



FREEPORT SALDANHA

INDUSTRIAL DEVELOPMENT ZONE

5-YEAR STRATEGIC PLAN

for
2025/26 to
2029/30

Saldanha Bay IDZ
Licencing Company SOC Ltd
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INDUSTRIAL DEVELOPMENT ZONE

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EXECUTIVE AUTHORITY STATEMENT

Contrary to the high expectations and audacious goals set in the 2019-2024 Strategic Plan, Freeport Saldanha has been subject to turbulent economic conditions which have certainly not been kind to the business.

The commercial landscape and business environment globally, is slowly emerging from the after-effects of the Covid-19 pandemic that has left noticeable scars on the world economy. In many instances, if not dissolved, numerous businesses are forced to change their strategic direction to ensure survival. Freeport Saldanha did not come out unscathed and to this end was forced to redirect its efforts and embrace a renewed focus on long-term sustainability.

In fact, Freeport Saldanha has been battered by dire challenges threatening its existence, which have raised serious concerns regarding its commercial viability. However, the entity rose to the occasion and drastic measures were put in place – under scrutiny of the Shareholder - as a concerted effort to turn the business around.

Even so, it was not only economic conditions but also resource constraints and high staff turnover that had a detrimental impact on the prosperity of Freeport Saldanha.

As a catalyst for building industrial capacity, the Freeport's future success is rooted in infrastructure development, which aligns with the Priority Focus Areas contained in the province's Growth for Jobs Strategy and resonates with the Provincial Strategic Plan. However, this does require an expansive capital outlay and substantial investment that is much more difficult to secure than pre-2020.

Despite these obstacles, Freeport Saldanha remains steadfast in its pursuit to stimulate

economic growth and job creation through industrial development in the broader Saldanha Bay area.

An unintended consequence the national loadshedding as well as the Russia - Ukraine war, amongst others, has opened an opportunity for exploring greener energy sources. One such opportunity is presented by the advent of green hydrogen as a clean fuel. The Freeport has been earmarked to be developed as a green hydrogen hub and significant interest has been shown by the private sector to invest in green hydrogen and its derivatives in and around Freeport Saldanha.

With this in mind, the outlook for the next five years is cautiously optimistic, and the strategic intent is to streamline the business operations with a renewed focus on nurturing its turnkey investors.

On behalf of the Western Cape government and as the Minister of Agriculture, Economic Development and Tourism, I fully endorse Freeport Saldanha's strategy, programmes and targets as contained in the 2025 - 2030 Strategic Plan. They echo the priorities and policies of the province, and I dedicate my support to the Board and management of Freeport Saldanha to guarantee its implementation.



**Dr Ivan Meyer
Minister of Agriculture,
Economic Development and Tourism**

ACCOUNTING OFFICER STATEMENT

Freeport Saldanha is a strategic industrial investment asset aligned with the Western Cape Government's priority of private sector-led economic growth. Established in 2014, it creates a business-friendly environment by addressing barriers to private investment.

As a long-term infrastructure and industrial investment initiative, Freeport Saldanha stimulates regional economic growth by facilitating job creation, attracting investment, and promoting exports. Government support remains crucial in fulfilling this mandate. Entering a new five-year strategic cycle, the Company reflects on its 2019–2024 priorities, which were:

- Achieve commercial sustainability.
- Provide catalytic, accessible infrastructure to enable growth.
- Foster effective partnerships with business, government, and society.
- Engage and support local communities and businesses to compete globally.

Progress on commercial sustainability was hindered by delayed investor conversions, external economic factors, and postponed port developments. Despite challenges, Freeport Saldanha made significant infrastructure investments, securing SEZ and Customs Controlled Area (CCA) status, streamlining investor processes, and enhancing local workforce development.

However, concerns raised by the Western Cape Government (WCG) regarding operational inefficiencies, excessive costs, and structural complexity necessitate a strategic realignment.

The Company has been tasked with developing a recovery plan focused on cost-cutting, optimizing

operations, attracting investment, and exploring alternative revenue models to ensure long-term sustainability. Looking ahead, Freeport Saldanha's 2025–2030 priorities remain:

- Achieve full commercialization and financial sustainability.
- Provide essential infrastructure to drive investment.
- Strengthen strategic partnerships.
- Support community and business development for regional competitiveness.

Achieving these goals requires collaboration with key stakeholders, including WCG, the Department of Trade, Industry and Competition, TNPA, IDC, and Saldanha Bay Municipality. Their continued support is vital to the Freeport's success.

We acknowledge the dedication of our Board and management team in driving our vision.

With collective commitment, we are poised to accelerate commercialization, expand investment opportunities, and strengthen stakeholder collaboration, deepening Freeport Saldanha's role as a hub for economic growth and industrial development in support of the Western Cape's Growth For Jobs (G4J) Strategy over the next 5 years.



Mr Xola Sithole
Interim Chief Executive Officer
Accounting Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the Board and Management of the Saldanha Bay IDZ Licensing Company SOC Ltd under the guidance of Minister Ivan Meyer.
- Takes into account all the relevant policies, legislation and other mandates for which the Saldanha Bay IDZ Licensing Company SOC Ltd is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the Saldanha Bay IDZ Licensing Company SOC Ltd will endeavour to achieve over the period 2025/26 – 2029/30.

Mr Herman Boneschans

Chief Financial Officer



Signature

Mr Xola Sithole

Interim Chief Executive Officer

Accounting Officer



Signature

Ms Stieneke Jensma

Accounting Authority



Signature

Minister Ivan Meyer

Executive Authority



Signature





OUR MANDATE



PART A: OUR MANDATE

1 Constitutional mandate

Constitution of the Republic of South Africa, 1996; Constitution of the Western Cape, 1997

The Saldanha Bay Industrial Development Zone (SBIDZ) is linked to both the Constitution of the Republic of South Africa, 1996 and the Constitution of the Western Cape, 1997. In terms of Schedule 4 of the Constitution of the Republic of South Africa "industrial promotion" is a functional area of concurrent national and provincial legislative competence. The SBIDZ is a component of the "industrial promotion" functional area.

Section 81 of the Constitution of the Western Cape, 1997 provides that the Western Cape Government must adopt and implement policies to actively promote and maintain the welfare of the people of the Western Cape, including policies aimed at achieving the creation of job opportunities and the promotion of a market-orientated economy. The SBIDZ fulfils the purpose of a Special Economic Zone within the greater Saldanha Bay area and ensures compliance with the Constitution of the Western Cape by continuing to catalyse growth and development through the provision of an enabling, inclusive environment and to fully operationalise and become commercially sustainable.

2 Legislative and policy mandates

2.1 National legislative mandates

Special Economic Zones Act, 2014 (Act 16 of 2014)

The purpose of the Special Economic Zones Act, 2014 (Act 16 of 2014) (SEZ Act) is to provide for the designation, promotion, development, operation and management of Special Economic Zones, which includes the establishment of entities like provincial government business enterprises of which the Saldanha Bay IDZ Licensing Company SOC Ltd (Freeport Saldanha) is one to manage the SEZ. The SEZ Act also provides for the functions of Special Economic Zone operators.

In terms of the SEZ Act, the SBIDZ is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology. The purpose of the SBIDZ includes—

- attracting foreign and domestic direct investment;
- providing the location for the establishment of targeted investments.
- taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production.
- promoting regional development.
- creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small, micro and medium enterprises and cooperatives; and
- promoting skills and technology transfer and the generation of new and innovative economic activities.

The SBIDZ, as per its designation initially sought, is intended to be an oil and gas and marine repair engineering and logistics services complex, serving the needs of the upstream exploration and production service companies operating in the oil and gas fields in Sub-Saharan Africa. The SBIDZ will include logistics, repairs and maintenance, as well as fabrication activities. The IDZ designation also afford Freeport Saldanha the ability to offer a contiguous customs-free area. Freeport Saldanha is the implementing vehicle of the SBIDZ and is responsible for the provision of infrastructure, promotion, management and marketing of the IDZ.

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act 46 of 2013)

The Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) (B-BBEE Act) establishes the legislative framework for the promotion of black economic empowerment. Freeport Saldanha's mandate is to promote sustainable economic growth and job creation within the broader Saldanha Bay Municipality (SBM). Freeport Saldanha has embraced the principles and objectives as set out in the B-BBEE Act, the B-BBEE Regulations and Codes of Good Practice through the implementation of various enterprise, skills and supplier development interventions/programs.

The regulatory framework for the Industrial Development Zone programme is furthermore enhanced by the following legislation:

- Relevant provisions of the Income Tax Act, 1962 (Act 58 of 1962).
- Section 21A of the Customs and Excise Act, 1964 (Act 91 of 1964).
- Relevant provisions of the Value Added Tax Act, 1991 (Act 89 of 1991).
- Relevant provisions of the Customs Duty Act, 2014 (Act 30 of 2014).
- Relevant provisions of the Customs Control Act, 2014 (Act 31 of 2014).
- Report No. 14 promulgated by the International Trade Administration Commission in accordance with the Customs and Excise Act.
- Employment Tax Incentive Act, 2013 (Act 26 of 2013).

2.2 Provincial legislative mandates

Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016)

In 2016 the Provincial Parliament of the Western Cape passed the Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016). The Act regulates the operation of Freeport Saldanha and provides for the objects, functions, and governance of the Company. In terms of the Act, the objects of the Company are to establish and fulfil the purpose of a SEZ within the greater Saldanha Bay area, including, but not limited to—

- (a) promoting, managing and marketing the SBIDZ;
- (b) providing internal infrastructure in the SBIDZ area;
- (c) facilitating the ease of doing business in the SBIDZ area; and
- (d) acquiring and leasing land incidental to the Company's business.

Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996) as amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)

Wesgro was established to promote and support economic growth and related activity within the Western Cape Province, thus facilitating job creation by creating and keeping more businesses in the Western Cape as well as helping local companies to export to the rest of the African continent and the world. In line with the national InvestSA Initiative, the Department of Economic Development and Tourism through its trade and promotion agency Wesgro has established the Cape Investor Centre. In light of the sector specific competencies of Wesgro and Freeport Saldanha, and both parties' desire to be a contributing agency in providing services to the Cape Investor Centre, Wesgro and Freeport Saldanha have agreed to collaborate and cooperate with each other in providing services at the Cape Investor Centre for the purpose of creating an enabling investor environment.

2.3 Global policy context

Freeport Saldanha is committed to responsible and inclusive growth while ensuring the long-term viability of the zone's activities. Thus, the Company is linked to Global policies and strategic imperatives such as:

- The United Nations Sustainable Development Goals (SDGs) and the;
- Paris Agreement on Climate Change.

The Company, through its activities and plans can closely be linked to achieving the outcomes of the following SDGs:

- **SDG 7: Affordable and Clean Energy**

Over the past year the Company has made strides in positioning the Zone as a potential Green Hydrogen (GH₂) hub. The Company has also supported and participated in research and development initiatives focused on advancing clean energy / environmentally friendly technologies in the maritime and energy sectors.

- **SDG 8: Decent Work and Economic Growth**

In terms of the SEZ Act, the Zone is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology that leads to the creation of decent work opportunities and other economic and social benefits.

- **SDG 9: Industry, Innovation, and Infrastructure**

Much of the Company's work is centred around acting as a catalyst to expand the industrial potential of the Port of Saldanha by agitating for and supporting the development and upgrade of marine infrastructure that will unlock South Africa's latent potential in the maritime industry. In addition, the Company has established the Saldanha Bay Innovation Campus which seeks to develop and establish clusters driving research, development and innovation within the energy and maritime industries.

- **SDG 13: Climate Action**

Increasingly, owing to changes in market dynamics and increased global requirements to reduce the carbon footprint of economic activity, the Company has supported research and development activities that are aimed at decreasing the carbon footprint of maritime and energy operations.

As reflected above, Freeport Saldanha is aligned to the principles of the Paris Agreement on Climate Change. This alignment not only demonstrates environmental responsibility but also positions the SEZ for long-term resilience and competitiveness in a low-carbon future.

2.4 National policy context

In addition to the legislative mandates, Freeport Saldanha is linked to broader national strategies and policies, including:

- The Reimagined Industrial Policy and Strategy (RIS);
- The South African Economic Reconstruction and Recovery Plan;
- The National Infrastructure Plan 2050 (Phase 1 and Phase 2 [draft]);
- The Presidential Infrastructure Coordinating Commission (PICC) Rollout Programme;
- The Industrial Policy Action Plan;
- Operation Phakisa Oceans Economy; and
- The Comprehensive Maritime Transport Policy (CMTP)

2.4.1 Overarching Policy Environment

Reimagined Industrial Policy and Strategy

The Industrial Policy and Strategy Review maps the measures and action of the South African government over the past five years under the Reimagined Industrial Strategy laid out by President Ramaphosa; reflecting further on the evolution of policy actions during democratic period from 1994.

The policy and strategy review as an embodiment of the new approach to industrial policy and SEZ implementation has been adopted by Government as part of the Reimagined Industrial Strategy. Industrial policy during this period has been characterised by increased collaboration and

partnership with social partners. The document outlines key aspects of a future agenda and sources of growth in the South African economy.

Growth will be catalysed through high infrastructure investment of at least half a trillion rand a year, drawing on public and private investment; productive sector investment aligned to securing commitments of R2 trillion over 5 years; green industrialisation to refocus sources of energy, green component manufacturing and greener industrial and consumer products; and a pivot to an African-led growth drive off the back of the African Continental Free Trade Area (AfCFTA).

Six priorities are identified, namely deeper economic and other policy coordination, better alignment at institutional level, addressing energy security, strengthening skills development in a number of identified areas, developing the capacity to respond to a changing global and technological environment, improved policy innovation; and scaling up actions that have proven successful such as the sector masterplans. The review proposes that industrial policy is integrated into a broader economic policy synchronised with other policies such as foreign policy initiatives and education and skills development strategies and to establish an Industrial Policy Coordination Council, chaired by the President, which will enable an all-of-government focus on growing the industrial sectors, enabling a shift up the industrial value-chain and help create jobs in South Africa.

2.4.2 Leading Economic Policy

The South African Economic Reconstruction and Recovery Plan

On 15 October 2020 President Ramaphosa tabled the Economic Reconstruction and Recovery Plan (ERRP) at a joint sitting of Parliament. The ERRP is the culmination of work between government, business, labour and the community at the National Economic Development and Labour Council (NEDLAC) and includes key commitments from each stakeholder to achieve its objectives.

The Plan includes measures to:

- Achieve sufficient, secure and reliable energy supply within two years.
- Create mass employment.
- Increase infrastructure investment.
- Reduce data costs.
- Increased localisation for reindustrialisation and growth.

The National Infrastructure Plan 2050 (Phase 1 and Phase 2)

Infrastructure development is critical to attaining South Africa's long-term economic and social goals. The National Infrastructure Plan (NIP) 2050 will ensure that the foundations for achieving the NDP vision for inclusive growth are supported. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. The aim is to promote dynamism in infrastructure delivery and address institutional blockages and weaknesses that hinder success over the longer term. Additionally, the NIP 2050 will guide the way to building stronger institutions that can deliver on infrastructure related aspirations of the NDP.

During August 2021, the Department of Public Works and Infrastructure (DPWI) gazetted the draft NIP 2050 phase 1 for public comment. The NIP 2050 phase 1 was prepared by Infrastructure South Africa (ISA) team over a period of six months working closely with sector specialists and other stakeholders. Subsequently, the National Infrastructure Plan 2050 (NIP 2050) Phase 1, published on 11 March 2022 for implementation, details the South African Government's broad vision for infrastructure development in the country. The NIP 2050 seeks to create a foundation to give effect to the National Development Plan, setting out actionable steps and intermediate outcomes intended to lead to inclusive growth and promote job-creation and transformation in South Africa. This first phase of NIP 2050 focuses on four strategic sectors: energy, water, digital infrastructure, and freight transport.

The NIP 2050 Phase 2 was gazetted for public comment on 21 October 2022. The NIP 2050 Phase 2 attempts to offer a strategic vision and plan to deliver high-priority distributed

infrastructure networks by 2050. It focuses on distributed infrastructure that links more closely to businesses and communities. Building on the bulk infrastructure sectors prioritised in NIP 2050 Phase 1, this iteration also offers a strategic vision and plan that links NDP objectives to practical steps and intermediate outcomes. To this end, the NIP 2050 Phase 2 focuses mainly on six (6) distributed infrastructure sectors which are: Human Settlements, Municipal trading services, Passenger transport, Road Infrastructure and social infrastructure related to Education and Health.

Comprehensive Maritime Transport Policy (CMTP)

The adoption of the Comprehensive Maritime Transport Policy (CMTP) by Cabinet on 10 May 2017 created a historic opportunity to invigorate the maritime transport sector. The CMTP Implementation Plan 2030 was subsequently developed and is the preferred path to maritime sector transformation and development as envisaged by the CMTP. One of the aims of the CMTP Implementation Plan 2030 is to establish the fundamental pillars on which to base the implementation of the CMTP culminating in South Africa becoming an International Maritime Centre by 2030.

In April 2022, Freeport Saldanha participated in the 2022 Hybrid Mid-term Maritime Policy Conference which was hosted by the National Department of Transport (DoT). The Conference took place five years after the adoption by the Cabinet of the Comprehensive Maritime Transport Plan (CMTP) and sought to review progress on the implementation of the CMTP. At the conference, delegates agreed that the full value of the CMTP is yet to be realised. It is with this in mind and in effort to accelerate the implementation of the CMTP, that the DoT has established six (6) industry championed maritime task forces. Freeport Saldanha's strategy and work align closely with the CMTP's key strategic objectives and as such the Company has continued to be a valued and active stakeholder in the DoT's efforts to accelerate the implementation of the CMTP by nominating representatives to serve on and participate in the work of the CMTP maritime task forces.

New Growth Path (NGP)

The core drive of the New Growth Path (NGP) is the creation of employment in order to combat poverty and inequality in an inclusive economy and of the four areas of "drivers", with the "Jobs Drivers" being number one. Similar to the NDP, infrastructure is highlighted as a key priority. The NGP also refers to the sectors prioritised in the Industrial Policy Action Plan.

2.5 Provincial Policy Context

In addition, by virtue of the Provincial Department of Economic Development and Tourism being the overseeing governing body, Freeport Saldanha is linked to broader provincial strategies and policies, including the Western Cape Provincial Strategic Plan (PSP), the Western Cape Recovery Plan, the Western Cape Provincial Spatial Development Framework (PSDF) and the Western Cape Infrastructure Framework (WCIF). These provincial strategies and policies are further expanded upon under point 3.

Specifically, the SBIDZ falls under **Provincial Strategic Goal VIP2**, focussing on exports, employment, and GDP, as per the recently concluded Western Cape Government Provincial Strategic Plan (PSP) 2019 – 2024. The SBIDZ also aligns with the Saldanha Bay Municipality Local Economic Development Strategy and the Growth Potential Study of Towns (GPS) -2014.3.2.

3 Institutional Policies and Strategies over the five-year planning period

3.1 Policies

3.1.1 Western Cape Growth for Jobs Strategy¹

The Growth for Jobs (G4J) Strategy for the Western Cape is premised on a recognition that the private sector creates jobs, and that the State needs to stimulate market growth and create an enabling environment in which people and businesses are enabled to create and exploit opportunities. Taking into consideration South Africa's profound socio-political challenges, the

¹ G4J Strategy

development of the strategy has been based upon sound research and analysis, including a detailed growth diagnostic commissioned by the Western Cape Government (WCG).

The G4J strategy reflects a bold vision for the economy of the province that is *"A provincial economy that achieves break-out economic growth, resulting in sufficient employment and opportunity and an economy that is sustainable, resilient, diverse and thriving – generating confidence, hope and prosperity for all."*

To achieve this, the WCG's goal is that by 2035, the Western Cape will be a R1 trillion inclusive economy, growing at between 4 and 6% per annum, which will stimulate sufficient employment and opportunity to improve lives. This will be achieved through enabling a competitive business environment in which growth is driven through businesses exploiting opportunities.

To guide the WCG in its approach towards achieving this vision and goal, the Strategy has also identified key pillars of growth as beacons to inform choices, decisions, and actions. These principles are depicted in figure 1 below:

Figure 1: Key pillars of the Growth for Jobs Strategic Framework



Source: G4J Strategy

To achieve its vision, the G4J Strategy has identified seven (7) areas of the economy that are essential for growth that needs to be concentrated on. The

Growth for Jobs Strategy has identified seven of these priority focus areas (PFAs) for its first horizon as reflected in figure 2 below.

Figure 2: Priority Focus Areas



Source: G4J Strategic Framework

The Freeport Saldanha IDZ's alignment with and contribution to the G4J Strategy is evidenced by the Company's investment promotion mandate, the investment pipeline established, and infrastructure developed, where investments are already realised and in operation in the Zone.

The four strategic priorities of the Company, taken together, will create a conducive, enabling business environment in and around the zone, and will facilitate positive value-adding outcomes and impacts to the local and provincial economy and societies by focusing, amongst other things, on attracting direct investment, increasing employment and contributing to the Western Cape Province GDP through increasing value-added production and the generation of new and innovative economic activities specifically within the marine and energy industries.

3.1.2 Overview of the MTDP 2024-2029

The Medium-Term Development Plan (MTDP) 2024-2029 serves as the five-year strategic plan for South Africa's 7th Administration under the Government of National Unity (GNU), formed following the 29 May 2024 general elections. It acts as the implementation framework for the National Development Plan (NDP): Vision 2030, aligning with its goals while emphasizing development outcomes and economic growth.

The MTDP replaces the Medium-Term Strategic Framework (MTSF) and is designed to focus on fewer, high-impact interventions to drive measurable results. It was approved by Cabinet Lekgotla on 29 January 2025 and is structured around three core strategic priorities:

- Inclusive growth & job creation (Apex priority)
 - driving economic interventions across all spheres of government.
- Reducing poverty & tackling the high cost of living – ensuring social protection and economic inclusion.
- Building a capable, ethical & developmental state – enhancing governance, law and order, and enabling infrastructure.

The WCG aligns its strategies with the MTDP's priorities while maintaining its own provincial mandates through the Provincial Strategic Plan (PSP) and the Provincial Strategic Implementation Plan (PSIP).

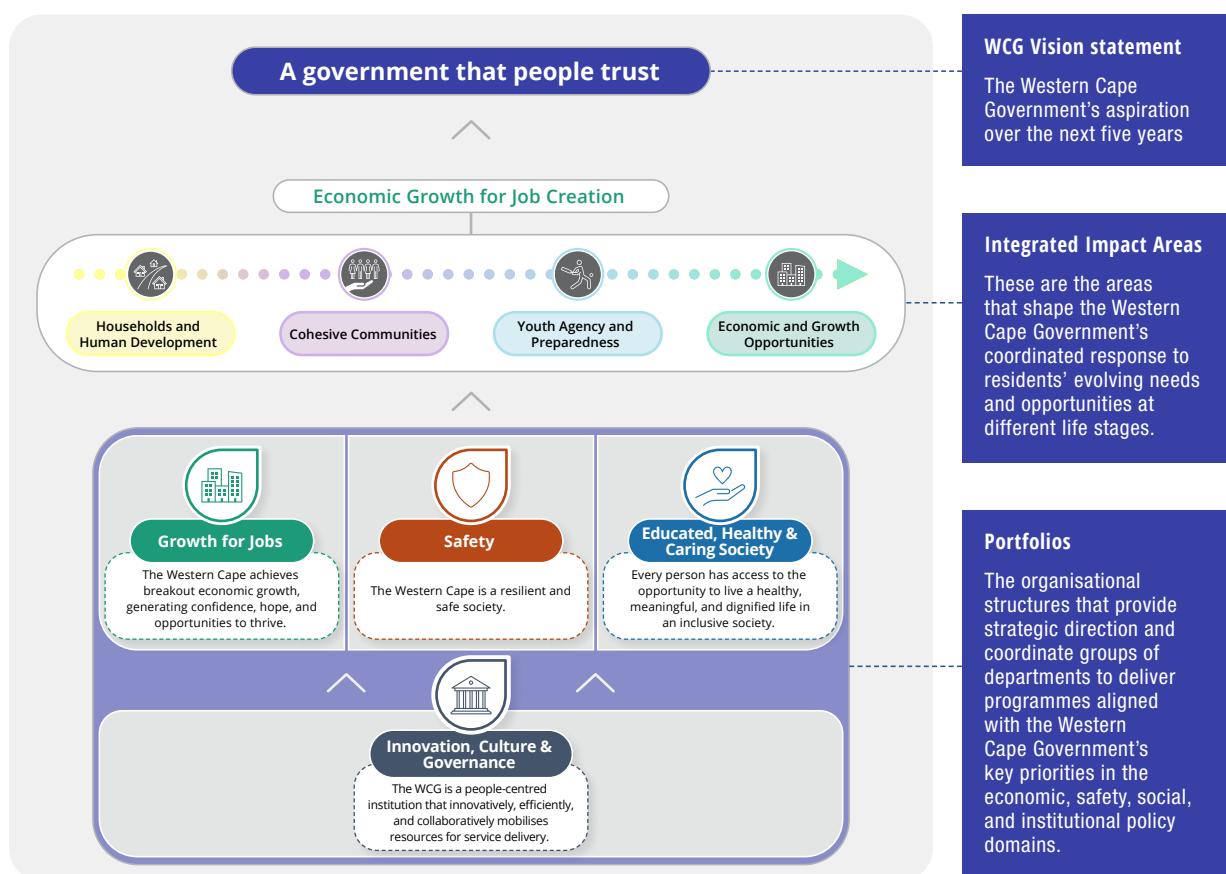
- **Economic Growth & Job Creation:** WCG will contribute through provincial economic policies, investment attraction, skills development, and infrastructure projects that support the national focus on inclusive growth.
- **Poverty Reduction & Social Interventions:** WCG's social development programs, health initiatives, and education reforms will align with the national emphasis on lowering the cost of living.

- **Building a Capable State:** The WCG's governance innovation, service delivery efficiency, and regulatory frameworks will support the national goal of strengthening institutional capacity and ethical leadership.

Provincial Strategic Plan 2025-2030

The Provincial Strategic Plan (PSP) 2025-2030 sets out the Western Cape Government's (WCG) strategic priorities and goals for the next five years. It provides overarching direction for government action, focusing on people-centred outcomes that drive meaningful change for residents.

Figure 3: Overview of Provincial Strategic Plan 2025-2030



Provincial Portfolios

The implementation of the PSP is driven by four Provincial portfolios. The portfolios are clusters of Departments that provide strategic direction and coordinate efforts to implement programmes aligned with the Western Cape Government's key priorities. These priorities span economic, safety, social, and institutional policy domains.

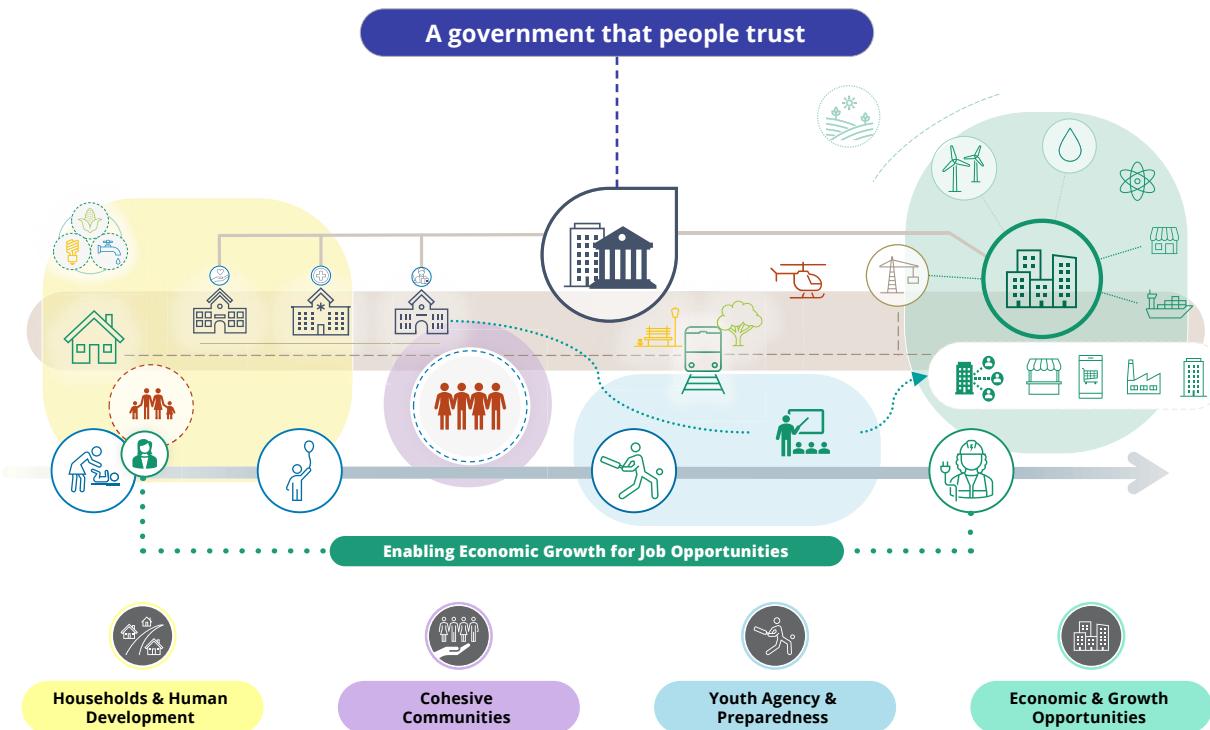
The portfolios monitor and steer high-priority projects and programmes, ensuring a cohesive and coordinated approach to achieving shared outcomes. Each Department contributes to one or more portfolios by implementing targeted interventions that support the intended impact of that portfolio.

The four strategic portfolios are:

	Growth for Jobs	The Western Cape achieves breakout economic growth generating confidence, hope, and opportunities to thrive.
	Educated, Healthy, and Caring Society	Every person has access to the opportunity to live a healthy, meaningful, and dignified life in an inclusive society.
	Safety	The Western Cape is a resilient and safe society.
	Innovation, Culture, and Governance	The WCG is a people-centred institution that innovatively, efficiently, and collaboratively mobilises resources for service delivery.

Integrated Impact Areas

To maximise the effectiveness of government interventions, the PSP follows a life course and systems approach. This means that policies and programmes consider the needs and responsibilities of residents from childhood to old age, ensuring government services are structured accordingly.



The PSP promotes an integrated approach where Departments and entities work together towards the Integrated Impact outlined for each of the four areas of the life course.

These integrated impact areas are:

	Households and Human Development	Creating safe, healthy environments that promote lifelong development and self-sufficiency
	Cohesive Communities	Strengthening social ties to build safe, caring, and resilient communities.
	Youth Agency & Preparedness	Empowering young people with the skills and opportunities to participate in society, access economic opportunities, and continue learning.
	Economic & Growth Opportunities	Expanding economic opportunities and fostering confidence, hope, and prosperity.

In addition, two transversal areas address broader structural and environmental factors that shape service delivery and enable people along the entire life course:

	Resource Resilience	Creating safe, healthy environments that promote lifelong development and self-sufficiency
	Spatial Transformation, Infrastructure, and Mobility	Strengthening social ties to build safe, caring, and resilient communities.

Freeport Saldanha's Alignment with PSP Focus Areas

The PSP outlines key focus areas that align with its Portfolios and Integrated Impact Areas.

Key focus areas for the Freeport Saldanha include:

 Growth for Jobs	 Innovation, Culture & Governance
Access to Employability and Economic Opportunities Driving Growth Opportunities through Investment Stimulating Market Growth through Exports and Domestic Markets Technology and Innovation	Innovation Integration and Collaboration Futures Thinking and Evidence Informed Decision-Making

Through the above focus areas, Freeport Saldanha contributes to integrated impact in Economic and Growth Opportunities.

3.1.3 Western Cape Provincial Spatial Development Framework

The Western Cape Provincial Spatial Development Framework (PSDF), adopted in 2014, sets out the basis for addressing the province's spatial agenda. It is not a blueprint that can be implemented in the short term, but rather a framework within which:

- Coherent and consistent sector and area-based plans (e.g., for functional regions or municipalities) can be formulated and rolled-out by the spheres of government and SOEs operating in the Western Cape; and
- Communities and the private sector have greater certainty over where development and investment are heading, and so can respond to opportunities arising.

The PSDF's spatial policies cover three interrelated themes, namely "resources", "space-economy" and "settlement". In adopting a strategic view of the Provincial space-economy, the PSDF identifies three functional regions where significant development trends and/ or development potentials are seen to exist. One of these identified functional regions is the emerging Greater Saldanha Regional Industrial Complex, with the Saldanha Bay/Vredenburg growth centre at its heart. The PSDF proposes that the advancement of this functional region be supported by specifically targeting the oil and gas sectors as economic sectors to support, facilitating the development of a water demand management system for the region and lastly by seeking to encourage the flow of new regional and bulk economic infrastructure investment into the area to leverage private sector and community investments.

It should be noted that the Western Cape Provincial Department of Environmental Affairs and Development Planning (DEA&DP) has started the process of compiling a new Western Cape Provincial Spatial Development Framework (WCSDF) with Freeport Saldanha requested to form part of the ad-hoc intergovernmental steering committee (ISC) that will guide and advise on the development of the new PSDF.

3.1.4 Western Cape Infrastructure Framework

The WCG is mandated to coordinate provincial planning under Schedule 5A of the Constitution. As part of this mandate, Western Cape Infrastructure Working Group produced the WCIF, which was adopted in 2013. The WCIF intended to align the planning, delivery and management of infrastructure, provided by all stakeholders (national government, provincial government, local government, State owned Entities and the private sector), to the strategic agenda and vision for the province. The WCIF identifies that the harbour and industrial development in Saldanha will create a need for a substantial transition in infrastructure coordination, administration and provision related to bulk water supply, energy generation, transportation and Information and Communications Technology (ICT).

It should be noted that the Western Cape Provincial Department of Transport and Public Works (DTPW) is currently leading a process to revise and update the WCIF. Freeport Saldanha is participating in this process as a key stakeholder.

3.1.5 West Coast District: Joint District and Metro Approach Plan

The WCG has adopted the Joint District and Metro Approach (JDMA) in response and in alignment to National Government's District Development Model (DDM). The objectives of the DDM are to:

- Coordinate a government response to challenges of poverty, unemployment, and inequality particularly amongst women, youth and people living with disabilities.
- Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level.
- Narrow the distance between people and government by strengthening the coordination role and capacities at the District and City levels.

- Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly to provide a coherent government for the people in the Republic; (solve silo's, duplication and fragmentation) maximise impact and align plans and resources at our disposal through the development of "One District, One Plan and One Budget".
- Build government capacity to support to municipalities.
- Strengthen monitoring and evaluation at district and local levels.
- Implement a balanced approach towards development between urban and rural areas.
- Exercise oversight over budgets and projects in an accountable and transparent manner.

Through the work coordinated in this regard by the WCG's Department of Local Government (DLG) a holistic JDMA plan has been developed for municipalities within the West Coast District. This plan has been approved by all Municipalities in the district, the WCG and National Government through the Department of Cooperative Governance and Traditional Affairs (COGTA). The SBIDZ has been included in the economic section of this plan as a strategic project for the west coast district area.

3.1.6 Saldanha Bay Municipality 5th Generation Integrated Development Plan 2nd review and Amendment 2022-2027

The Saldanha Bay 5th Generation Integrated Development Plan (IDP) for 2022-2027 is the primary strategic framework of the Saldanha Bay Municipality (SBM). It outlines key development priorities and governance needs for the municipal area over five years. Adopted within a year of municipal elections, the IDP remains active for the council's term and is reviewed annually with input from the local community, state organs, and other stakeholders. This plan serves as a guide for all municipal planning and development, ensuring alignment with SBM's constitutional and developmental responsibilities.

Freeport Saldanha plays a crucial role in promoting economic growth and job creation for residents of the SBM area and beyond. It offers direct employment opportunities within the zone and supports local businesses through

partnerships with its tenants and users. The municipality firmly believes that the zone will significantly enhance the lives of Saldanha Bay residents for current and future generations. This belief is supported by the Saldanha Bay Municipality Socio-Economic Futures (SBM SEF) study, which provides essential economic insights that shape both the Municipality's and Freeport Saldanha's strategic planning.

Aligning with Strategic Focus Area 2: Economy, the Municipality has integrated the development of Freeport Saldanha into its long-term strategy. One of SBM's strategic objectives under this focus is to "Increase the Size and Number of Businesses." This objective includes initiatives to support Freeport Saldanha, viewing it as a key partner in driving economic growth, job creation, poverty alleviation, and fostering global partnerships for sustainable development in the region.

3.1.7 Saldanha Bay Municipality Spatial Development Framework

Saldanha Bay Municipality is currently reviewing its Municipal Spatial Development Framework (MSDF) in line with the Spatial Planning and Land Use Management Act (SPLUMA), the Western Cape Land Use Planning Act (LUPA), and its Municipal Land Use Planning By-Law. The MSDF is a key long-term planning document that outlines the municipality's spatial growth vision and aligns with its Integrated Development Plan (IDP). Updated every five years alongside the IDP, the current MSDF, approved in 2019, is now due for review. Once finalized, it will guide future development and land use decisions.

The SDF reflects that the "identification of areas for future industrial development" is a key strategy towards implementing part of its spatial vision relating to the "promotion of the industrial area, including high-tech economic development, to take advantage of global demand opportunities and encourage local employment and capacity building". This becomes especially pertinent when, considering the future growth of the port facility and expected pressures on the industrial land supply, given the potential of the growth in backward and forward linkages. The SDF reflects that the "identification of areas for future industrial development" as a key strategy towards implementing part of its spatial vision relating to the "promotion of the industrial area,

including high-tech economic development, to take advantage of global demand opportunities and encourage local employment and capacity building". This becomes especially pertinent when, considering the future growth of the port facility and expected pressures on the industrial land supply, given the potential of the growth in backward and forward linkages.

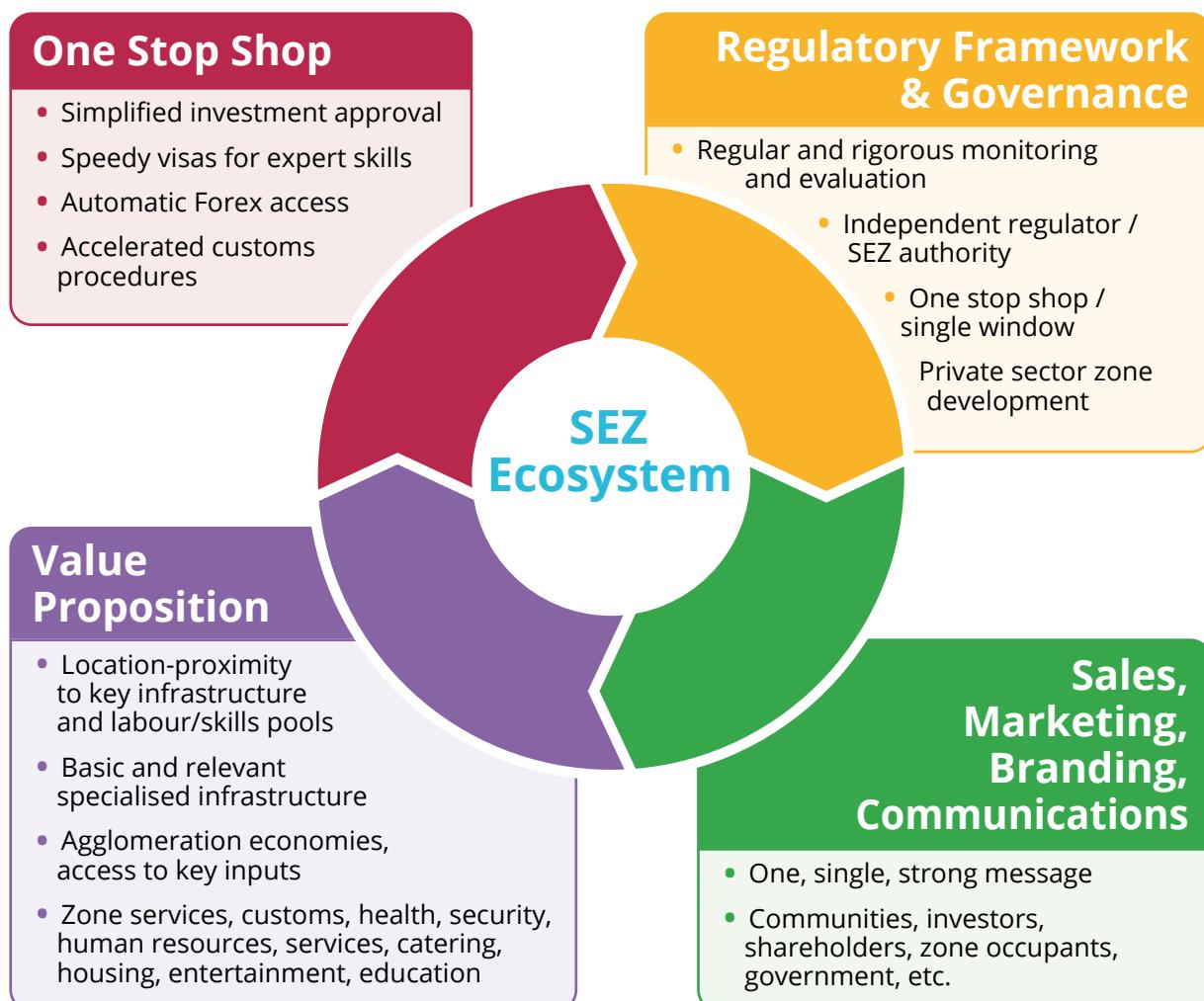
3.2 Strategies

3.2.1 DTIC SEZ Strategic Framework 2020-2030: Draft

The draft SEZ Strategic Framework 2020-2030 leverages global best practices from UNCTAD, the World Bank, and case studies worldwide. It emphasizes that quality infrastructure and incentives alone are not enough; success requires an ecosystem approach with interconnected implementation actions.

The framework's vision is for competitive SEZs that contribute to poverty reduction, inequality, and economic inclusivity. Its mission is to ensure all SEZs are supported by infrastructure and incentives to deliver economic, social, and environmental benefits by 2030.

Figure 4: DTIC SEZ Industrial Ecosystem, 2020-2030



Sources: Adapted from UNCTAD, World Bank (2019); UNDP (2018); Malaysia, (2016)

Key strategies which Freeport Saldanha is aligned to includes:

- Enhancing legal flexibility for competitiveness,
- Providing targeted, environmentally compliant infrastructure,
- Proactive investment promotion,
- Strengthening stakeholder engagement,
- Expanding funding sources,
- Building a comprehensive ecosystem beyond location and incentive.

3.2.2 Saldanha Bay Municipality Local Economic Development Strategy

The Saldanha Bay Municipality's Local Economic Development (LED) Strategy focuses on leveraging the area's existing assets and strategic advantages to drive sustainable growth. Key objectives include supporting small, medium, and micro-enterprises (SMMEs), enhancing job creation, and building strong linkages with the Saldanha Bay IDZ (SBIDZ), a hub aimed at

fostering industrial and export-oriented activities. The LED strategy also emphasizes tourism, waste management, and environmental sustainability as crucial components for local economic resilience. Additionally, the strategy aims to align with national goals, particularly in green energy and infrastructure investment, to position Saldanha Bay as a vital economic node within South Africa

It is thus clear, that a significant part of the Municipality's current economic strategy is closely aligned to mandate and work of Freeport Saldanha.

It should be noted that the SBM has recently appointed a service provider to draft its new economic development strategy, with Freeport Saldanha set to participate as a key informant and stakeholder in this process.

4 Relevant Court Rulings

There are no court rulings which are relevant to Freeport Saldanha or may have a significant impact on its operations.

OUR STRATEGIC FOCUS

3

PART B: OUR STRATEGIC FOCUS

1 Vision

Vision for the Zone

To become the premier industrial location on South Africa's West Coast for manufacturing, services, and export-led investments that drive economic growth and create sustainable jobs.

Vision for the Organisation

We work with each other and others with integrity, clarity and respect, accepting that we work in the name of all citizens of Saldanha Bay and South Africa.

Vision for the Board

We are a cohesive, informed, decision-making body, working in partnership with Management to ensure the long-term success of the company and the short-term objective to operationalise and build an inclusive economy.

Vision for Partnerships

We are a community of equals, choosing to work together to fulfil our joint visions because we clearly understand the purpose and values of each partner.

2 Mission

To stimulate the economy through:

- Attracting and sustaining investments through the creation and operation of a commercially viable Special Economic Zone;
- Marketing and positioning the region's economic benefits and brand awareness of Freeport Saldanha's location value proposition locally and internationally; and
- Generating and growing an inclusive economy, creating jobs, ensuring beneficiation of resources and the empowerment of our local communities.

3 Values

Accountability

Each team member at Freeport Saldanha takes ownership of their actions and responsibilities. The company fosters trust and transparency by encouraging honesty and open communication, which strengthens collaboration and drives continuous improvement.

Integrity

Every team member at Freeport Saldanha upholds ethical standards to ensure actions align with the company's values. By placing integrity at the forefront, the company fosters a culture of trust, respect, and credibility with employees, investors, and stakeholders.

Adaptability

Freeport Saldanha can adapt to shifting market conditions, evolving customer needs, and new technological advancements. It cultivates an environment that emphasizes resilience and innovation, enabling it to remain competitive in dynamic environments.

Commitment

Every team member is dedicated to fulfilling promises, reaching goals, and upholding high standards. This commitment fosters trust with investors and partners by demonstrating reliability. Freeport Saldanha is committed to excellence and long-term success, continuously strengthening its reputation in the market.

4 Situational Analysis

4.1 Performance Delivery Environment

4.1.1 Expectations of an SEZ's purpose within SA and abroad

4.1.1.1 Expectations from the Saldanha Bay Municipality

The primary expectation across the municipality is that the SBIDZ will create opportunities for economic growth and employment for the people of Saldanha Bay, either through direct employment in the zone, or through small, local businesses doing business with zone tenants and users. Overall, the expectation is that the SBIDZ will change the lives of Saldanha Bay citizens, for now and generations to come.

The zone will meet this expectation is through attracting investments into the zone and facilitating local business and trade.

4.1.1.2 Expectations from the Western Cape Provincial Government

The primary expectation within the Province is that Freeport Saldanha will create opportunities for economic growth and employment for the people of Saldanha Bay and that the Company will no longer require funding from the state and be self-sufficient and potentially profitable. This expectation is driven by the ever present need to fund services to everyone in the province, such as education, healthcare, transportation and safety and security, etc., within a tightening fiscal environment.

The zone will meet this expectation is through attracting investments into the zone, facilitating local business and trade, and helping citizens to get ready and capable for the opportunities that will come. This is in alignment with the Western Cape Government's Growth for Jobs (G4J) Strategy which is premised on a recognition that the private sector creates jobs, and that the State needs to stimulate market growth and create an enabling environment in which people and businesses are enabled to create and exploit opportunities.

4.1.1.3 Expectations from the dtic

The dtic is the legal and administrative custodian of the SEZ Programme in South Africa and therefore the Freeport Saldanha must respond to their expectation of an SEZ's purpose in South Africa going forward. During his budget vote speech for the 2024/2025 Financial Year at the National Assembly on 16 July 2024, National Minister for Trade, Industry and Competition highlighted the role of Special Economic Zones (SEZs) in driving economic growth and regional development, noting they spread economic opportunities to underdeveloped areas and create local jobs. He noted that SEZs have attracted billions of rands in investments and generate substantial tax revenue, far outweighing initial setup costs. Minister Tau emphasized the importance of public-private partnerships and collaborative government efforts in maximizing SEZ benefits.

This expectation is not as singular as that though, for the dtic itself has broader expectations of the purpose of SEZs (objectives) and what they are meant to achieve (outcomes). The draft **SEZ Strategic Framework 2020-2030** draws on best practise research from the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the United Nations Development Programme (UNDP), as well as SEZ case studies across the globe.

4.1.1.4 Expectations from the Transnet National Ports Authority

Freeport Saldanha and the Transnet National Ports Authority (TNPA) concluded a second Memorandum of Understanding (MOU) during the 2019-2020 FY towards strengthening their joint and aligned aims to promote economic growth and development in the SBIDZ area, and further recognize the strategic role of the Port of Saldanha in this growth and development; and lastly, recognize the need for complementary planning and development to ensure the sustainability of the Port and Saldanha Bay.

The mutually agreed shared vision of the Parties, as per the MOU, is:

- the establishment of an Energy and Marine Fabrication and Repair Complex within the confines of the Port of Saldanha and the SEZ, offering a full-house service to the energy industry with a view to providing a range of, non-exhaustive, list of services, such as ship rating, steel work, piping, electrical work, rewinding motors and generators, heavy machine shop and mechanical engineering, engine fitting, rigging, salvage & diving work, dry-dock marine services and offshore supply services;
- to use the enabling legislation for the creation of a single contiguous Customs Controlled Area, thereby providing a 'freeport' equivalent;
- to resolve some key challenges and constraints facing the Energy and Marine Fabrication and Repair Industry in Saldanha Bay; and
- to make it easy for investors in the SEZ to do business by implementing the ease of doing business value proposition of the Freeport Saldanha.

Due to challenging economic conditions, the COVID-19 pandemic, and delays in port infrastructure development at the Port of Saldanha, Freeport Saldanha has strategically engaged with TNPA to review current leasing arrangements, partnerships, joint strategic planning, and future collaborative efforts for mutual commercial benefit. Discussions on this are currently ongoing between the two entities.

4.1.1.5 Summary of Challenges

The expectations of key programme partners and lessons from best practise abroad is taken into consideration in setting the strategic focus of the company for the next 5 years and highlight the complex challenges the company will continuously need to manage going forward.

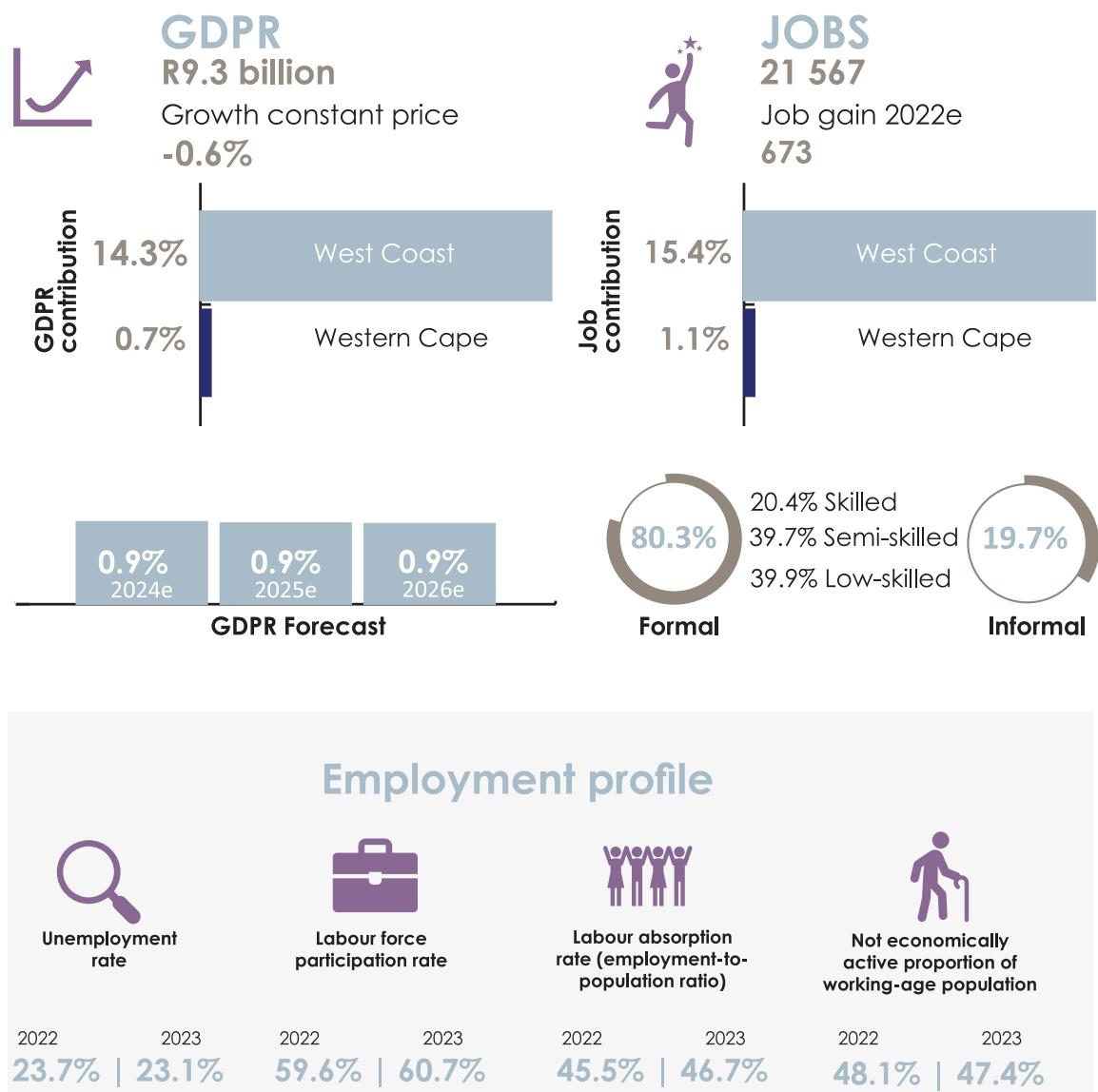
These matters at a high level include such aspects as: sustainability (financially, socially and environmentally), attractive investment proposition, value addition, integrated spatial and connected development (relationships and pathways), transformational with place-based and inclusive benefits, clear business goals, good communication and branding, understanding and effectively channelling local aspirations, energy and water availability, appropriate skills, good governance (corporate and operational), efficiency, dynamism, agility, forward looking, catalytic and the integrating role of the SBIDZ.

4.1.2 Local Environment Analysis

4.1.2.1 Socio-Economic Profile

The socio-economic context is summarised (Figure 5), adapted from the 2024-2025 Municipal Economic Review and Outlook.

Figure 5: Saldanha Bay Municipality: At a Glance (GDPR (Current Prices) and employment)



Source: 2024-25 MERO West Coast District

Saldanha Bay, the WCD's economic powerhouse, boasts a diverse tapestry woven from stunning nature, bustling industry, and charming towns. Its crown jewel is the vast, protected harbour, the deepest in southern Africa, attracting maritime enthusiasts, fisherfolk, and birdwatchers alike. The industrial and logistical hub of Saldanha Bay itself, with its steel mill and IDZ, sits alongside Langebaan, a windsurfing paradise nestled around a tranquil lagoon.

Beyond Saldanha Bay's industrial hum, the West Coast National Park boasts unique fynbos ecosystems and vibrant bird life. Vredenburg, the region's commercial pulse, thrums with modern amenities and diverse shopping outlets. Quaint Paternoster, its whitewashed cottages lining the pristine shore, offers a serene seaside escape with delectable seafood treats. Inland, Hopefield serves as the beating heart, supporting nearby grain, dairy, meat, and honey farmers. Meanwhile, Langebaanweg houses the South African Air Force base, adding a distinct hum to the regional tapestry.

Saldanha Bay boasts the largest economy in the WCD, contributing 31.8% to the total GDP, which amounted to R9.3 billion in 2023. The municipal area also accounts for 28.3% of total employment in the district. A significant portion of the workforce holds semi-skilled positions (34.4%), while 39.9% are classified as skilled.

Saldanha Bay's economy is highly diversified, with its agriculture, manufacturing and finance sectors contributing the lion's share of employment (over 60 per cent in total employment occurs in these three sectors). Maritime activities, including the Port of Saldanha and related industries, are the largest source of formal employment, further strengthening the area's economic foundation. The manufacturing sector, particularly fish farming and processing, is another significant contributor, accounting for 19.3 per cent of the GDP.²

4.1.2.2 Natural and man-made advantages

Saldanha Bay has the undeniable advantage of its natural and man-made characteristics:

- South Africa is on one of three global trade routes (Suez, Panama, SA), with the Port of Saldanha within one day of a global trade route (Figure 6).
- The bay has the largest and deepest port in the Southern Hemisphere; thus it is able to accommodate, within reason, a variety of vessel sizes and shapes in the bay and next to quayside.
- It has good road infrastructure to Cape Town and Johannesburg; therefore, people and goods can fairly quickly and easily come in and out when demand requires it.
- It has good rail infrastructure into the hinterland of South Africa; therefore minerals, metals, and agricultural products can easily be brought in for further processing and/or export, and likewise, imported goods can easily be transported into the rest of SA.
- It is within 2 hours drive from Cape Town, and thus has access to a metropolitan city that can serve the needs of people and business alike. Also, Saldanha has a good quality of life in comparison to our competitors.

Figure 6: Unique proximity to global maritime traffic and trade routes



These advantages make Saldanha Bay an excellent location for development for many different sectors and industries. However, there are some fundamental structural constraints and opportunities to the potential of the region's development that must be considered in taking a view on the overall potential of the region going forward. The following are informed from a recently completed Strategic Economic and Financial Framework study on behalf of SBM, Freeport Saldanha and the GIZ (StratEcon, 2019).

4.1.2.3 Constraints

- *Water* is a major fixed constraint for development of any kind, within the current engineering and design paradigm of water supply in South Africa.
- The availability of *suitable land or sea*, where relevant to a particular industry, is another fixed constraint. Suitability is highly dependent on environmental status and zoning.
- *Skilled labour and electricity supply* are short-term constraints that can be overcome through interventions.

4.1.2.4 Opportunities

- *Ability to use treated effluent water / groundwater*: Saldanha Bay, like many parts of South Africa, is water constrained. The degree to which industries can use either

treated effluent water or groundwater, rather than potable water, would be a major opportunity to attract industries into the region, and an opportunity to meet the SDGs.

- *Distance to relevant markets*: For some industries it is important to be close to their target market. Saldanha Bay offers this possibility for some specific industries, e.g. local-area tourism, maritime-based industries like boat building and repair.
- *Low rents relative to other areas*: The cost of land, either directly through land prices or indirectly through rents, can be a major cost item for some industries. Rents and land costs in the Saldanha Bay area are low relative to Cape Town. This factor is not relevant for all industries. Further low rents may need to be offset against the possibility of higher transport costs, for example. For the zone, this is a need in initially as we are attracting industries to the zone.
- *Potential to cluster the industry*: International experiences show the productivity benefits that can be generated from the clustering of similar industries. The creative industries, design and high-tech construction industries all lend themselves to such clustering benefits. Clustering would be more of a factor for maritime components or boat building, for example.

- *Climate (including wind) and lagoon are important:* Saldanha Bay has sunshine, wind, the Langebaan peninsula and sea access. These, for some industries, are unique attractions. They are irrelevant for others and, for some, a nuisance.
- *Iron ore terminal (red dust) has little impact:* An environmental factor unique to the area is the existence of iron emissions from the iron ore terminal. This can be a major deterrent to attracting some industries – aluminium craft manufacturing and tourism being examples.

4.1.2.5 Additional Constraints

- *No effect on the water table:* Water-intensive industries could use treated effluent or ground water, as stated previously, but this is also a potential constraint if these industries could possibly lower the water table, which could result in underground saltwater contamination.
- *Possibility for incremental capital expenditure:* Some industries are able to start small and grow when success becomes evident. This reduces upfront capital requirements and associated risks. They are consequently easier to start. Other industries, while possibly desirable, require large initial capital expenditure. These are more difficult for local authorities to incentivise because they are not able, for example, to provide capital guarantees.
- *Little solid waste:* Solid waste needs disposal, with toxic and non-toxic waste posing different challenges. Given adequate infrastructure and the right conditions, some waste can be incinerated to produce energy. Solid waste, typically in places like Saldanha Bay, is buried in landfill. This poses constraints but these are not insurmountable with proper legal and operational policy.
- *Little air pollution:* Air pollution is always a problem in urban areas. It is less so in sparsely populated or rural areas. It is also less of a problem in wind prevalent areas like Saldanha Bay. Therefore, in this instance, the air pollution of particular importance is that which may affect urban areas on wind-free days, or which has negative externalities on other industries. At least three examples are

evident in this area. Red dust from the iron ore terminal is known to have prevented the relocation of aluminium fabricators to the area because aluminium welding and iron ore dust are incompatible. The visual impact of air pollution, even if there are few associated health impacts, would constrain both tourism and the expansion of the retirement industry.

- *Little water pollution:* The Saldanha Bay area is fresh water constrained, and the resource is precious. Potential freshwater pollution is not an affordable luxury. Similarly, the waters of the Langebaan peninsula and Saldanha Bay are a unique and fragile ecosystem. Any potential pollution would have significant negative externalities both environmental and on existing industries that require good water quality.

4.1.2.6 Summary of Challenges

The context of the Saldanha Bay municipal region and that trade-offs will be made with respect to its natural and man-made advantages, constraints, opportunities and social contexts, to develop the full potential of the region, including people and environment, highlight the complex challenges the company will continuously need to manage going forward. And further, that the development of the trade-offs and any remedial steps will form part of Freeport Saldanha's holistic delivery programme going forward.

4.1.3 SEZ Performance in South Africa and Africa

4.1.3.1 South Africa

In South Africa, the new SEZ Policy (2012) & SEZ Act, 2014 (Act No. 16 of 2014) sought to focus on addressing the challenges experienced in the IDZ Programme after the dtic initiated a review of its IDZ policy in 2007. The IDZ Programme had been in place since 2000 and challenges cited included: poor governance, poor stakeholder coordination, no proper funding mechanism, lack of IDZ incentives, lack of integrated marketing, and modest performance of IDZs.

Despite this, SEZs have certainly attracted investment into SA and created jobs, however, the data does not inform on whether those

regional economies have grown, become more inclusive and sustainable since 2000 due to the SEZs. Therefore, there remains ambivalence as to the overall benefits of SEZs in SA in broad public opinion.

4.1.3.2 Africa

In UNCTAD's view, there is little systematic research on the impact of SEZs, and few countries have a comprehensive process for monitoring and evaluating SEZ performance. UNCTAD advocates for a sustainable development impact assessment of SEZs, where the direct and indirect economic contributions, fiscal and financial sustainability, technology and skills contributions, social and environmental impacts, support to regional integration, and policy experimentation and learning opportunities are considered in such a comprehensive assessment framework.

Following from this view, UNCTAD has created a "profit and loss" framework to determine the success or failure of SEZ Programmes, which looks at the key elements of areas of impact and performance, where hopefully the expected indirect and direct economic contributions from zones can be measured and monitored over time (Figure 7).

The framework was developed for governments charged with administering an SEZ Programme, but it does provide the Freeport Saldanha, as operators, with useful guidance as to what we can and should choose to measure our performance, what strategies we can and should adopt, and the collaboration required with others to achieve a KPI - and the universal goals overall.

The framework aims to relate the traditional indicators for zone success (FDI, direct jobs, exports, foreign exchange, indirect and induced jobs, and supplier linkages, GDP) with new considered indicators (the cost of zones, payback time, tax benefits, skills development, technology transfers, industrial diversity, economic transformation, labour conditions, environmental impacts, proper land use, and policy reforms) to achieve an overall sustainable development impact.

Figure 7: UNCTAD's SEZ sustainable development "profit and loss statement"

Cost-benefit areas	Key elements
Direct economic contributions	<ul style="list-style-type: none"> Attraction of FDI Job creation Export growth Foreign exchange earnings
Indirect economic contributions	<ul style="list-style-type: none"> Supplier linkages beyond the zones Indirect and induced job creation
Combined economic impact	<ul style="list-style-type: none"> <i>Additional GDP growth</i>
Net cost of/revenue from zones	<ul style="list-style-type: none"> Investment expenditures Operating costs Foregone revenues and subsidies Income from zones
Fiscal/financial viability of zones	<ul style="list-style-type: none"> <i>Payback time of zone investment</i> <i>Fiscal burden</i>
Dynamic economic contributions	<ul style="list-style-type: none"> Technology dissemination Skills and know-how transfers Industrial diversification and upgrading Enhanced regional economic cooperation
Social and environmental impacts and externalities	<ul style="list-style-type: none"> Labour conditions Environmental impact Appropriation or misuse of land Illicit flows
Policy learning and broader reform impact	<ul style="list-style-type: none"> Pilot function of zones Catalyst function for reforms Reduced motivation to reform
Overall sustainable development impact	<ul style="list-style-type: none"> <i>Evolution of the role of zones in the economy</i> <i>Long-term zone transformations</i>

Source: UNCTAD, 2015

Further to this, Table 1 provides a range of elements zones should have inside their perimeter to create inclusive and sustainable environments for business-owners and employees alike, with the view that creating this type of operational environment is beneficial to economies, society and the environment on the whole, and ultimately aides the “profit and loss statement” strategy.

It provides some interesting and novel strategies in SEZ design, some of which the Freeport

Saldanha has already initiated directly or with partners (e.g. skills training, the CSTC, Grow-Net/West-Net, the Project Management Team working group on infrastructure projects, a Zone Labour Charter, SLAs with SBM, MOU with TNPA, Environmental Management, PFMA compliance, external auditing by the AGSA); and some of which are in planning stages (e.g. the SMME Cowork Hub, the Innovation Campus, the Maritime Cluster Economy strategy with DEDAT and SBM).

Table 1: “In-Zone” Elements for Sustainable Economic Zones

Framework for Sustainable Economic Zones (Key elements for promoting Sustainable EPZs)			
General Approach	Policies/standards	Infrastructure assistance	Administrative assistance
	Maintains and enforces policies and standards, including:	Provides services or specialists to insure compliance/offer assistance, including:	Provides guidance and training to companies, covering how to:
<i>Create multi-stakeholder partnerships to identify opportunities and develop an action plan</i>			
Labour	<ul style="list-style-type: none"> • Minimum wage • Working hours and benefits • Respecting right of unions to be active within the zone • Gender equality and related issues • Incentives for third-party certifications 	<ul style="list-style-type: none"> • Labour inspectors • Conflict resolution specialists • Reporting hotlines • Gender focal points 	<ul style="list-style-type: none"> • Improve labour conditions • Engage in social dialogue
Environment	<ul style="list-style-type: none"> • Emissions • Waste disposal • Energy use • Incentives for third-party certifications • Promoting circular economy 	<ul style="list-style-type: none"> • Centralized effluent treatment • Water reclamation systems • Recycling services • Hazardous waste management services • Alternative energy sources • Reporting hotlines • Enabling circular economy 	<ul style="list-style-type: none"> • Further reduce natural resource use • Reduce waste • Increase recycling • Improve energy efficiency • Adopt renewable energy
Health & Safety	<ul style="list-style-type: none"> • Employee health and safety protection • Incentives for third-party certifications 	<ul style="list-style-type: none"> • Medical clinic • Fire brigade • Reporting hotlines 	<ul style="list-style-type: none"> • Prevent health and safety emergencies
Corruption	<ul style="list-style-type: none"> • Anti-corruption standards and policies 	<ul style="list-style-type: none"> • Hotlines • Information on reporting corruption 	<ul style="list-style-type: none"> • Build capacity to detect and avoid corrupt business practices
Economic linkages	<ul style="list-style-type: none"> • Employer support for staff training and development 	<ul style="list-style-type: none"> • Assistance with local sourcing 	<ul style="list-style-type: none"> • Identify and upgrade local suppliers

Source: UNCTAD, 2015

4.1.3.3 Summary of Challenges

The varying performance of SEZs in South Africa and abroad is noted, and in particular the trend towards the development and setting of reliable and valid indicators, including a framework of economic / development impact accounting. These highlight the challenges of reliable and valid measurement of a zone’s performance over time.

4.1.4 Market Environment Analysis

4.1.4.1 South Africa Oil and Gas Market

The Freeport is extremely well positioned for commercially viable domestic, regional and export opportunities in energy markets, including oil and gas and green energy, and many of the associated manufacturing, assembly and services associated with economic activities in the energy sector in Southern Africa.

The context for energy globally has changed, opening up markets for the Freeport, based on existing and budgeted infrastructure and commercial scale contracts for offtake. The shift to cleaner and green energy, the concerns about storage linked to price and availability in the oil and gas supply chain, South Africa's international climate change commitments, and the Freeport's location and already installed infrastructure and services provide a compelling business rationale relative to competitors in terms of its location and assets (many existing) for which demand is now growing almost exponentially and is likely to continue to do so into the future.

Highlighting three market drivers in the global and national energy landscape:

- The global Energy Transition has been accelerated with the ongoing Russia-Ukraine War and consequential energy price volatility, leading to global players to source immediate new energy supplies and seek mid to longer term cleaner energy alternatives.
- On South African turf, South Africa continues to experience an energy shortage due to Eskom plant failures, affecting economic growth and jobs at a time when the country's cities urgently need to recover from the COVID-19 crisis to retain its competitiveness and attractiveness.³
- South Africa's Just Energy Transition Investment Plan was well received at COP27 in November 2022, highlighting South Africa's commitment to decarbonisation efforts and deployment of investment funds of US\$8.5bn to three critical areas of i) Electricity ii) New Energy Vehicles and iii) Green Hydrogen. This US\$8.5bn offer comprises grants, concessional and commercial loans, and guarantee instruments - contributing to ca. 12% of South Africa's JET IP funding needs for initial 5-year period.

Resolving the energy shortfall, meeting decarbonisation goals and addressing the energy transition requires a collective effort across private and public sectors. Furthermore, Freeport Saldanha can play a significant role as a key energy node in the Global and Southern African Energy Transition.

The Freeport appears to have very significant comparative advantages in the new energy domain and some in the traditional energy supply chain. Several commercially viable opportunities in the energy sector are open to the Freeport, which are supported by very meaningful comparative advantages relative to other locations- largely driven by significant changes in demand and technology.

Its current advantages include, but are not necessarily limited to, its location, its status as a Freeport, the fact that it is a deep port, the essential nature of its location for maritime services linked to the shipping lanes it serves, its weather, its proximity to sources of renewable energy, the availability of significant useful land surrounding the Freeport for the development of essential renewable energy (RE) supply, the budgeted plans of Eskom, Transnet and TNPA, its proximity to Cape Town, the agricultural hinterland of the Western Cape, and the sun farms of Namibia, Botswana and the Northern Cape. It has the core of the infrastructure needed to provide services and manufacturing capacity.

These are significant comparative advantages in attracting investment to the Freeport in specific energy sectors and applications, which others do not enjoy, or where others cannot offer comparable solutions.

In cross-referencing focus areas and rationale, the following are specific priorities to examine in exploring the fullest realistic and sustainable opportunity of the Freeport as a comprehensive energy hub:

3 <https://www.pwc.co.za/en/assets/pdf/economic-outlook/sa-economic-outlook-sustainable-options-to-plug-energy-deficit.pdf>

Table 2: High level recommendations for a comprehensive energy hub in the Freeport, 2022

Specific priorities	Rationale
<p>Focus areas:</p> <ul style="list-style-type: none"> • LNG imports in quantity - Immediate; • Significant storage capacity- Immediate for O&G; • Traditional upstream O&G E & P activities; • Set up as green hydrogen manufacturing inside Freeport. Must link to RE - Immediate feasibility needed; • Focus on green maritime fuels as the hub for the global South and access to Africa – To be linked to feasibility above; • Focus on green ammonia, existing markets local and regional African linked to above. <p>Services related to the above priorities i.e., E & P, wind turbine laydown, care, maintenance, decommissioning and recycling.</p> <p>Manufacturing - storage tanks, O&G piping, cabling, energy storage batteries, wind energy turbine manufacturing, solar panel manufacture, battery and fuel cell manufacture.</p>	<ul style="list-style-type: none"> • Oil to gas – local Eskom and Industry. • No current LNG import facility in SA. • Significant increase in demand for LNG, need for trader's storage and strategic buffer. • E & P offshore may take time to recover; risk has changed and timing uncertain. • Green hydrogen and ammonia demand will grow exponentially over the next 5 to 10 years, with green ammonia demand increasing due to continued food shortages as a result of climate change in the short term. • Green maritime fuels set to being implemented in international regulations within five years. • Tank storage needed for local needs and for exporters and traders. • Battery and Fuel cell storage needed for power back and in stationary applications, as well as small vessels.

Immediate (1-3 years) opportunity-based activities using existing infrastructure and capacity include construction of fuel storage terminals, movement of abnormal project renewables cargo, offshore supply base support for West SADC E&P campaigns and establishing local solar panels and battery manufacturing and or assembly capacity.

(i) *Construction of Bulk Liquid Fuels Storage Terminals.* There is demand for additional coastal import, storage and distribution facilities within South Africa, mostly driven by ailing South African refinery capacity and the requirement for additional fuel imports for local consumption and strategic fuel reserves.

(ii) *Movement of abnormal project renewables cargo.* The Freeport already supports the implementation of the South African National Integrated Resource Plan (NIRP) and the Independent Power Producer Procurement (IPP) Programme. By example, the Freeport and Port of Saldanha facilitates

logistics and laydown area for wind turbine components for bid window 1-4, with the imminent implementation of bid window 4b to 6 anticipated in 2023 - delays in the recent bid windows are mostly attributed to global supply chain conditions and local grid constraints. The Freeport keeps a positive outlook and foresee an increase of Private Power Generations taking up the opportunity that the Energy reforms, announced in July 2022 by President Ramaphosa, may bring to the market.

(iii) *Establishing local solar panels and battery manufacturing and or assembly capacity.* With the new national energy reforms, continued Eskom load shedding and regional Southern African market demand driven by energy resilience and scarcity, there is an increased uptake in rooftop solar facilities and battery storage requirements, leading to an increased demand for solar panels and battery storage products.

(iv) *Offshore supply base support for offshore West SADC E&P campaigns.* 2022 has brought announcements of major oil and gas deposits offshore Namibia with more exploration activities anticipated in 2023 within South Africa waters, specifically blocks along the cost of the Northern and Western Cape. Currently supply services are run from Walvis Bay and intermittently from Cape Town. Saldanha and the awarded consortium bid to Saldehco to operate an offshore supply base is well positioned to seize these market opportunities. Further activities are expected in Mozambique and beyond.

Mid-term opportunity (1-5 years) lies in the gas-fired power generation, production of green hydrogen, municipal energy resilience and more RE generation capacity.

(i) *Gas-fired power generation* will play a key role in balancing out the intermittency of renewable energy power generation and as an energy transition fuel. Until battery energy storage, or green hydrogen can assume this role and is affordable, gas may be the most cost-effective technology available, and there may be a 10-to-15-year window to engage in an LNG to power project, without sitting with stranded assets.⁴ Similarly, to the IPP programme, an RFP for gas-to-power is anticipated to be published as part of bid window 7 in March 2023, which is of interest when linked to Eskom's plans for gas to power for the region.⁵

(ii) *Production of Green hydrogen derivatives include chemicals such as hydrogen and ammonia.* Within the context of global pressures on energy, carbon emissions and market demand for green hydrogen, the Western Cape's potential has been explored in a range of international studies. Major financiers and agencies from Europe, the USA and other major energy markets have indicated support for green hydrogen developments in South Africa and have included the Western Cape as one of the priority locations for potential development. Investment interest to establish

green hydrogen projects (especially in Saldanha) has also seen a major spike since the beginning of 2022.⁶ Opportunities are focused on green hydrogen for local consumption and extensive export, and green maritime fuels, supported by major industries' interest such as ArcelorMittal and Sasol⁷ as well as national government entities namely Infrastructure of South Africa and the Department of Public Works. Saldanha green hydrogen investor projects have been gazetted as SIPs – strategic integrated projects.⁸ Freeport Saldanha will require additional land as well as spatial and environmental masterplans to incorporate the production and handling of green hydrogen derivatives and further pre and feasibility studies with the private sector in 2023-2024.

(iii) *Renewables generation capacity.* Considering the requirement for renewables as part of the green hydrogen value chain, local wind energy production and production of solar energy are advised close to the Freeport on available land, based on predicted RE demand from Eskom and industry at large.⁹ RE facilities can be set up in partnership with Eskom or if preferred with international investors (or both, as offtake agreements are set to increase).

(iv) *Municipal Energy Resilience.* Municipalities need to play a key role in resolving the energy supply gap and thereby contribute to local economic development, job creation, and the rebuilding of social cohesion as highlighted in PWC's report¹⁰ 'Municipal energy: The cities' role in managing the energy supply challenges' outlines what can be done in the local municipal sphere to help fix the energy shortfall. This aligns with the Western Cape Government's initiatives called the Municipal Energy Resilience (MER) Initiative and works closely with the local municipalities on easy wins such as micro-grids, small scale embedded grid generation (SSEG), biogas and wastewater plant projects but also how municipalities can transact directly with Independent Power Producers (IPPs).¹¹

4 Intellidex Western Cape Growth Diagnostic May 2022

5 IRP 2019

6 Western Cape Government Position Paper: Green Hydrogen, November 2022

7 <https://www.sasol.com/media-centre/media-releases/sasol-arcelormittal-south-africa-partner-decarbonise-and-reindustrialise-vaal-saldanha-through>

8 https://www.gov.za/sites/default/files/gcis_document/202212/47658gon2835.pdf

9 Eskom plans and allocations, - 2031 (2021)

10 <https://www.pwc.co.za/en/assets/pdf/cities-role-in-managing-the-energy-supply-challenges.pdf>

11 <https://www.gov.za/speeches/premier-alan-winde-making-western-cape-more-energy-resilient-4-jan-2023-0000>

Longer term opportunity (1-10 years) lies in phasing the Freeport as a comprehensive energy hub in the South, focussing on green (low/no carbon), serving the maritime industry, exporting green energy, and serving domestic markets along RE, Oil and Gas, Green Hydrogen and Green Chemicals value chains. This will include specific (and probably niche) goods and services related to the value chains as they unfold. Examples include a full circular economy linked to energy. By this stage, much will have changed as the external economic environment is in a state of extreme dynamism. A review should be conducted of key invested markets periodically by engaging directly with investors and industrialists in the region.

4.1.4.2 Maritime Opportunity Analysis

'Marine Manufacturing and Services' sectors include ship and boat building, marine fabrication and component supply, ship and oil rig repairs and maintenance, ship recycling and 'green' recycling, ship upgrade and refurbishment and the value chain of supporting services for the sector (including abnormal, project and bulk logistics). This is broadly defined as the maritime sector.

The market assessment has investigated global and local trends, market drivers, size and locations of markets, growth rates and various segments, together with the impact of Covid-19 and the emerging drivers of future trends, including new maritime fuels and carbon abatement. This analysis has drawn the information to a South African and then Western Cape and Saldanha Bay level, with a number of maritime opportunities and their application identified, together with market demand potential indicated, where available.

Table 3: High level market potential for maritime manufacturing and services, 2022

	Item and Timing	Market & Application	Market Demand Potential
1	Ship and Boat Building [Immediate & Port Infrastructure dependent]	Ship fabrication – Public & Private, Commercial boat fabrication – Public and Private Leisure boats & yachts, Import substitution, and Export competitiveness	Africa: UN, AU, AfCTA, AIM 2050. AEZO, SADC, Yachts for export, SOM of R89.9 million
2	Vessel / Rig Repair & Scrapping (Green) [Immediate & Port Infrastructure dependent]	Green ship recycling, Vessel servicing, 'Wet' repairs (Floating Dock), and Planned & Emergency repairs.	Vessels past SA (9,011 in 2020), Shorter scrapping cycles, 'Green' scrapping trend, SOM of R570 million.
3	Maritime Services [Phased SBIDZ]	Industry Four (4IR), ICT & 'Digital', IMO Certification / Registration, Ship fuel upgrades & 'Carbon' fitment.	TAM – Large in US \$.
	SA Leisure & Commercial Boats, Yachts & Kayaks	Boats, components, services, sales. 67 firms with 3,382 employees	SAM of R4.2 billion SOM of R2.8 billion
4	Export Maritime (HST ¹²) Competitive Advantage [Phased SBIDZ]	Yachts and other vessels, 'Other' vessels (HST), Light vessels, floating cranes, and Radar, radio & electric lamps.	TAM of R6.1 billion (SA) TAM of R2.8 billion (WC) Competitive advantage, Leverage of Cape Town.
5	Import Market (HST) Substitution [Phased SBIDZ]	Tankers & transport vessels, Yachts & 'Other' vessels (\$15 billion), Stranded wire & cables (steel), and Wiring, electric lamps.	TAM of R3,808 billion (SA), SAM of R2,816 billion (SA), Local imports growing, Capacity/Skills to replace (?)
6	Energy [Infrastructure Provision]	ICT & 'Digital', fabrication, upgrades.	TAM – Large in US \$.
7	Steel Industry [Phased SBIDZ]	Synergy with ship building, scrapping.	TAM – Large in US \$.
8	Strategies, Cross Cutting Issues and Enablers: - Common User Facility (CUF) – Synergies and 'Crowding In' effects. - Timing: Establish Port Infrastructure.....Enabler of a range of related activities. - Africa & Cape Town Market Overflow – Ship Building / Repair / Scrapping. - Import Substitution (HST) – Develop competitive advantage. - Export Promotion (HST) – Harness competitive advantage		
TAM: Total Addressable Market; SAM: Serviceable Available Market; SOM: Serviceable Obtainable Market ¹³ .			

12 Harmonised System Tariff

13 The concept of the 'Total Addressable Market' has been used for the full market potential, within the context that South Africa is only able to realistically consider the 'Serviceable Available Market', and that when the geographic location, physical facilities and infrastructure, knowledge base and skills, policy, finance and incentives are considered objectively, then the 'Serviceable Obtainable Market' is the market that the Freeport could realistically consider for its operations and strategic objectives.

This market demand assessment has been undertaken in the context of the current South African socio-economic, policy and political framework which has necessitated an evaluation of the potential competition, strengths weaknesses, opportunities and threats with the traditional PESTEL and SWOT analysis frameworks, including deliverables to date. Policy uncertainty, a lack of critical service delivery, particularly electricity and state capacity are highlighted as significant risks which could

undermine the efforts of the Freeport to attract international market participants and partners, as may be required in order to approach the potential markets highlighted here.

In terms of the G4J strategy the maritime activities and initiatives are highly dependent on securing iron clad agreements with the Port Authority on the port and Freeport's development and planning.

4.1.4.2 Summary of Challenges

Table 4: Freeport Saldanha SWOAT Analysis

Strengths <ul style="list-style-type: none"> Ideal location: <ul style="list-style-type: none"> Back of port with strong industrial base.; Logistics (Road, Rail, sea); GH₂ Hub Potential. SEZ designation with full suite of SEZ incentives and CCA incentives. Strong operational relationships with key stakeholders such SBM, DEDaT and Wesgro. Bulk Infrastructure is ready. Local alignment with plans/strategies of stakeholders on GH₂ and Marine Infrastructure – Implementation alignment required. Agile Legislative Framework to facilitate investment. 	Weaknesses <ul style="list-style-type: none"> Reduced staff complement and loss of institutional IP over the past three years. Limited budget to do work required for Investor Facilitation. Limited resources to manage a complex range of stakeholders. Misaligned, objective and active Leadership (Management, board, and Shareholder). Staff resignations due to Saldanha consolidation. Limited knowledge in recruitment of investors. Low performance Culture due to low staff morale.
Opportunities <ul style="list-style-type: none"> GH₂ Hub potential. Ready-to-occupy Warehouses. Spatial industrial Expansion. Activating Trade Agreements. Alternative Funding. Low-hanging Fruit Projects: <ul style="list-style-type: none"> COT; Linsen Nambi; Chemitech. Regional Projects and Development: <ul style="list-style-type: none"> AMSA DRI project; Established new ways of working with TNPA. 	Threats <ul style="list-style-type: none"> Complexities of getting GH₂ projects to FID Loss of community support for Freeport Saldanha initiatives due to: <ul style="list-style-type: none"> Changing community interface; Slowing down of Infrastructure Projects; Lack of jobs. Non-cooperation from TNPA (retreat to North precinct). Investors with TNPA dependences will be lost. No Coherent Policy Position on SEZs between National and Provincial. Political risk (Protests) due to staff cuts and programme closures.

The SWOT analysis as set out in the table above outlines key strengths, weaknesses, opportunities, and threats for the development of the Freeport Saldanha area, with a focus on green hydrogen (GH₂) and industrial growth. Strengths include an ideal location near a port with strong logistics (road, rail, sea) and potential for a GH₂ hub. The SEZ designation provides investment incentives, and there is strong collaboration with stakeholders like SBM, DEDaT, and Wesgro. Bulk infrastructure is prepared, and the legislative framework is agile, encouraging investment.

However, weaknesses are significant. There has been a reduction in staff, leading to a loss of institutional knowledge, compounded by limited budgets and resources for investor engagement and stakeholder management. Leadership misalignment across management, board, and shareholders is a concern, and there have been notable staff resignations due to consolidation efforts. These issues contribute to low staff morale and limited capacity for recruiting investors.

Opportunities lie in the GH₂ hub potential, with ready-to-occupy warehouses and possibilities for spatial industrial expansion. Activating trade agreements, seeking alternative funding, and engaging in “low-hanging fruit” projects (such as COT, Linsen Nambi, and Chemitech) are promising. Additionally, regional projects like the AMSA DRI initiative and a new working relationship with the Transnet National Ports Authority (TNPA) present further growth avenues.

Threats, however, include the complexities of getting GH₂ projects to Final Investment Decision (FID) and the risk of losing community support due to slow infrastructure projects, job scarcity, and a changing community interface. Non-cooperation from TNPA and a lack of coherent SEZ policies between national and provincial levels pose challenges. Political risks, such as protests related to job losses and program cutbacks, add to the uncertainty.

4.2 Internal Environment Analysis

4.2.1 Accounting Authority

Policy formulation and oversight

Freeport Saldanha’s Board is committed to the highest standards of integrity and ethical behaviour. The code of conduct outlines the values and behaviours that govern their way of working across the business. It fosters values-based decision-making and demonstrates how the policies and practices align with the values. The values define the way the Board and employees think, work and act. The company is committed to shared growth which means having a positive impact on society and delivering shareholder value. This is an indication of good corporate citizenship.

Strong ethical leadership and corporate governance is driven through the Board Charter, which is the foundation of the governance principles and related practices. The charter clearly sets out the matters reserved for the Board. Board members’ roles are clearly articulated and outlines the mandate of all Board and Committees. All company policies are discussed and approved by the Board.

Supervising management

Through the Board and its four Committees, Freeport Saldanha is able to provide the necessary management supervision. The various Committees are able to provide the required focus on specific areas of the company, namely the: Audit, IT and Risk Committee; Human Resources, Remuneration, Social and Ethics Committee, Investment Committee and Nominations Committee.

The internal governance framework has been defined to manage risks. Independent internal audit provides internal assurance to the Board regarding effectiveness of internal controls and governance. External auditors provide assurance on the company’s capability. Financial reporting is provided to the Board and reviewed in the Audit, IT and Risk and Investment Committee. The Audit, IT and Risk Committee is responsible for financial results and annual budgets.

Ensuring accountability

The Board and Committees aim to meet quarterly. The responsibilities of the Committee’s mandate include internal controls, operational risk, compliance, internal and external audit, accounting and external reporting. External auditors also provide assurance to the users of the annual financial statements, owners, regulators and legislators. External auditors are appointed and are accountable to the Board. The Chairperson and Chief Executive Officer lead engagements with the regulators and Shareholder.

The Board is accountable to the Shareholder and is responsible for creating and delivering shareholder value. The right balance is ensured in promoting long-term growth and delivering short-term performance.

4.2.2 Human Resources

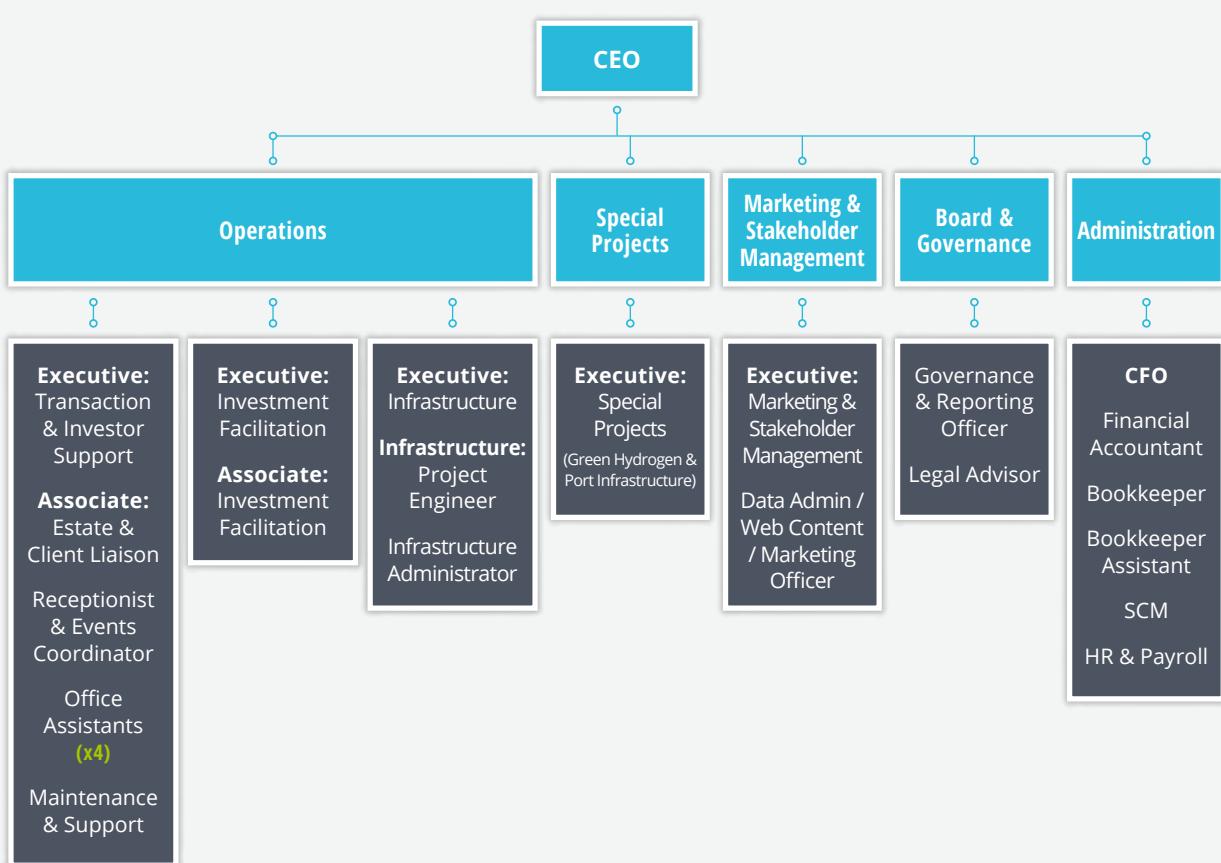
Freeport Saldanha’s staff are structured to ensure setting up the zone effectively and efficiently. There are two programmes in Freeport Saldanha namely, Administration and Operations. The goals and objectives of the business functions are clearly documented and aligned with the strategic goals of the entity.

Going forward, it is anticipated that the number of staff may marginally increase, particularly once Freeport Saldanha becomes a fully functioning estate that will require support and maintenance.

This process will take place gradually over the period 2025/26 – 2029/30, with due responsive to the Company's ability to deliver against its strategic priorities and its fiscal environment.

The current organogram is included below:

Figure 8: Freeport Saldanha Organogram



4.2.3 Information Communication and Technology

The Audit, IT and Risk Committee govern technology and information in a way that supports the company's setting and achieving of its strategic objectives. The Committee's responsibilities include overseeing results of management's implementation. This includes integration; business resilience; monitoring for responsiveness to cyber security and social

media risks, third-party and outsourced service provider risks; value delivered from technology investments and projects; disposal of obsolete technology and information; ethical and responsible use; and compliance with laws.

The Information Technology policy and frameworks are approved by the Board and reviewed annually to ensure that it is in keeping with industry best practice.

4.2.4 Financial Resources

A fundamental financial objective of the foreseeable future is to achieve self-sustainability. Tied to the aforementioned is the equally important objective of operating an efficient zone to facilitate the attraction of domestic and international investors.

The Administration Programme has the overarching objective of implementing best practice governance in support of the operations. The programme has a complex role due to its need to balance the business needs and requirements of the operations, whilst at the same time undertaking a crucial governance function within the company, providing a treasury function to ensure optimum spending and utilisation of financial resources. Functions of the unit include budget maintenance; supplier maintenance; audit maintenance; tax management; annual financial statements; ensuring compliance with SCM legal framework and other relevant legislation; fixed assets management; cash management; financial management; securing funding for operational needs and capital projects; and reporting

to stakeholders. The reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects. The successful execution of these functions will continue to improve the drive to commercial sustainability.

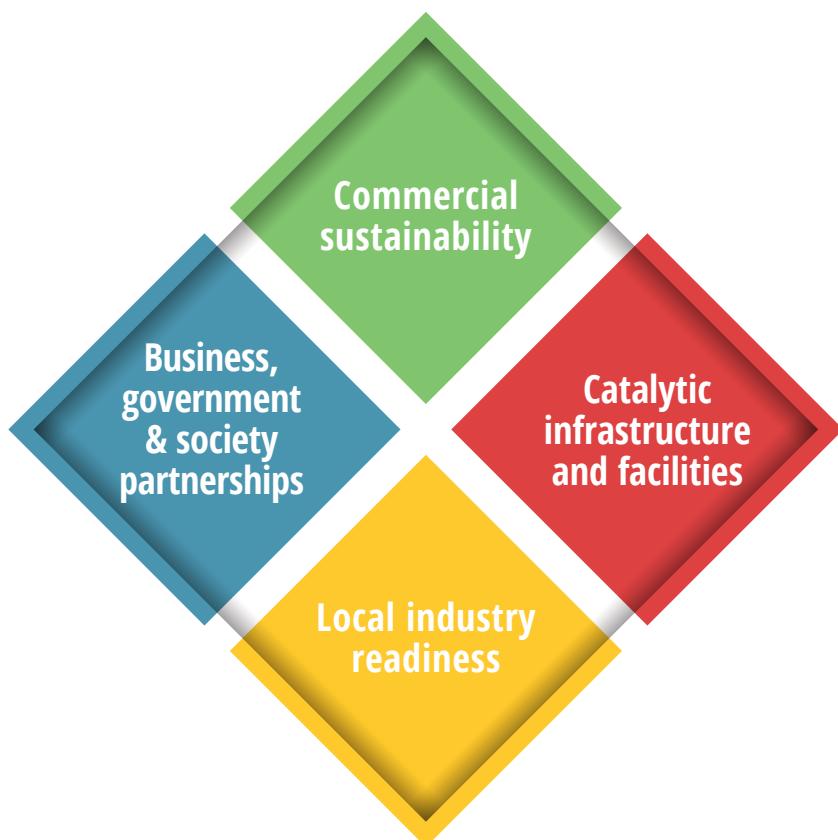
The Freeport Saldanha's budget for fiscal year 2025/26 is as projected in the Corporate Plan.

4.3 Strategic Priorities over 5-Year Planning Period

The strategic priorities of the company over the five-year period are fourfold (Figure 9):

- Firstly, to fully operationalise and become commercially sustainable,
- Secondly, to provide catalytic, growth enabling and accessible infrastructure and facilities,
- Thirdly, to secure effective business, government and society partnerships, and
- Fourthly, to ensure communities and businesses are engaged, and effectively supported with skills, practise and knowledge to compete regionally and globally.

Figure 9: Freeport Saldanha Five-Year Strategic Priorities, 2026 - 2030



4.3.1 Policy and Priority Alignment

The Province has put forth a comprehensive policy response and holistic approach to economic development, as put forward in the Strategic Framework for the Provincial Strategic Plan 2019 – 2024 (PSP), and within that, the Economy and Jobs Vision-Inspired Priority (VIP2).

The company supports the intended wider outcomes of the PSP and VIP2, particularly with reference to the zone's long-term potential to support economic growth and development in the West Coast, and draws the following to attention:

Firstly, the four strategic priorities of the company, taken together, will create a conducive, enabling business environment in and around the zone, and will facilitate positive value-adding outcomes and impacts to the local and provincial economy and societies. Narrowing in on VIP2 alignment, this addresses key challenges of an unclear and inefficient regulatory environment and difficult access to key resources, services, facilities, both public and private, in a proactive manner.

Within the context of constrained provincial economic growth and increasing pressures for public services, the company's committed to becoming independent of provincial funding over the period is indicative of policy and priority alignment to the condition of the public fiscus, and speaks to the company's values of being a responsible, accountable public corporate citizen, but also to its vision of becoming a pioneering entity for generations to come in Saldanha Bay and beyond.

4.3.2 Enablers

To achieve our strategic priorities, we require the following:

4.3.2.1 External Enablers

- An enabling environment with funding support from relevant departments and institutions specifically in respect of SEZ Funding, provincial operational funding, funding for developmental programme initiatives, and project financing from development financing institutions, as applicable.
- Strong relationships with the primary partners, specifically, DEDAT, DEA&DP, Saldanha Bay Municipality, TNPA, the dtic, and Treasury (both Provincial & National).
- Future and current port infrastructure, in respect of access to current infrastructure, and the new 500 metre finger jetty, a floating dock, and a dedicated services berth as a minimum.
- A fully operational Freeport over the designated Customs Control Area, with standard operating protocols in place with SARS, Department of Home Affairs, Department of Labour, and TNPA Port Security.
- Access to National SEZ and dtic investment incentives.
- The implementation of the Zone Labour Charter between Trade Unions and zone tenants and operators.

4.3.2.2 Internal Enablers

- Ensuring good corporate governance, with robust strategic planning and risk management.
- Strategically positioning to international and local investors.
- Maintaining and growing the current high-performance team by ensuring continued investment in human capital.
- Continued measurement of performance targets by the use of an appropriate economic model.
- Ensuring effective integration between the business units by use of internal management structures, such as the Executive Committee, the Executive Team, the joint operations control, and the use of appropriate technology.
- Provision of infrastructure for civil engineering services in the zone, investor buildings, the Project Leasing Facility, the Access Complex and Innovation Campus by use of contractor and professional panels.
- Ensuring sufficient bulk utilities infrastructure for both short- and long-term planning by way of the utilities demand model closely linked to the investor model.
- Ensuring access to suitable land, by pre-zoning and conducting enabling environmental authorisations, and ensuring the provision of utilities to individual sites, as well as security and maintenance services over the zone.
- Ensuring dynamic tenant management with appropriate rental models.

4.3.3 Assumptions

Key assumptions to the Strategic Plan are as follows:

- Continuity of government funding for the medium- and long-term, as applicable.
- Continued support of the strategic government partners.
- Future investment in port infrastructure.
- Appropriate interpretation of the free port model via the Customs Control Area legislative and regulatory framework.
- Continued use of investment incentives.
- Continued support of organised labour.

MEASURING OUR PERFORMANCE



PART C: MEASURING OUR PERFORMANCE

5 Institutional Performance Information

5.1 Impact

To create an enabling, inclusive, sustainable environment.

5.2 Outcomes

For the Western Cape, it is estimated that the IDZ would contribute R9.0 billion to direct regional Gross Domestic Product (GDP-R) and R20.2 billion to total GDP-R. On average 2,259 direct jobs would be sustained annually with a further 3,194 indirect and induced jobs, so that on average 5,543 total jobs would be sustained in the province.

In terms of specific strategic outcomes, Freeport Saldanha would create an enabling environment for sustainable economic growth and job creation by:

- Facilitating a cumulative contribution to the National GDP by investment within the IDZ of R25.2 billion by the end of the financial year 2029/30;

- Facilitating a cumulative contribution to the Western Cape GGP by investment within the IDZ of R20.2 billion by the end of the financial year 2029/30;
- Facilitating the creation on average of 32 760 direct, indirect and induced jobs throughout South Africa by the end of the financial year 2029/30.
- Facilitating a cumulative rand value of R58.8 billion to infrastructure and direct investment by the end of the financial year 2029/30.

5.3 Explanation of planned performance over the five-year planning period

Table 5: Five-year indicator, outcome and target matrix, overall for the company

Indicator	Outcome	Outcome Indicator	Baseline	Five-year Target
1.1	Sustainable economic growth and job creation	A cumulative contribution to the National GDP by investment within the IDZ by the end of the financial year 2029/30.	Nil	R25.2 billion
1.2	Sustainable economic growth and job creation	A cumulative contribution to the Western Cape GGP by investment within the IDZ by the end of the financial year 2029/30.	Nil	R20.2 billion
1.3	Sustainable economic growth and job creation	The creation of cumulative direct, indirect and induced job years throughout South Africa by the end of the financial year 2029/30.	Nil	32,760
1.4	Sustainable economic growth and job creation	A cumulative rand value of infrastructure and direct investment by the end of the financial year 2029/30	Nil	R58.8 billion

5.4 Risk Management

5.4.1 Top Strategic Risks

Strategic risk is defined as risks that affect or are created by an organisation's business strategy and strategic objectives, or lack thereof (Deloitte, 2013).

Table 6: Top Strategic Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Inability to attract investment into Freeport Saldanha, including attracting tenants into the existing infrastructure capacity.	Institutional delays on investors reaching financial close. ECOSYSTEM elements required at Freeport Saldanha do exist.	Loss of interest in Saldanha Bay.	Freeport Saldanha cannot reach full potential and achieve commercial self-sustainability. Inability to become a catalytic economic driver for job creation.	Increasing targeted marketing and investment promotion activities for mature lead generation. Enhance investment facilitation services to quicken investor journey, e.g., InvestSA OSS and the Western Cape investment ecosystem. Take up joint planning and implementation with Transnet and TNPA, as applicable, to enhance synergies between entities.
Reliance on TNPA is preventing Freeport Saldanha achieving its objectives. <ul style="list-style-type: none"> Uncertainty around relationship with TNPA and a shared risk and reward model. Establishment of an operational Port infrastructure is a lengthy process (e.g. min. 5-9 years). 	Bureaucracy and acquiring of resources required to establish Port infrastructure by TNPA. Ongoing structural reforms within state-owned companies do not have definitive timelines. Slow service delivery by contractors.	Increased time before accumulation of revenue. The pioneering model needed with TNPA is new, different and requires broad political and administrative buy in.	Inability to become a catalytic economic driver for job creation. Specific impacts include: <ul style="list-style-type: none"> The missed investment in new ports infrastructure. Misaligned port and zone planning. Delays outside of the company's control on investors financing arrangements. Increasing costs of doing business and lower business trust and confidence in the state-owned companies and government's ability to undertake needed structural reforms. Delayed investments into the Freeport. Freeport suffers financial loss for each working day/month. Its facilities and services are not fully operational, the Freeport cannot reach full potential, achieve the commercial self-sustainability and catalytic infrastructure and facilities.	Take up joint planning and implementation with Transnet and TNPA, as applicable, to enhance synergies between entities. Engage the SEZ Support Unit to unlock intergovernmental and SOE dependencies. ISA appointed a service provider to act as transaction advisors for new port infrastructure inclusive of GH2. Proactively partner with TNPA and national government to deliver the correct infrastructure faster and smarter with appropriate business models. Explore opportunities for alternative funding and financing. Contractor panels for faster delivery. Professional panels for faster delivery. Smart integrated systems to track and manage critical paths.
Inability to achieve the purpose of a Special Economic Zone as set out in the Section 4 of the SEC Act. Regulatory Risks: <ul style="list-style-type: none"> Inconsistencies between SEZ Act vs Ports Act Lack of support in respect of SARS incentives Policy uncertainty around Just Energy Transition Lack of harmonization of the Acts 	Formal OGM&E regulations are difficult to initiate in South Africa because of infancy of OGM&E sector. Different opinions and mismatched interests on a just transition roadmap.	Bureaucracy and ambiguity results in increased red tape, time and costs of doing business. Limited influencing role in competitive, sustainable value chain creation in South Africa.	OGM&E industry lose market opportunities and cannibalise each other, resulting in weak or unscalable outcomes for the local & industry readiness strategic priority. Growth and transformation of OGM&E does not materialise, resulting in weak or unscalable outcomes for the local & industry readiness strategic priority, and misaligned business, government & society partnerships.	Effective secretariats to manage relationships with key stakeholders and partners, with regular meaningful engagement around key legislative issues and regulatory interpretation. Diversify market positioning to maritime and energy, inclusive of logistics, advanced manufacturing and engineering, and green hydrogen/lower carbon fuels hub projects, as well as full lifecycle sector/stages. Leverage position within the maritime ecosystem in the Western Cape to attract and grow investments.

Table 6 (continued): Top Strategic Risks

Risk	Cause	Effect	Impact	Mitigation Measure
<p>'Financial Sustainability without the support of provincial government and stakeholders including:</p> <ul style="list-style-type: none"> • TNPA • DTIC • DEDAT 	<p>Support Required: TNPA: Available Port Infrastructure and Land DTIC: SEZ Fund DEDAT: Operational Funding</p> <p>Low pipeline conversion rate due to delays outside of the company's control on investors financing arrangements.</p> <p>Strained provincial fiscus.</p>	<p>Slow-down of operational activities.</p>	<p>Freeport Saldanha will not deliver on its mandate.</p> <p>Freeport Saldanha cannot reach full potential and achieve commercial self-sustainability.</p>	<p>Engaged SEZ support unit to unblock intergovernmental and SOE dependencies.</p> <p>Implementation of the Recovery Plan.</p> <ul style="list-style-type: none"> • Weekly meetings with Western Cape Government officials. • Monthly reporting to the Shareholder • Ad hoc reporting to the Shareholder (prepared by DEDAT) <p>Take up joint planning and implementation with Transnet and TNPA, as applicable, to enhance synergies between entities.</p> <p>Proactively partner with TNPA and national government to deliver the correct infrastructure faster and smarter with appropriate business models.</p>
<p>Global and national declines in investment confidence and ability – both from the private and public sectors:</p> <ul style="list-style-type: none"> • Freeport Saldanha ECOSYSTEM is not conducive to attract investors risk of not developing infrastructure, including port side infrastructure that is suitable for investors. • Including existence of an innovation hub. • Lack of interest in innovation development within maritime and energy industries at Saldanha Bay. 	<p>ECOSYSTEM elements required at Freeport Saldanha do exist.</p> <p>Geo-political instability, low credit rating of South Africa.</p> <p>Innovative capabilities of international clusters outclass the capabilities of the Saldanha Bay Innovation Campus.</p>	<p>Inability to convert pipeline, will result in decreased FDI and DDI into South Africa.</p> <p>Loss of interest in Saldanha Bay.</p>	<p>Decreased financial capital to invest in OGM&E industries results in the Freeport Saldanha not being able to reach its commercial self-sustainability and catalytic infrastructure & facilities strategic priorities.</p>	<p>Benchmark the Freeport to world-class standards and operations.</p> <p>Diversify market positioning to maritime and energy, inclusive of logistics, advanced manufacturing and engineering, and green hydrogen/lower carbon fuels hub projects, as well as full lifecycle sector/stages.</p> <p>Monitor investment environment, utilise a balanced approach between strategic and practical investment facilitation.</p> <p>Implement an appropriate business model which leverages community, international and national governments and the private sector in the operation of the innovation space, inclusive of technology start-up programmes.</p>

5.4.2 Top Tactical Risks

Tactical risk is the probability of loss due to changes in business conditions in real time, or over the short term (less than a year) (Spacey, 2015).

Table 7: Top Tactical Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Communication to the market public and stakeholders about Freeport Saldanha's position in the market, including Green Hydrogen.	Lack of awareness about the role, positioning and services of Freeport Saldanha.	Inability to attract investors.	Freeport Saldanha cannot reach full potential and achieve commercial self-sustainability. Inability to become a catalytic economic driver for job creation.	Increasing targeted marketing and investment promotion activities for mature lead generation. Enhance investment facilitation services to quicken investor journey, e.g., InvestSA, OSS and the Western Cape investment ecosystem. Develop an organisational Communication Strategy for Freeport Saldanha. Increase reliance on Wesgro to promote Freeport Saldanha. Appointment of a service provider to implement the various phases of the Master Plan.
Community dissatisfaction as a result of: <ul style="list-style-type: none"> In-migration of foreign workers and companies (because specialist skills required). Lack of job and business opportunities (perceived lack thereof). Lack of secure job creation. Wanting stable jobs Initial expectations by the community vs current state. Inadequate communication to community' 	Foreign, or outsider, skilled workers and companies being preferred for energy & maritime industry jobs.	Community instability and mistrust.	Community disapproval of energy and maritime operations, resulting in Freeport Saldanha not achieving the business, government and society partnerships and local and industry readiness strategic priorities.	Continue partnerships to promote local recruitment and local participation. Strengthen ESG factors in stakeholder management, with a focus on education and awareness. Operationalise the Zone Labour Charters with Trade Unions and Tenants. Incorporate communication to the community in the organisational Communication Strategy.

5.4.3 Top Implementation Risks

Implementation risk is the potential for a development or deployment failure (Spacey, 2017).

Table 8: Top Implementation Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Long time needed to establish an operational port infrastructure model (e.g., min. 5-9 years).	Bureaucracy and acquiring of resources required to establish port infrastructure. Ongoing structural reforms within state-owned companies do not have definitive timelines.	Increased time before accumulation of revenue. The pioneering model needed with TNPA is new, different and requires broad political and administrative buy in.	Freeport cannot reach full potential and achieve the commercial self-sustainability and catalytic infrastructure & facilities strategic priorities above all others due to: <ul style="list-style-type: none"> The missed investment in new ports infrastructure. Misaligned port and zone planning. Delays outside of the company's control on investors financing arrangements. Increasing costs of doing business and lower business trust and confidence in the state-owned companies and government's ability to undertake needed structural reforms.	Proactively partner with TNPA and national government to deliver the correct infrastructure faster and smarter with appropriate business models. Explore opportunities for alternative funding and financing.
Time taken to build the Freeport and its services.	Slow service delivery by contractors.	Delayed investments into the Freeport.	Freeport suffers financial loss for each working day/month. Its facilities and services are not operational, and the Freeport cannot reach its full potential and achieve the commercial self-sustainability and catalytic infrastructure and facilities.	Contractor panels for faster delivery. Professional panels for faster delivery. Smart integrated systems to track and manage critical paths.
Retaining skilled workforce (long enough for skills transfer to happen), whilst battling inadequate infrastructure resources and skills available.	Infancy of maritime and energy sector within South Africa. Generational (i.e., millennial) influence of younger workforce.	Lack of fabrication skills and resources in South Africa to meet the requirements of maritime and energy industry. Skills and knowledge are lost rather than transferred. Lengthy time required to source fabrication equipment / fabricated parts and skilled personnel.	Outsourcing of employees to meet maritime and energy service industry needs, and the outsourcing of OG&M industry needs to international sources hampers local & industry readiness as a result. Decreased investment into the Freeport results in not achieving local & industry readiness and building business, government & society partnerships.	Support the knowledge transition through development programmes facilitated. Maintain the High School Programme and initiate and maintain the Smart Skills Centre to embed 4IR initiatives in youth and school-goers. Operationalise the Zone Labour Charters with Trade Unions and Tenants.
The pandemic's effect on staff welfare and productivity.	Accelerated move to new ways of work arrangements required and possible.	Demotivated employees, anxiety and low employee morale.	Poor performance and loosing good employees due to mental health issues, and younger employees have limited growth opportunities, which inhibits productivity within the Company.	Proactive employee support and enabling access to mental health programmes and dynamic human resources performance management approaches.
Breach of personal or company information.	Cyber-attack on ICT infrastructure.	Company data compromised.	Reputational and financial damage to the Company.	Maintaining ICT governance and assurance processes and systems, including the implementation of the POPI Act.

5.4.4 Key Overall Risk Areas

Figure 10: Key Overall Risk Areas



TECHNICAL INDICATOR DESCRIPTIONS



PART D: TECHNICAL INDICATOR DESCRIPTIONS

Overall for the Company

Indicator 1	Sustainable economic growth and job creation (Indicator title as per short definition)
Definition	<p>Freeport Saldanha would create an enabling environment for sustainable economic growth and job creation by:</p> <ol style="list-style-type: none"> 1.1. A cumulative contribution to the National GDP by investment within the IDZ by the end of the financial year 2029/30; 1.2. A cumulative contribution to the Western Cape GGP by investment within the IDZ by the end of the financial year 2029/30; 1.3. The creation of cumulative direct, indirect and induced job years throughout South Africa by the end of the financial year 2029/30; 1.4. A cumulative rand value of infrastructure and direct investment by the end of the financial year 2029/30.
Purpose	Measure the contribution made to the South African economy overall through Freeport Saldanha's programme and the prioritisation of the Saldanha Bay region.
Source of data	A report on the economic contribution of investment and turnover at Freeport Saldanha. For investment, a signed contract which demonstrates the commitment, a verified investor declaration, investor confirmation via written correspondence, official published documents (e.g., annual reports) or public announcements by the company and/or internet articles. Not all investors provide operating expenditure and therefore turnover is estimated from the rent paid to the Freeport Saldanha. Freeport Saldanha capital and operating expenditure is based on actual annual financial statements.
Method of Calculation / Assessment	SAM Economic Model created for Freeport Saldanha.
Assumptions	Capital and operating expenditure over the five-year financial period by Freeport Saldanha, the Western Cape Government, Transnet and tenants and customers of the zone represents flows of the economic transactions that take place within the economy. There are times that investors do not want to disclose details of their investments or commit to a signed document to specify their investment. In cases where investors do not disclose their investment or turnover, these values are estimated based on the rental payments made to Freeport Saldanha and applicable industry indices
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Western Cape
Desired performance	Achievement of the target.
Indicator Responsibility	Chief Executive Officer



FREEPORT SALDANHA

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