG target setting and reporting. This framework will guide and shape the Corporation's overall disclosures and reporting as part of its broader ESRG framework. The metric framework consists of 14 metrics which the IDC will continuously improve and report on throughout its ESRG journey.

Alignment with the IDC strategy

Our ESRG Programme remains one of the key strategic enablers to the four IDC Sustainable Industrial Pathways for sustainable industrialisation which include:

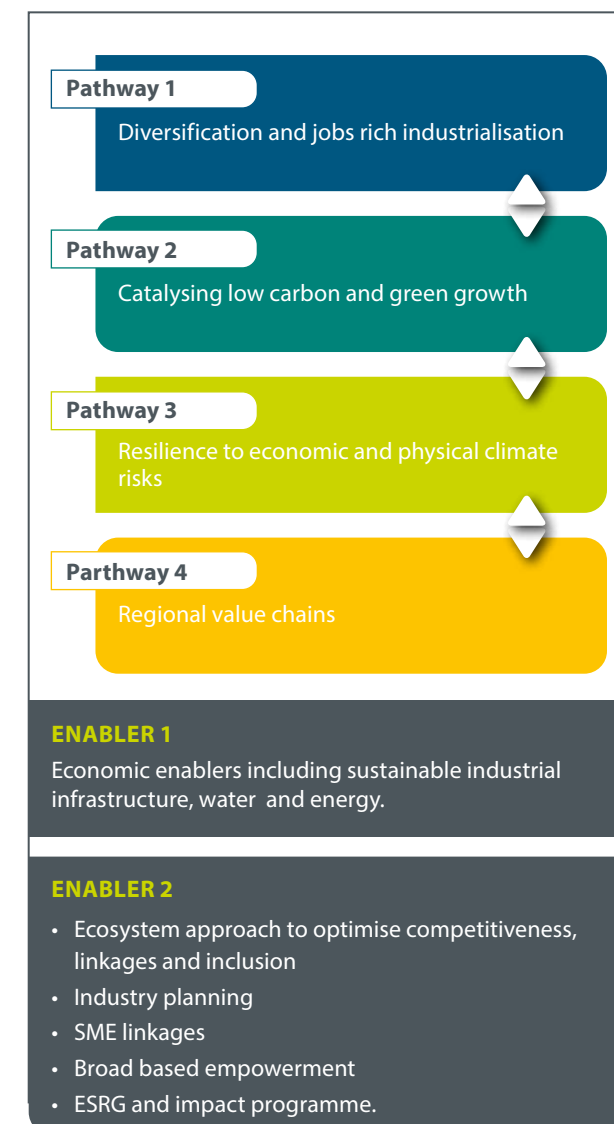
- Diversification and jobs-rich industrialisation
- Catalysing Low Carbon and Green Growth
- Regional value chains
- Supporting economic and climatic resilience of the economy.

The ESRG programme enables the IDC to be a responsible investor supporting the integration and implementation of initiatives aimed at promoting development outcomes and impact.

It also contributes to IDC's ecosystem approach to optimise competitiveness, linkages and inclusion. As such the IDC ESRG Programme is aimed at supporting the IDC to achieve the following:

- Promotion of low carbon and a just transition including an environmentally responsible growth
- Socially inclusive growth
- Economic and climatic resilience of strategic sectors and industries. This includes a recovery from transition and physical risks to support a new industrialisation pathways and regional value chains
- A defined governance approach and integration processes to continuously promote efficiency and effectiveness of the IDC's investment and funding cycle in the context of emerging and evolving ESRG frameworks and standards.

Sustainable and inclusive industrialisation

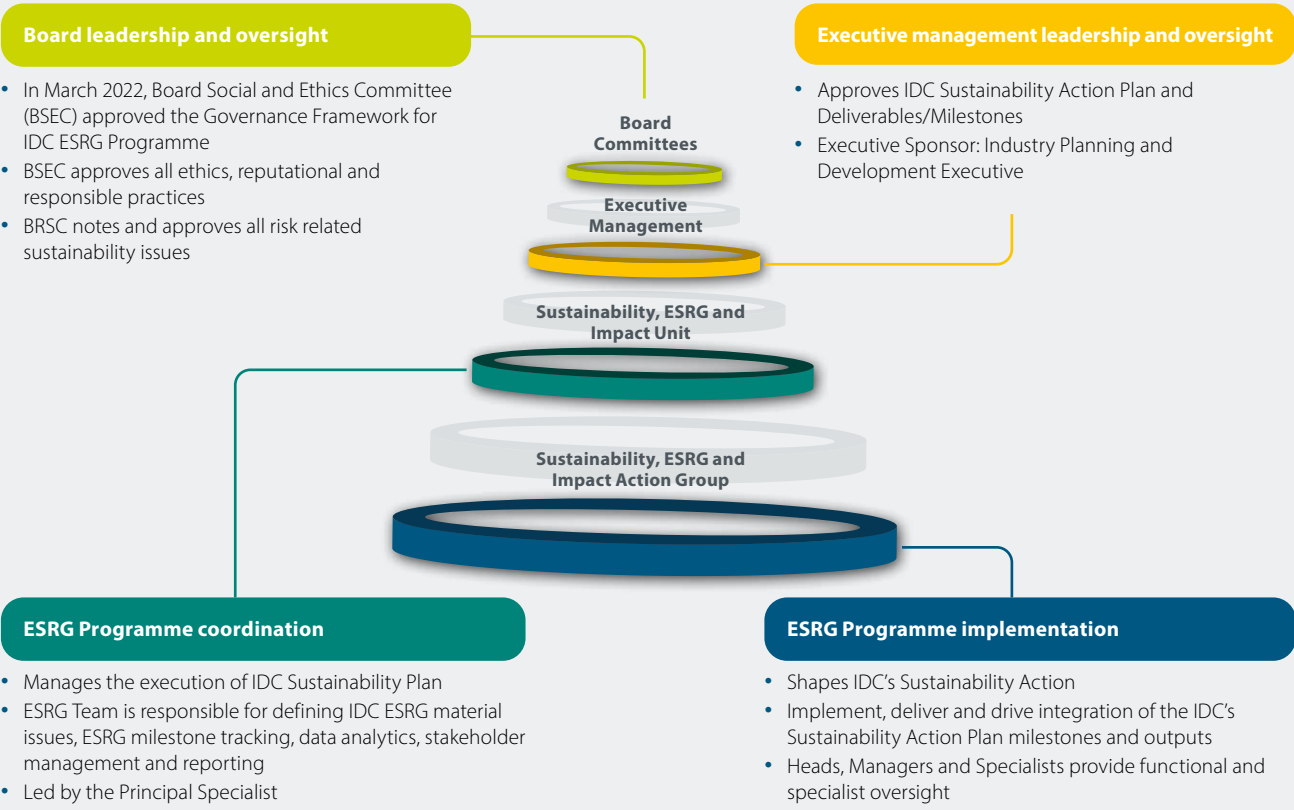


ESRG programme: Governance Framework

To continuously safeguard our ESRG journey, the Corporation has an ESRG governance framework which is reviewed annually to improve the implementation of the ESRG programme while the IDC Sustainability Action Plan is approved and tracked on annual basis. This plan is implemented by various departments across the Corporation.

Governance framework

Our **ESRG governance framework** is reviewed and updated annually. Additionally, our annual Sustainability Action Plan is approved by the IDC Executive Committee (ExCo), while all progress on the ESRG programme is noted annually by both the ExCo and by the Board Risk and Sustainability Committee (BRSC). The diagram below provides detailed overview of the ESRG Programme governance across the Corporation.



ESRG integration and implementation

A cross-functional ESRG and operating model facilitates integration and implementation of the annual IDC sustainability action plan milestones into the Corporation. This operating model is an integral part of the Corporation's strategy and governance structure, ensuring that ESRG principles and practice defined in the responsible investment policy are integrated into the investment and funding cycle. The model further enables the IDC to meet emerging ESRG regulatory requirements, standards and framework while managing its reputation and creating long term stakeholder value.

ESRG and impact operating model



Sustainability action plan performance in 2024/25

 MILESTONES	 ACHIEVEMENTS
IDC sustainability thought leadership series	Hosted two successful sustainability thought leadership events, led by: - The Worldwide Fund for Nature (WWF) South Africa on biodiversity on the role of the financial services sector, with a special focus on sustainable industrial development - The Council for Scientific and Industrial Research (CSIR) on the circular economy and the role of the financial services sector, focusing on sustainable industrial development
Preparation for 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29)	The Corporation joined long time partner, the National Business Initiative, and international partners at COP29 to discuss sustainable industrial development, transition finance to drive decarbonisation and sustainable industrialisation, energy and infrastructure to enable sustainable industrial development and required partnerships
ESRG and sustainability impact materiality assessment	Annual materiality assessment on ESG principles and factors
Approval of the ESG risk policy	Evolution of the environmental and social policy to the ESG risk policy, which specifies principles and controls for managing risks, opportunities and impacts (to be read with the responsible investment policy)
Disclosures, targets and metrics framework for IDC carbon exposures	Metrics framework approved for climate disclosures and GHG emissions target setting and reporting. This is based on 14 metrics to shape the Corporation's reporting and disclosure journey for the next five years
Development of a top-down approach to measure financed emissions	Scope 3 methodology approved for financed emissions. It draws on the Partnership for Carbon Accounting Financials standard and allows for comparison with other financial institutions
GHG report 2024	Continued improvement of GHG emissions reporting and disclosures, particularly Scope 3 emissions
Uranium and nuclear position papers	Positions and statements for internal use and for external stakeholders on request
Approach to sustainable agriculture finalised	Proposal of a framework for sustainable agriculture to limit the sector's effect on climate change and sustain long-term food security in line with the IDC agricultural industry plan
Development scorecard updates for implementation from 1 April 2025	A tool to define and measure IDC development outcomes and impact, enabling continued tracking and reporting on progress towards achieving SDGs
Sustainable finance bond framework	A highly successful R2.046 billion inaugural sustainability bond, surpassing the R1.5 billion target with an orderbook of R3.464 billion. The bond includes green, social and transition bond criteria issued across five-, seven-, 10- and 12-year tenors. Proceeds will support projects aligned with the sustainable finance framework, with criteria based on ESG principles in the development scorecard, reinforcing IDC commitment to sustainable development

Annual ESG and impact materiality assessment results

The IDC conducted its second internal ESG and sustainability impact survey in 2024, which informed its continued identification of ESG materiality factors to further its sustainability programme and journey. This includes ensuring alignment with and integration into the investment process of global standards and legislation, ESG policies and guidelines and ensuring effective due diligence.

66%

of the respondents to the survey "Are aware that the IDC discloses on an annual basis a greenhouse gas emission report"

44%

of the respondents to the survey "Have attended Thought Leadership Series"

45%

of the respondents to the survey indicated that they have "insufficient knowledge to consider ESG and sustainability impact criteria" in their investment analysis and decision-making process

49%

of respondents identified "Sustainable Finance as part of Deal Structuring" as a key ESG, and sustainability impact opportunity that their business function should explore and integrate

45%

of respondents indicated they have "no knowledge of sustainable finance available and requirements" when asked about the ESG and sustainability impact risks their business function is facing

44%

of respondents identified a "lack of appropriate qualitative ESG information" as a key factor limiting their ability to use non-financial information in investment decisions

ESRG SURVEY METRICS

Why ESG sustainability impact criteria is excluded in decision making:

- Insufficient knowledge to consider these criteria

45.24%

ESRG sustainability impact opportunities that business functions should explore and integrate:

- Sustainable finance as part of deal structuring

48.76%

ESRG sustainability impact risk that business functions are facing:

- No knowledge of sustainable finance is available and required

48.83%

Factors limiting business function's ability to use non-financial information in investment decision:

- Lack of appropriate qualitative ESG information

43.79%



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IDC metrics framework for disclosures, GHG emissions target setting and reporting

In the past year, the ExCo has approved the IDC Metrics Framework for climate disclosures, GHG emissions targeting and reporting.

This framework guides and shapes the Corporation’s overall disclosures and reporting as part of its broader ESG framework. The metric framework consists of 14 metrics which the IDC will continuously improve and report on throughout its ESG journey.

Guidance on how these metrics are to be presented, as well as their current status, is detailed in the table below.

Metric	Unit of measures and/or description	Guidance	Status of each metric
1. Report on Board oversight of climate-related risks and opportunities 2. Report on management’s role in assessing and managing climate risks and opportunities	- Disclose the organisation’s governance of climate-related risks and opportunities. - Describe the Board’s oversight of climate risks and opportunities - Describe management’s role in assessing and managing climate risks and opportunities		Roles and responsibilities of the ESG governance framework provide insights to how the IDC climate related risks and opportunities oversight is provided
3. Report on impact of climate risks and opportunities on the organisation’s businesses, strategy and financial planning 4. Report on resilience of the organisation’s strategy, considering different climate-related scenarios, including a 2°C-or-lower scenario	- Disclose the actual and potential impacts of climate risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material - Describe the risks and opportunities the organisation has identified for the short, medium and long term - Describe the impact of risks and opportunities on the organisation’s businesses, strategy and financial planning - Describe the resilience of the organisation’s strategy, considering different scenarios, including a 2°C-or-lower scenario		- The IDC’s broad climate-related risks and opportunities are described in the IDC’s strategy: ‘Pathways for sustainable Industrial development’ - Initial work has been initiated to assess the impact on IDC’s BPs with a focus on climate transition risk - Implementation of IFRS-S1 shall guide future work on the impacts on financial planning. This shall include work on the impacts of physical risks and sector emissions pathways modelling aligned with South Africa’s NDCs and Just Transition objectives
5. Report on the processes for identifying and assessing climate-related risks 6. Report on the processes for managing risks 7. Describe how processes for identifying, assessing and managing risks are integrated into the organisation’s risk management	Disclose the process through which the organisation identifies, assesses and manages climate-related risks (transition and physical risks, including environmental and social risks)		The IDC ESG Risk policy, its supporting ESMS, environmental and social risk assessment (ESRA) tools provide IDC’s process to identify, assess, manage and report on climate related risks and opportunities

Metric	Unit of measures and/or description	Guidance	Status of each metric
8. Disclose GHG absolute emissions	- Metric tonne of CO₂e - Measure GHG emissions in accordance with the GHG Protocol for Scopes 1 and 2 - Measure GHG emissions for Scope 3 category 15 (financed emissions)	- Scopes 1 and 2: IDC and its subsidiaries - Scope 3: financed emissions, a phased approach starting with a portion of the portfolio or starting with carbon-intensive activities such as fossil fuels - Qualitative targets indicative of this phased approach typically with a commitment to net zero by 2030 or 2050	- The IDC discloses its Scopes 1 and 2 emissions - IDC's top-down methodology applied to account for FY 2024/25 financed emissions - Qualitative targets approach in place - Qualitative targets not in place
9. Disclose transition and physical risks	- Amount or percentage - Disclose the amount and extent of an organisation's assets or business activities vulnerable to climate-related transition risks and material climate-related physical risks	The most used metric for transition risks is tracking exposure to high-carbon-intensive activities, particularly fossil fuels, while the focus for physical risks tracking tends to be on agriculture and flooding. Transition opportunities are tracked largely by resource and energy efficiency	- Tracking of exposure to high carbon intensive activities in place - Physical risk identified
10. Disclose climate-related opportunities	- Amount or percentage - Disclose the proportion of revenue, assets or business activities aligned with climate-related opportunities to allow comparison between an organisation and its peers and to heighten awareness among users of transition pathways and potential changes in revenue and profitability over time	Opportunities defined and implemented	- Opportunities defined and identified through various approved industry plans and green milestones - Disbursements against climate finance are accounted for (renewable energy and energy efficiency spend including sustainability bond spend)
11. Disclose capital deployment	- Reporting currency - Financing by financial organisations to indicate the extent to which long term enterprise value might be affected	- Transition finance capital deployment target must be set and disclosed - Common capital expenditure targets include mobilising sustainable finance, renewable energy finance and reductions of exposure to carbon-intensive activities involving coal, oil etc. Accurate measurement of financed emissions is a step to more specific targets for capital expenditure and emissions reduction	- The IDC's approved sustainable finance bond framework has been issued in the market, with eligibility criteria for transition, social, green and sustainability defined - Dedicated funds deployed for IDC strategic opportunities such as green hydrogen, new energy vehicles, critical minerals, green steel
12. Disclose internal carbon prices	- Price in reporting currency, per metric tonne of CO₂e - Price on each tonne of GHG emissions used internally by an organisation – the entity is required to explain whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis) and the price for each metric tonne of GHG used to assess the costs of its emission, including amount in reporting currency	- Align with international carbon pricing pathways - Possibly set the internal carbon price to judge the cost to the Corporation of deviating from the chosen pathway	Internal carbon pricing not in place
13. Disclose remuneration	- Remuneration policies are important incentives for achieving an organisation's goals and objectives and may provide insight on governance, oversight and accountability for managing climate-related issues. The entity is required to disclose: - a description of whether and how climate-related considerations are factored into executive remuneration - the percentage of executive management remuneration in the current period linked to climate considerations		IDC Sustainability KPIs in place in line with IDC's mandate and shareholder compact
14. Disclose adoption of environmental, social and governance (ESG) ratings	- Ratings are ranked from leader (AAA, AA) to average (A, BBB, BB) to laggard (B, CCC) - A carbon disclosure rating is a measure of the environmental sustainability of a company based on its voluntary disclosures	- The practice helps investors wishing to incorporate ESG factors into their investment decision-making - Organisations that rate company disclosure include Carbon Disclosure Project, Morgan Stanley Capital International, S&P Global, Sustainalytics, ISS ESG, Refinitiv and FTSE Russell etc	IDC listed BPs have already adopted ESG ratings as part of their disclosures

Annual GHG report

This GHG emissions accounting and reporting initiative forms part of the annual IDC Sustainability Programme and its Sustainability Plan. All GHG emissions data collated and accounted for in this report is for FY 2024/25 and has been audited.

IDC carbon footprint scope 1 and scope 2 emissions

	Verified		Verified	
	FY 2022/23	FY2023/24	FY2024/25	
SCOPE 1 (tCO ₂ eq)				
	Fleet cars	259	74	80
	Generator fuel	0	263	22
	Refrigerant and aircon gas	322	77	107
Subtotal scope 1		420	414 (-1.2%)	209 (-49.6%)
SCOPE 2 (tCO ₂ eq)				
	Electricity	3 972	3 392	3 720
	Subtotal scope 2	3 972	3 392 (-14.6%)	3 720 (+9.7%)
		4 391	3 806	3 929

Results for scope 1 and scope 2 emissions

- The reduction in diesel usage led to a 49.6% decrease in IDC's in-house Scope 1 emissions for FY 2024/25 compared with the prior year.
- Generator fuel records the highest emissions for FY 2023/24 when compared to the other two financial years.
- IDC's in-house Scope 2 (electricity) consumption has increased from FY 2023/24 to FY 2024/25, reflecting a rising demand for energy.
- The above results are mainly reflecting the decreases in loadshedding as well as increases in occupancy within the IDC offices.

Financed emissions

A number of developments have taken place since the IDC initiated its GHG emissions accounting and reporting initiative. These developments include the following:

- » A process of accounting for Scope 3 GHG emissions focused on its investments i.e., starting with subsidiaries in which IDC holds more than 50% equity, listed entities and entities where IDC has an exposure of above R50 million was initiated. This approach has been done in a phased manner e.g. in this current reporting (FY 2024/25), only 88 business partners (BPs) inclusive of listed entities and subsidiaries are to be accounted for and disclosed based on mainly January to December 2024 data.

- » The application of the GHG Protocol (Category 15 emissions) methodology based on the following data from BPs:

- » Electricity consumption, diesel (litres), LPG (liquefied petroleum gas) (kg), LNG (liquefied natural gas) (kg), HFO (heavy fuel oil) (litres/tonnes), coal usage (tonnes), wood pellets (tonnes).

Total energy installed capacity of the operation in megawatts (MW) for the stated FY period.

- » A standardised template for requesting GHG data was distributed to all 88 BPs, with reported emissions calculated in accordance with the GHG Protocol and aligned with the Department of Forestry, Fisheries and the Environment's (DFFE) carbon tax factors.

- » To complement, the application of GHG Protocol above, the ExCo approved the IDC's top-down approach for measuring IDCs financed GHG emissions

- » This top-down approach allows for comparability of IDC-financed emissions with other financial institutions and relies heavily on the Partnership for carbon Accounting Financials (PCAF)

- » The attribution factors utilised in the top-down approach/methodology support a more accurate allocation of emissions to the IDC.

- » The methodology only focuses on IDC's GHG emissions linked to a particular BP as a function of equity as a percentage (i.e., attribution factor) as opposed to a BP's entire or absolute GHG emissions.

- » The methodology considers a wider scope of asset classes which include listed equities, unlisted equities, business loans, project finance, property etc. with their associated data repositories required to calculate the attribution factor are presented.

IDC financed emissions approach: asset class, financed emissions calculation and data sources

Asset class	Financed emissions calculation	Data sources for IDC
Listed equity and corporate bonds	$= \frac{\text{outstanding amount}}{\text{EVIC (equity) or total equity + debt (bonds)}}$	• Attribution numerator: Shareholding x market capitalisation (Bloomberg) • Attribution denominator: Financials (Bloomberg)
Business loans and unlisted equity	$\text{loans} = \frac{\text{outstanding amount}}{\text{total equity and debt (private) EVIC (listed)}}$ $\text{equity} = \frac{\frac{\text{\# of shares of financial institution}}{\text{total shares}} \times \text{total equity}}{\text{total debt and equity}}$	• Loans attribution numerator: Exposure • Listed loans attribution denominator: Financial (Bloomberg) • Private loans attribution denominator: Assets • Unlisted equity numerator: Shares and facilitated investment • Unlisted equity attribution denominator: Assets
Project finance	$\text{loans} = \frac{\text{outstanding amount}}{\text{total equity and debt}}$ $\text{equity} = \frac{\frac{\text{\# of shares of financial institution}}{\text{total shares}} \times \text{total equity}}{\text{total debt and equity}}$	• Loan attribution numerator: Exposure • Loan attribution denominator: Assets • Equity attribution numerator: Shares and facilitated investment/total equity • Equity attribution denominator: Total assets
Commercial real estate	$= \frac{\text{outstanding amount}}{\text{property value at origination}}$	• Attribution numerator: Exposure • Attribution denominator: Total investment facilitated

IDC financed emissions results

The FY 2024/25 results for Financed emissions (Scope 3 emissions) are reflected in the table below. For Scope 3 emissions, a phased approach for disclosing these emissions has been followed utilising the IDC approved top-down methodology.

Focus area	Downstream	Category	2024/25 Financed emissions (KtCO ₂ eq)
		12 listed entities	7 718
Emissions scope	Scope 3 Investments – (Indirect Emissions)	8 subsidiaries (>50% ownership)	425
		68 larger business partners (with above R50 million exposure)	7 927
		Total of 88 BPs accounted for in FY 2024/25	16 070

Results for Scope 3 financed emissions

- The IDC financed emissions results are as follows:
- 7 927 KtCO₂eq can be attributed to 68 larger BPs (with above R50 million exposure)
 - 7 718 KtCO₂eq can be attributed to 12 listed entities only.
 - 425 KtCO₂eq can be attributed to eight IDC subsidiaries only.
 - 16 070 KtCO₂eq can be attributed to the total of 88 BPs which account for 53% of the IDC's overall exposure. These BPs are inclusive of listed entities and subsidiaries.

Disclaimer: note due to the different financial years of the BPs in our portfolio, a majority of the Scope 3 emissions are aligned January to December 2024

PCAF data quality score

The PCAF standard also recommends that the users of the standard must indicate the overall data quality used in quantifying the financed emissions based primarily on the availability of outstanding debt and equity for the loan amount as well as the availability of project emissions using physical activity data. The score ranges from 5 (low quality) to 1 (highest quality) where the data used by IDC falls within 2a i.e., both the loan amount and physical activity data to quantify emissions are known.



ESRG risk management

ESRG risks pose a significant threat to the Corporation. As a result, the Corporation has strengthened systems and procedures to integrate ESRG factors into IDC's overall integrated risk management process as specified in the Corporation's Risk Appetite Framework and clearly articulated in its ESRG Conduct Risk Appetite Statement.

This Corporation's Risk Appetite Framework is therefore guided by the ESRG Risk Policy and supported by the ESMS, Environmental and Social Risk Tool and by other related fossil fuel tools on coal, liquid fuels, uranium, nuclear and natural gas. Additionally, the Corporation encourages and supports its BPs in adopting policies that address ESRG factors in alignment with the national regulations, policies and commitments.

The Corporation's ESRG Risk Policy entails the following:

IDC ESRG risk framework

- IDC views climate risk as an overarching risk that is a driver of other risk types, such as credit risk, market risk, operational risk and liquidity risk.
- The ESRG Risk Framework lays out the principles of ESRG risk management and addresses, primarily, the indirect risks and impacts emanating from its investments through its BPs and does not address direct risks within the IDC. Direct risks are addressed within the Enterprise Risk Management Framework whilst internal environment, health and safety risks are also managed by Facilities Management within the Human Capital Division.
- Indirect ESRG risks are managed through implementing effective operational processes, responsible lending and investment, and decisions that reduce and mitigate ESRG risk and the associated impact on IDC's reputation while at the same time pursuing opportunities. Indirect risk management is meant to support the IDC's operations to mitigate against the risks of environmental non-compliance and impact, social impact and governance indicators.
- ESRG risks cut both financial and non-financial risks and if left unmanaged can potentially impact on a wide range of activities. ESRG risks and their consequences are articulated below.

BUSINESS PARTNERS

Unmanaged ESRG risk and impact related issues in BP operations

- Disruption of operations resulting in low production impact e.g. climate physical hazards like floods, wildfires, storms, etc.
- Fines and penalties resulting in financial losses.
- Loss of market share resulting low profit margin.
- Stranded assets.
- Market devaluation resulting in closures.
- Loss of jobs for employees and service providers.

IMPACT ON IDC

DIRECT RISKS

- **Liability risk** – by virtue of taking possession of collateral assets, IDC is exposed to liability risk stemming from a BP's legal obligations.
- **Credit risk** – BP is unwilling and/or unable to fulfill the contractual obligations associated with a transaction because of ESRG issues.

INDIRECT RISKS

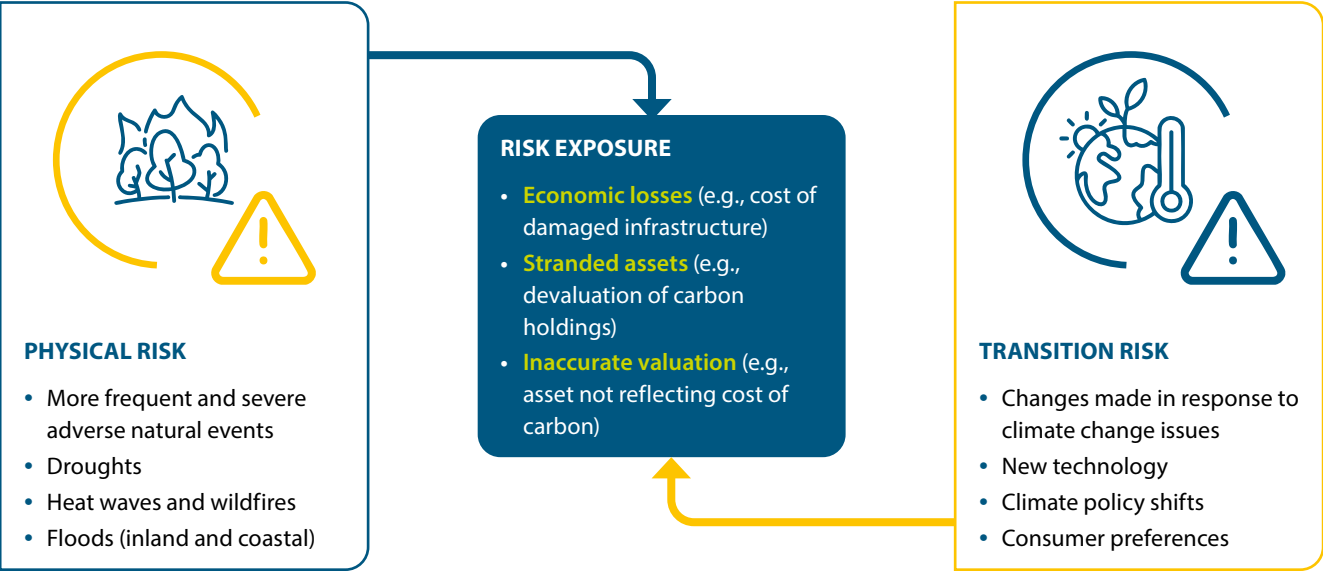
- **Development impact risk** – addressing the potential challenges and tradeoffs associated with changing global and local policies/regulations by proactively navigating the evolving regulatory landscape.
- **Market risk** – reduction in the value of collateral associated with a transaction due to environmental and social problems.
- **Compliance risk** – ESRG effects that result in any legal disputes/actions.

CONSEQUENCES

- Loss of assets and opportunities to transform and transition industries.
- Reduced impact opportunities to create an inclusive economy through funding black-owned companies, black industrialists, women and youth-empowered enterprises.
- Reputational risk.
- Loss/reduced sustainable industrial opportunities.
- Unable to fulfill the mandate to create and sustain jobs.

Climate-related risks

Climate change poses significant risks that threaten business continuity and operations, while simultaneously creating opportunities that businesses can leverage. Climate-related risks are essentially grouped into two types, physical and transition risks, but there are also opportunities. There are opportunities in this context that the IDC has identified through various industry plans enabled by the Corporation's sustainable industrial pathways framework.



- **Physical climate risks** include event-driven (acute) shocks such as: flooding, wildfires, extreme wind events (including hurricanes, cyclones, typhoons and gales), extreme heat events, extreme cold events and drought longer-term shifts (chronic) stresses such as changes to local rainfall patterns over time, i.e., increased or decreased rainfall, water scarcity, sustained shifts in average temperatures and humidity and sea-level rise, affecting the IDC as follows:
 - **Direct risk** – impacts on the IDC's physical structures and infrastructure.
 - **Indirect risk** – our BP's financial performance may be affected by extreme temperature changes affecting their premises, operations, supply chain, transport needs and employee safety; and changes in water availability and sourcing.
- **Transitional risk** refers to financial losses resulting from a transition of production and consumption patterns towards methods and products that arise over time as a result of adjustments toward a low-carbon economy.
 - **Direct risk** – includes IDC's environmental footprint
 - **Indirect risk** – depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to IDC's BPs. Transition risks include policy and legal risks, technology risks, market risks and additionally reputational risks.

Disclosure of transition and physical risks

Climate-sensitive industries

Our initial analysis on climate sensitive industries, leverages on the United Nations Environment Programme Finance Initiative (UNEP FI) Transition risk heatmap. This analysis has revealed an overlap between industries acutely exposed to both physical risks (like extreme weather impacts on assets and operations) and transition risks (such as policy shifts, technological disruption and market changes driving decarbonisation). These risks primarily affect industries such as agro-processing and agriculture, chemicals and industrial mineral products, infrastructure, mining and metals, and manufacturing. As such all future detailed climate risks and opportunity assessments will be prioritising these sectors and industries.

High emission industries

As stricter climate policies, carbon pricing, technological shifts and evolving market demands take hold, high emissions industries face direct threats to their financial performance thus requiring continuous strategic investments, monitoring and disclosures. Therefore, to effectively manage these multifaceted risks and to ensure long term financial and sustainability, the Corporation is embarking on a number of strategic initiatives based on its sustainable industrial pathways' strategic framework.

This involves a deliberate pivot towards investments and initiatives that are intrinsically linked to a low-carbon economy transition, which include:

- Investments in renewable energy and energy efficiency.
- Investments in critical minerals which are essential for green technologies, and climate sensitive and high emission industries.
- Investment in sustainable agriculture ecosystems to foster resilient food systems in a changing climate.
- Investments in climate-resilient infrastructure with an aim to building foundations that can withstand future climate shocks.
- Opportunities defined and identified through various approved industry plans and green milestones.
- Furthermore, the IDC is actively leveraging its recently awarded Sustainability Bond to explore and finance green projects and initiatives that directly contribute to both climate change mitigation and adaptation efforts.

Legacy rehabilitation projects

African Chrome 2025

Following a directive from the DFFE, the IDC continues to manage environmental liability at the African Chrome site.

Columbus JV

The load and haul of materials from the chromium dump to the Holfontein Hazardous Landfill site has been progressing at an average of 10 000 tonnes per month. Additionally, the remaining materials which comprise of low carbon slag and materials containing chromium still need to be removed. These have been surveyed to be at 1 567 847 tonnes in total as per the December 2024 survey. The IDC continues to monitor the site and is engaging with all relevant stakeholders on various managements strategies whilst focusing on exploring options to reduce the IDC's liability and the rehabilitation duration.





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