

CORPORATE PLAN • 2022-23

THE CATALYSTS
FOR THE TRANSFORMATION & GROWTH OF THE LOCAL DIAMOND BENEFICIATION INDUSTRY

state diamond trader
REPUBLIC OF SOUTH AFRICA

Corporate Plan for the State Diamond Trader 2022/23
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LIST OF ACRONYMS

ACRONYM	MEANING
AGSA	Auditor-General South Africa
The Act	DDiamonds Act, 56 of 1986, as amended
APP	Annual Performance Plan
BBBEE	Broad-Based Black-Economic Empowerment
CEO	Chief Executive Officer
DMRE	Department of Mineral Resources and Energy
EDP	Enterprise Development Programme
HDSA	Historically Disadvantage South Africans
IDC	Industrial Development Corporation
MoU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
MQA	Mining Qualification Authority
NDP	National Development Plan
PFMA	Public Finance Management Act
PESTELE	Political, Economic, Social, Technology, Environmental, Legal and Ethical
ROM	Run of Mine
R&D	Research and Development
SADC	Southern African Development Community
SMME	Small, Medium and Micro Enterprises
SADPMR	South African Diamond and Precious Metals Regulator
SWOT	Strength, Weakness, Opportunities and Threats
SDT	State Diamond Trader
SA	South Africa
SOE	State Owned Enterprise
TID	Technical, Indicator, Description
WSP	Workplace Skills Plan

ACCOUNTING AUTHORITY STATEMENT

The State Diamond Trader (SDT) has adopted a new strategy in 2021/2022 financial year to strengthen the functions of the entity and ensure that it meets its legislatively prescribed mandate. The strategy was primarily intended to provide a framework to optimise the delivery of the SDT mandate and align it with the Diamond Act.

This document presents the SDT Corporate Plan for the period 2022–2023, which operationalises the five-year Strategic Plan of the SDT. The SDT APP outlines the activities, which supports the strategic objectives of the entity.

The Corporate Plan further provides an indication of financial and Human Resources allocations, as well as performance indicators and targets. It further highlights the linkages of the work of SDT to national developmental imperatives contained in the the National Development Plan (NDP), the DMRE goals and Diamond transformative agenda. The APP is closely aligned to the SDT strategy integrating the critical aspects.

I hereby present the Corporate Plan of the State Diamond Trader for 2022/2023 in support of accelerating the delivery of our mandate, as inscribed in the Diamond Act, Act No. 56 of 1986 as amended.



Ms 'Maletlatsa Monica Ledingwane
Board Chairperson
State Diamond Trader

ACCOUNTING OFFICER STATEMENT

It is a great privilege and honour on behalf of the State Diamond Trader, to submit the Corporate Plan for 2022-2023. This plan is informed by both the Five Priority Areas together with the Five Strategic Outcomes and the Medium-Term Strategic Framework (MTSF) approved by the State Diamond Board. These documents have been aligned to the National Development Plan (NDP), National Government priorities as well as the Department of Minerals and Energy. This plan is further grounded on agreement whereby all Government Departments and State-Owned Entities must subscribe to and act upon.

The Corporate Plan is the result of extensive and long deliberations within the State Diamond Trader and is in accordance with the Revised Framework for Strategic Plans and Corporate Plan prescribed by the National Treasury. The Corporate Plan has three budget programmes:

- **Programme 1:** Finance and Administration
- **Programme 2:** Diamond Trade and Operations
- **Programme 3:** Legal and Governance

This Corporate Plan has provided a high-level overview of how the State Diamond Trader will focus on its strengths in pursuing its vision and mission as part of addressing its own mandate. The entity will continue to build on the achievements of the previous strategic plans and constantly evaluate our strategies to ensure their relevance and effectiveness. The annual business planning process driven by comprehensive performance metrics will complement this five-year Corporate Plan, focussing our efforts and enabling us to meet the needs of our stakeholders as priorities shift over time.

This plan will also give guidance on the review of our policies and procedures on beneficiation and put more effort in promoting equitable access with strategic focus on transformation activities.



Mr SM Mnguni
Chief Executive Officer
State Diamond Trader

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the Management of the State Diamond Trader under the guidance of the Board.
- Takes into account all the relevant policies, legislation and other mandate guiding the entity for which the Department of Mineral Resources and Energy is responsible, and
- Accurately reflects the impact and outcomes which the State Diamond Trader will endeavour to achieve over the period of 2022 /2023

Ms N. Mncwango
Chief Financial Officer



Signature

Mr C.C Van Der Ross
Operations Manager



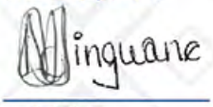
Signature

Acting Company Secretary/Legal Manager (Vacant)
Mr S.M Mnguni
Chief Executive Officer



Signature

Ms M.M Ledingwane
Board Chairperson



Signature

Approved by:
Mr Samson Gwede Mantashe (MP) Minister of Mineral Resources and Energy
January 2022

Signature



PART A:
OUR MANDATE

state diamond trader
REPUBLIC OF SOUTH AFRICA

THE **CATALYSTS FOR THE TRANSFORMATION & GROWTH** OF THE LOCAL **DIAMOND BENEFICIATION INDUSTRY**

PART A: OUR MANDATE

1 ABOUT US AND CONSTITUTIONAL MANDATE
WHO WE ARE

A State – owned entity established in 2007 in terms of section 14 of the Diamond Act 56 of 1986 to operate in the diamond industry to support and facilitate growth in local diamond beneficiation. The SDT is categorized as a schedule 3B entity in terms of the Public Finance Management Act, 1 of 1999 (PFMA):

Our Mandate is to:

- Buy and sell rough diamonds for local beneficiation
- Promote equitable access to and beneficiation of the country's diamond resources
- Grow SA diamond cutting and polishing industry by increasing HDSA for beneficiation
- Address distortion created by excluding previously disadvantaged groups from economic participation (transform diamond industry)
- Purchase up to 10% of the run of mine from SA producers
- Sell to registered customers through an application and approved process

2 INSTITUTIONAL POLICIES AND STRATEGIES GOVERNING THE FIVE -YEAR PLANNING PERIOD

Mineral Beneficiation

The State Diamond Trader is committed to promote diamond local beneficiation through legislation and its internal policies.

The Diamond Act provides for the State Diamond trader to support and facilitate growth in local diamond beneficiation. This will be achieved through the acquisition of 10% ROM from legitimate diamond producers and selling to its clients in an equitable way. The Diamond Amendment Act 1986, (Act No 56 of 1986) was amended through these amendments to increase access to rough diamonds for jewellery manufacturing in South Africa, maintain security of supply of rough diamonds and promote beneficiation in South Africa, thus creating jobs and increasing participation through diamonds value chain.



PART B:
STRATEGIC FOCUS

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REPUBLIC OF SOUTH AFRICA

THE **CATALYSTS FOR THE TRANSFORMATION & GROWTH** OF THE LOCAL **DIAMOND BENEFICIATION INDUSTRY**

PART B: STRATEGIC FOCUS

1 VISION

To be a **catalyst for transformation and growth of the local diamond beneficiation** industry.

2 MISSION

- Ensure acquisition of and equitable access to rough diamonds, with a particular focus on Historically Disadvantaged South Africans.
- Promote the growth of the diamond beneficiation industry through relevant interventions.
- Establish and maintain a transformed client base of local diamond beneficiators.
- Forge Local and International partnership that increases competitiveness.

3 VALUES

- We will respect the rights of our Stakeholders and Promote a caring attitude.
- We will promote diversity and create and empowering working environment.
- Commitment to Mandate-its promotion, defence and execution
- Agility-Anticipation, proactive problem solving and resourcefulness.
- Efficiency-Professionalism and Excellence in all that the SDT does
- Innovation-Continuous generating new ideas and innovative thinking
- To promote ethical behaviour on the trust and confidence we earn from employees, customers and shareholders

4 SITUATIONAL ANALYSIS

FACTOR	ANALYSIS	THREATS	OPPORTUNITIES
POLITICAL	Delays in policy review impacting the delays in the amendments to the Diamonds Act	Policy inconsistencies stifle growth	Intense lobbying and stakeholder management
	Legislation to expand opportunities for the HDSAs raising the bar on the need to spearhead transformation and inclusion of previously disadvantaged groups		
	Inconsistencies between the two points above and the speed at which policy inconsistencies for a conducive growth environment are receiving attention		
ECONOMIC	Lenders of capital have taken a risk-averse stance to funding the industry	Barrier to entry	To provide strategic financial support and management to ensure sustainability of the entity
	Rand/Dollar volatility affecting price volatility of diamonds and the SDT's value of inventory	Fluctuating value of inventory which may result in either losses or in difficulties to liquidate	Exploration of a dollar account
SOCIAL	High unemployment	Illegal mining and community unrest	Opportunities for availability of the youth to be attracting to the industry

4 SITUATIONAL ANALYSIS

FACTOR	ANALYSIS	THREATS	OPPORTUNITIES
TECHNOLOGY	Inadequate research and developments strengths	Available technology accessible as imports. It is costly in purchase price and maintenance	Investments in R&D Collaborations with R&D institutes
		Industry lags behind for competitiveness and business processes for production (beneficiation)	
ENVIROMENTAL	Carbon emissions for transportation of diamonds	Global warming	None identified
LEGAL	Heavy Regulation of the industry compared to other diamond centres	Lack of growth	Intense lobbying for review of the Act and policy considerations for a growth enabling environment
	80/20 Rule stifles growth and affects SDT sales of Run of Mine diamonds available	Poor inventory management	
ETHICAL	Poor perception of government agencies in relation to corruption	Poor perception of the entity	Reputation and Responsibility Management
	Compliance with the Kimberley Process Certification Scheme	None Identified	N/A
	Growing demand for sustainable development considerations	None Identified	N/A

PART B: STRATEGIC FOCUS

5 INTERNAL SITUATIONAL ANALYSIS (SWOT)

STRENGTHS
(**Internal** - Thinks the entity is doing well)

- Working within legislation, provide entity to purchase rough diamonds from Producers
- Ability to bring Stakeholders together
- Sound relationship between the board and management
- Technically skilled staff especially on diamond sourcing and valuation
- Existing Policies, Standard operating procedures and governance documents and practices
- Purchases agreement with producers
- Sound financial discipline
- Sound relationships with clients and other stakeholders

WEAKNESSES
(**Internal** - Think the entity lack, need to improve)

- Lack of funding for the entity also affects:
  - Inadequate human resources
  - Lack of tools for technical purpose like Machinery and equipment
  - Inadequate systems and resources for technology, research and development
- Inadequate records management Complex and lengthy decision-making process by the DMRE
- Sustainability of the current Business model
- Fully dependent on levels of producer productions

PART B: STRATEGIC FOCUS

5 INTERNAL SITUATIONAL ANALYSIS (SWOT)

OPPORTUNITIES
(**External** - What is it that the entity wants to achieve?)

- To source suitable rough diamonds from other diamond producing countries
- Opportunity to collaborate with other entities or stakeholders on issues of mutual interest, including
  - Mintek and CSIR on research and development
  - Training and development including EDP (MQA, Tertiary institutions and NYDA etc.)
  - Marketing South African diamonds both locally and internationally (Proudly SA, Brand SA, Producers, clients and other State entities)
  - Enterprise hub with DMRE, SADPMR and clients
- To host a South Africa Diamond Show
  - Convert non-compliant producers to be compliant
  - Create an online trading platform for polished diamonds
  - Increase compliant producers
  - Achieve stronger stakeholder management

THREATS
(**External** - What are other obstacles the entity might be facing?)

- Lack of funding
- Delays in amending of the legislation
- Substitution of rough diamonds by synthetics and/or lab grown diamonds
- Covid-19 and closures market
- Further reduction in production
- Pricing
- Illegal diamond producers
- Decline in beneficiation
- Global market decline
- Non-compliant Producers
- Volatile market condition

PART B: STRATEGIC FOCUS

6 ALIGNMENT OT GOVERNMENT OUTCOMES

Alignment to the National Development Plan (NDP), Government 7 priorities and the Department of Mineral Resources and Energy (DMRE) objectives.

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. The creation of decent employment by growing an inclusive economy is one of the mechanisms through which the NDP seeks to achieve its objectives.

The South African government has adopted Seven (7) priorities to drive the NDP within the next 10 years which will focus on tackling poverty, inequality and unemployment, economic growth, and address hunger.

The Department of Mineral Resources and Energy, as part of this role in implementing three (3) NDP projects. The department has a strategic objective of increasing investment in minerals and mining sector and transformed minerals sector.

The State Diamond Trader as a State-owned entity of the DMRE, has to ensure that its strategic objectives and key activities are geared towards achieving the strategic objectives of the DMRE, and ultimately of the NDP. To realize this, the strategic outcomes of the State Diamond Trader have been aligned to expedite the NDP' imperatives for economic transformation through inclusive economic growth and building a capable and developmental State.

ALIGNMENT WITH THE FOLLOWING 3 NATIONAL DEVELOPMENT PLAN (NDP) OUTCOMES

The entity aligns to the following **National Development Plan** (Outcomes)

OUTCOME 4	• Decent employment through inclusive growth
OUTCOME 5	• A skilled and capable workforce to support an inclusive growth path
OUTCOME 12	• An efficient, effective and development oriented public service and empowered, fair and inclusive citizenship. Brand SA, Producers clients and other State entities) • Enterprise hub with DMRE, SADPMR and clients • To host a South Africa Diamond Show

PART B: STRATEGIC FOCUS

ALIGNMENT WITH THE 2019-2024 MEDIUM TERM STRATEGIC FRAMEWORK (MTSF)

The entity align itself to the **following Government** 4 (four) priorities

PRIORITY 1	• A capable, ethical and developmental state
PRIORITY 2	• Economic transformation and job creation
PRIORITY 3	• Education, Skills and Health
PRIORITY 7	• A better Africa and world

ALIGNMENT TO DMRE 2020-2025 STRATEGIC PLAN

DMRE **Strategic Objectives aligned** to by the entity

STRATEGIC OBJECTIVE	• Increased investment in the minerals and mining sector
STRATEGIC OBJECTIVE	• Transformed minerals sector

PART B: STRATEGIC FOCUS

STATE DIAMOND TRADER

NUMBER	OUTCOMES	OUTCOME INDICATOR
01	A transformed and inclusive diamond beneficiation industry that ensures an increased black ownership and participation in the sector	To grow and transform the diamond industry
02	A capable workforce and developmental industry	Contribute to training and skills development
03	A knowledge-based and innovative organization	Collaborate in promoting research and innovation for sustainable development of the diamond beneficiation industry
04	Improved corporate performance, accountability and transparency	Promote good corporate governance and improve internal processes and procedures
05	A financially viable and sustainable entity	To provide strategic financial support and management for the sustainability of the entity

PART B: STRATEGIC FOCUS

SUMMARY: ALIGNMENT TO NDP, GOVERNMENT PRIORITIES AND DMRE OUTCOMES

NDP OUTCOMES	GOVERNMENT PRIORITIES	DMRE PRIORITIES	OUTCOMES	OUTCOME INDICATOR
Outcome 4 Decent employment through inclusive economic growth	**Priority 1** A capable, ethical and Developmental State	Transformed minerals sector	A transformed and inclusive diamond beneficiation industry that ensures an increased black ownership and participation in the sector	To grow and transform the diamond industry
Outcome 5 A skilled and capable workforce to support an inclusive growth path	**Priority 2** Economic Transformation and Job creation		A capable workforce and developmental industry	Contribute to training and skills development
Outcome 12 An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	**Priority 2** Education, Skills and Health	Increase investment in the minerals and mining sector	A knowledge based and innovative organization	Collaborate in promoting and investing in research and innovation for sustainable development of the diamond beneficiation industry
			Improved corporate performance, accountability and transparency	Promote good corporate governance and improve internal processes and procedures
	Priority 7 A better Africa and world		A financially viable and sustainable entity	To provide strategic financial support and management for the sustainability of the entity



PART C:

MEASURING OUR PERFORMANCE

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REPUBLIC OF SOUTH AFRICA

THE **CATALYSTS FOR THE TRANSFORMATION & GROWTH** OF THE LOCAL **DIAMOND BENEFICIATION INDUSTRY**

PART C: MEASURING OUR PERFORMANCE

IMPACT STATEMENT

Stimulate and forge stronger relationships with all stakeholders in the **diamond** space to intensify a **transformed and suitable diamond industry.**

BALANCE **SCORECARD**





PART D:

SHAREHOLDERS COMPACT

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REPUBLIC OF SOUTH AFRICA

THE **CATALYSTS FOR THE TRANSFORMATION & GROWTH** OF THE LOCAL **DIAMOND BENEFICIATION INDUSTRY**

PART D: SHAREHOLDERS COMPACT

SHAREHOLDER PERFORMANCE AGREEMENT (SHAREHOLDER COMPACT)

ENTERED INTO BY AND BETWEEN

STATE DIAMOND TRADER (SDT) HEREIN REPRESENTED BY

MS MM LEDINGWANE

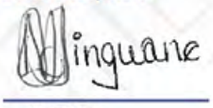
(IN HER CAPACITY AS THE CHAIRPERSON) AND

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA HEREIN

REPRESENTED BY

THE MINISTER OF MINERAL RESOURCES AND ENERGY

Ms M.M Ledingwane
Board Chairperson



Signature

Mr Samson Gwede Mantashe (MP) Minister of Mineral Resources and Energy
January 2022

Signature

PART D: SHAREHOLDERS COMPACT

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PART D: SHAREHOLDERS COMPACT

SHAREHOLDER PERFORMANCE AGREEMENT ("SHAREHOLDER COMPACT") AGREED PRINCIPLES

1. INTRODUCTION

1.1 In terms of regulation 29 of the Treasury Regulations issued in terms of the Public Finance Management Act No 1 of 1999, as amended by Act 29 of 1999 ("PFMA"), the Accounting Authority for a public entity listed in Schedule 3B, must, in consultation with its Executive Authority, annually conclude a Shareholder Compact.

1.2 The State Diamond Trader (SDT) is an entity established in terms of section 14 of the Diamonds Act 56 of 1986 as Amended ('the Act) and is classified as a national government business in terms of Schedule 3B of PFMA.

1.3 The Shareholder Compact documents the mandated key performance measures and indicators to be attained by the SDT as agreed between the accounting authorities the Executive Authority.

PART D: SHAREHOLDERS COMPACT

2. INTERPRETATION

In this Shareholder Compact, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them as follows:

2.1 'Accounting authority' means the Board State Diamond Trader.

2.2 'Diamonds Act' means The Diamonds Act 56 of 1986 as amended.

2.3 "Executive Authority" means the Minister of Mineral Resources and Energy

2.4 'SDT' means State Diamond Trader

2.5 'SOE' means State Owned Enterprise.

2.6 'Party' means either the Executive Authority or the Accounting Authority and parties mean both.

2.7 'Shareholder Compact' means this agreement together with all appendices attached hereto.

2.8 'PFMA' means the Public Finance Management Act No 1 of 1999 read with Treasury Regulations.

PART D: SHAREHOLDERS COMPACT - AGREED PRINCIPLES

3. NATURE OF THE SHAREHOLDER COMPACT

3.1 The Shareholder Compact is designed solely to regulate the relationship between the Accounting Authority and the Executive Authority.

3.2 This Agreement is not intended to interfere in any way with the principles of corporate governance, law principles; and the normal relationship between the executive authority and the accounting authority.

3.3 It is hereby recorded that the agreed principles, although subject to review annually, sets out principles that are applicable beyond a period of one year. In the event that they are amended, the parties shall take into account the strategic plan and actions already commenced on the basis of such principles.

4. PERIOD

4.1 This Shareholder Compact is effective for the period 1 April 2022 to 31 March 2023.

5. MANDATE OF SDT

5.1 The mandate of SDT is set out in the Diamonds Act 1986, as amended.

6. BUDGET AND CORPORATE PLAN

6.1 In accordance with Section 52 (a) and (b) of the PFMA, the Accounting Authority shall submit to the Executive Authority at least one month before the start of the Financial year –

6.1.1 A projection of revenue, expenditure and borrowings for that financial year in the prescribed format; and

6.1.2 A corporate plan in the prescribed format covering the affairs of the State Diamond Trader for the following five (5) years.

PART D: SHAREHOLDERS COMPACT - AGREED PRINCIPLES

6.2 The SDT undertakes to ensure that it's Corporate Plan and its goals and objectives are aligned with the strategic direction and intent of the Executive Authority.

6.3 The Annual Performance Plan as set out in "Annexure 1" hereto shall be the measure for monitoring of performance by the Executive Authority.

7. OBJECTIVES FOR THE YEAR 2022- 2023 – KEY PERFORMANCE TARGETS

7.1 In pursuance of the State Diamond Trader's corporate plan and strategies, the SDT's key objectives for a year must be agreed upon on an annual basis.

7.2 The parties agree to renegotiate the key performance indicators and targets if they are not achievable and/or are unlikely to be achieved as set out in the Annual Performance Plan and/or there is a reasonable likelihood that they would not be achieved.

7.3 The State Diamond Trader's performance shall be evaluated against the achievements of its performance targets on a quarterly basis through performance reports submitted to the Executive Authority and through the audited and approved financial results become available.

8. GOVERNANCE

8.1 This Agreement is based on the PFMA and Treasury Regulations, the Protocol for Corporate Governance in the Public Sector (2007), and the Corporate Governance prescripts in South Africa. The SDT subscribes to the principles of good corporate governance and reassess its systems of governance on an ongoing basis.

8.2 The Accounting Authority undertakes to maintain an effective system of governance and the highest standards of ethics.

8.3 The Accounting Authority shall adhere to and encourage good governance practices and the highest ethical behaviour.

PART D: SHAREHOLDERS COMPACT - AGREED PRINCIPLES

9. ROLE AND RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY

9.1 The Accounting Authority is mandated to control, supervise, manage and run the business in accordance with the SDT mandate in terms of the Act, the PFMA, the strategic intent, corporate plan and corporate governance principles. The accounting authority shall exercise fiduciary duties and skill at all times to pursue the objectives and targets as set out in the Corporate Plan.

9.2 **The Accounting Authority -**

9.2.1 Commits itself to the achievement of the vision, mission, objectives, and the strategic intent of the State Diamond Trader and to always act in the best interests of SDT;

9.2.2 Accepts its responsibility to direct and guide the business in a proper manner in keeping with good governance practices, the PFMA, the Diamonds Act, this Shareholder Compact, and

9.2.3 Recognizes the importance of speedy decision-making, and shall use its best endeavours to prevent undue delays with regards to critical decisions;

9.2.4 Undertakes to deliver on the targets agreed to in this Agreement.

10. UNDERTAKINGS BY THE SHAREHOLDER

The Executive Authority undertakes, for the duration of this Agreement:

10.1 Not to introduce new or additional requirements during the validity of this Agreement other than through a process of consultation with accounting authority. Reasonable notice shall be given in writing before the introduction of any new or additional requirements. In addition, the parties shall, in such an event, amend the key performance indicators and targets, failing which, no new requirements or targets may be introduced;

10.2 Undertakes to deliver on the targets agreed to in this Agreement.

10.3 not to impede or in any way restrict the discretion of the Board regarding matters falling within its authority, as provided for in this Agreement;

10.4 Not to delay critical decisions;

10.5 Not to delay the proper constitution of the Board and to fill vacancies that may arise promptly from time to time.

10.6 Not to cause the Accounting Authority or any of its individual members to perform any actions that may result in a breach any legal duty;

10.7 To support and to give guidance to the Accounting Authority where necessary.

10.8 to provide financial support to the State Diamond Trader more particularly where this is required for the achievement of the targets agreed to in this Agreement;

10.9 To facilitate and support the initiatives of the State Diamond Trader in pursuance of funding for the purposes of achieving the objectives of this Agreement and the mandate of the State Diamond Trader in general.

10.10 To support initiatives of the Accounting as necessary from time to time.

11. OBLIGATION OF THE ACCOUNTING AUTHORITY TO ACCOUNT

11.1 The Accounting Authority has an obligation to account in detail to the Executive Authority on the SDT's performance, viability and impact of the SDT on the market on a quarterly and annual basis.

11.2 The Accounting Authority shall notify the Executive Authority of urgent material events in which the SDT is involved.

PART D: SHAREHOLDERS COMPACT - AGREED PRINCIPLES

12. NOTICES AND DOMICILIA

For the purpose of this agreement the parties' respective addresses shall be:

12.1 Executive Authority at:
The Ministry of Mineral Resources and Energy,
Trevenna Campus,
Pretoria

For attention: Chief of Staff, Ministry of Mineral Resources and Energy

12.2 ACSA Precinct
Corner Bonaero Drive and Elgin Road
Kempton Park, 1619

Tel: +27 11 334 2691 Fax: +27 11 334 1540
Email: mandlam@Statediamondtrader.gov.za
For attention: The Chairperson: SDT

13. VARIATION

No addition to or variation, consensual cancellation or novation of this agreement and waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduces to writing and signed by both the parties or their duly authorised representatives.

14. KEY PERFORMANCE MEASURES AND INDICATORS

The key performance measures and indicators as contemplated are detailed in the Annual Performance Plan attached hereto as "Annexure 1". It is hereby recorded that these shall be submitted to the Shareholder at least one month before 1 April 2022.



PART E:

CORPORATE PLAN 2022_2023

state diamond trader
REPUBLIC OF SOUTH AFRICA

THE CATALYSTS FOR THE TRANSFORMATION & GROWTH OF THE LOCAL DIAMOND BENEFICIATION INDUSTRY

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
1. Atransformed and inclusive diamond beneficiation industry that ensures an increased black ownership and participation in the sector	To grow and transform the diamond industry	1.1 To purchase 4.5% of rough diamonds inspected by value	4,5% of 2021/2022	Purchase 4.5% by value of rough diamonds inspected	Purchase 4.5% by value of rough diamonds inspected	Purchase 4.5% by value of rough diamonds inspected	Purchase 4.5% by value of rough diamonds inspected
		1.2 Rough diamonds to the value of R67,000,000 sold to HDSA	Rough diamonds to the value of R65,000,000 sold to the HDSA in 2021/2022	Rough diamonds to the value of R11,000,000 sold to HDSA	Rough diamonds to the value of R15,000,000 sold to HDSA	Rough diamonds to the value of R31,000,000 sold to HDSA	Rough diamonds to the value of R10,000,000 sold to HDSA
		1.3 To supply 148,234 carats supplied to clients	Supplied 141,175 carats to clients in 2021/2022	Supply 20,000 carats to clients	Supply 0,000 carats to clients	upply 60,000 carats to clients	Supply 18,234 carats to clients
		1.4 To Recruit five (5) candidates for Enterprise Development Programme	Enterprise Development Program implemented until 2019/2020	Develop the Implementation action plan	Advertisement and interviews conducted	Launch of the project	-
		1.5 To arrange two (2) workshops with diamond industry for the Hub operational	New measure	Identification and finalise logistics	Conduct the first (1) workshop	Preparations for the second (2) workshop	Conduct the second (2) workshop

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
2. A capable workforce and developmental industry	Contribute to training and skills development	2.1 WSP compliance report submitted to SETA	WSP Compliance Report	Submission of the WSP compliance report	Advise staff	Applied in terms of training program	Applied in terms of training program
		2.2 Training of eight (8) employees	8 employees trained	Finalising the WSP plan	Acquisition of service providers	4	4
		2.3 Two (2) employees granted bursaries	2 employees	Notifying employees	Bursary Committee to finalise approval	2	-
		2.4 To coordinate two employee wellness programmes	One (1) employee wellness coordinated	Conduct a need analysis	Deal with SCM process	One Wellness Programme held	Second Wellness Programme held
		2.5 To conduct four (4) OHS programmes for staff	New baseline	One OHS Programme conducted	One OHS Programme conducted	One OHS Programme conducted	One OHS Programme conducted

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
3. A knowledge-based and innovative organization	Collaborate in promoting and investing in research and innovation for sustainable development of the diamond beneficiation industry	3.1 To submit ten (10) letters to non-compliance producers	New baseline	Submit Q1 Report	Submit Q2 Report	Submit Q3 Report	Submit Q4 Report
		3.2 To Improve Security Risk Management	New baseline	To conduct security assessment of the premises and produce report	Conduct Security assessment report workshop for Manco	Security vetting All employees'	Conduct security workshop for employees

PART E: CORPORATE PLAN 2022_2023

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
4. Improve corporate performance accountability and transparency	Promote good corporate governance and improve internal processes and procedures	4.1 To review the Corporate Governance Manual	Existing Corporate Governance Manual	Submit to Manco for recommendatins to Board	Approved Corporate Governance Manual	Awareness Information and Implementation	Implementation
		4.2 To review and strengthen the delegation register	Existing delegation register	Identify weakness in internal controls	Submit to Manco for recommendation to the Board	Revised delegation register	Implementation of the new document and training of Staff
		4.3 To review the Fraud and Prevention Policy and Plan	Existing Fraud and Prevention Policy and Plan	Reviewing of the Fraud and Prevention Policy and Plan	Submit to Manco for adoption	Submit to Board for approval	Training of staff and publish it on the entity's website
		4.4 To implement 100% Marketing and Communications strategy plan	Marketing and Communications Strategy approved by the Board in 2021/2022	Submit Q1 Report	Submit Q2 Report	Submit Q3 Report	Submit Q4 Report
		4.5 To submit 4 Quarterly PFMA checklist to Audit and Risk Committee	PFMA compliance checklist submitted	Q1 PFMA compliance checklist submitted	Q2 PFMA compliance checklist submitted	Q3 PFMA compliance checklist submitted	Q4 PFMA compliance checklist submitted

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
		4.6 2023/2024 Corporate Plan and Budget submitted to the Board / Audit and Risk Committee	Corporate Plan submitted In January 2022	Implementation and previous Corporate Plan and Budget	Management planning and reviewing the existing Corporate Plan and Budget	Board Strategic Plan held	Approval and submission of the Corporate Plan and Budget
		4.7 Annual Report submitted as per the requirement of the PFMA	2020/2021 Annual Report submitted to the Shareholder	Audit period	Submission of the Annual report to External Auditors, National Treasury and Shareholder	Appearance to Parliament Portfolio Committee. Submission to all stakeholders approved Annual report	-
		4.8 To co- ordinate the Board annual assessment	2021 Board assessment conducted	Procurement process done	Assessment conducted and report submitted to the Shareholder	-	-
		4.9 To review Board Charter and Committee Charters	Board and Committee Charters reviewed in 2022	Review of the Board and Committee Charters	Implementation	Implementation	Implementation

OUTCOME	OUTCOME INDICATOR	ANNUAL TARGET	BASELINE	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
5. A financially viable and sustainable entity	To provide strategic financial support and management to ensure sustainability of the entity	5.1 To apply for financial credit facility	Not achieved in 2021/2022	Conduct a due diligence	Application for credit facility	-	-
		5.2 Unqualified Audit opinion (Clean Audit)	Audit Report	Address Audit findings and ensure compliance with laws and regulations	Address Audit findings and ensure compliance with laws and regulations	Address Audit findings and ensure compliance with laws and regulations	Unqualified Audit opinion (Clean audit)
		5.3 Conduct annual risk assessment and produce risk management implementation plan	Existing 3- year risk based internal audit management	Submit Q1 Report	Submit Q2 Report	Submit Q3 Report	Submit Q4 Report
		5.4 To award Four (4) supplier's contracts awarded to historically disadvantage d individuals (HDI)	New Baseline	1	1	1	1
		5.5 100% of valid invoices paid within 30 days	New Baseline	Submit Q1 Report	Submit Q2 Report	Submit Q3 Report	Submit Q4 Report
		5.6 100% implementation of targets on the ICT strategy	New Baseline	Submit Q1 Report	Submit Q2 Report	Submit Q3 Report	Submit Q4 Report
TOTAL 5	TOTAL 5	TOTAL 26	-	-	-	-	-



PART F:

TECHNICAL INDICATORS

state diamond trader
REPUBLIC OF SOUTH AFRICA

THE CATALYSTS FOR THE TRANSFORMATION & GROWTH OF THE LOCAL DIAMOND BENEFICIATION INDUSTRY

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To purchase 4.5% of rough diamonds inspected by value
Short definition	State Diamond Trader can purchase up to 10% of rough diamonds it inspects from compliant producers. The indicator refers to the percentage of the value purchased by the State Diamond Trader
Source/ collection of data	The 100% production details offered by the producer to the State Diamond Trader and the Government Diamond Valuator's. Verification letter. These are then populated within the Purchase Log
Method of calculation or assessment	The method calculation is the inspected value will be the percentage of what was purchased in relation to what was inspected. Calculations sing the US Dollar value
Assumptions	The make-up of the diamonds inspected is what clients demand and that there is always an agreement regarding price and ta market conditions remains favourable
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	Annually
Desired Performance	State Diamond Trader would have purchased 4.5% by value of rough diamonds inspected
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Rough diamonds to the value of R65,000,000 sold to HDSA
Short definition	To supply rough diamonds sold to HDSA clients by value. HDSA clients are companies that are 100% black-owned
Source/ collection of data	Existing Financial system and Integrated report submitted to the Board
Method of calculation or assessment	Count rough diamonds sold to HDSA in 2022/2023
Assumptions	Assumption is that the market will be stable
Disaggregation of beneficiaries (where applicable)	HDSA clients
Reporting Cycle	(Quarterly) final at the end of the financial year
Desired Performance	R65,000,000 sold to HDSA
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To supply 148,234 carats
Short definition	To provide clients with access to rough diamonds by carats/quantity
Source/ collection of data	Existing Financial system Baseline for the carats/quantity supplied client's in 2022/2023
Method of calculation or assessment	Baseline for the carats/quantity supplied client's in 2022/2023
Assumptions	Market will be volatile and there can be changes to client's demand
Disaggregation of beneficiaries (where applicable)	Compliant SDT client
Reporting Cycle	Quarterly
Desired Performance	Clients supplied with 148,234 carats
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To arrange two (2) workshops with diamond industry for the Hub operation
Short definition	To co-ordinate and conduct two workshop relating to the future operation of the Hub
Source/ collection of data	Attendance registers and electronic registers
Method of calculation or assessment	Number of workshops conducted
Assumptions	Attendance of the workshop and interest to participate at the Hub
Disaggregation of beneficiaries (where applicable)	Workshop conducted
Reporting Cycle	Financial year end 31 March 2023
Desired Performance	Conduct two workshops by 31 March 2023 for the diamond industry on the operation of the Hub
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Enhanced skills development
Short definition	Means submitted Work Skills Plan/Annual Training Report to the Mining Qualification Authority by 31 April 2021
Source/ collection of data	Submitted Work Skills Plan/Annual Training Report
Method of calculation or assessment	One (1) Work Skill Plan/Annual Training Report
Assumptions	Online submission to MQA was done without errors and submission confirmation letter received
Disaggregation of beneficiaries (where applicable)	Approved SDT Employees
Reporting Cycle	Financial year end - 31 March 2023
Desired Performance	Submitted Work Skill Plan/Annual Training Report
Indicator Responsibility	HR Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Number of Employees trained in line with WSP
Short definition	Means a number of employees were trained during the 2022/2023 financial year as per submitted Work Skills Plan / Annual Training Report
Source/ collection of data	Attendance registers and certificates
Method of calculation or assessment	Number – eight Employees trained during the 2022/2023 financial year
Assumptions	Financial status of the entity allows spending on skills development
Disaggregation of beneficiaries (where applicable)	Eight (8) State Diamond Trader employees
Reporting Cycle	Financial year end - 31 March 2023
Desired Performance	Eight (8) employees trained by 31 March 2023
Indicator Responsibility	HR Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Two (2) employees granted bursaries
Short definition	Number of employees granted bursaries to further their studies during the 2022/2023 financial year
Source/ collection of data	Bursary contracts signed between the State Diamond Trader and the awarded employees
Method of calculation or assessment	Number – Two Employees awarded bursaries
Assumptions	Financial status of the entity allows spending on bursaries and applicants met all the requirements of the Bursary Policy
Disaggregation of beneficiaries (where applicable)	Stata Diamond Trader approved employees
Reporting Cycle	Financial year end 2022/2023
Desired Performance	Two (2) employees awarded bursaries
Indicator Responsibility	HR Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To co-ordinate employee wellness programmes
Short definition	Employees of the State Diamond Trader were assisted through wellness programmes on their health, safety and personal matters
Source/ collection of data	Attendance register
Method of calculation or assessment	Number of health and wellness programmes conducted for employees in the 2022/2023 financial year
Assumptions	Sessions are accommodative to employees
Disaggregation of beneficiaries (where applicable)	Employees
Reporting Cycle	Financial year end 2022/2023
Desired Performance	All employees to attend the sessions arranged
Indicator Responsibility	HR Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To conduct 4 OHS programmes for employees
Short definition	Employees to be exposed to a health and safety environment
Source/ collection of data	Attendance register
Method of calculation or assessment	Number of Occupational Health and Safety programmes held
Assumptions	Sessions conducted to improve the health and safety of employees
Disaggregation of beneficiaries (where applicable)	Employees
Reporting Cycle	Financial year end 2022/2023 (Quarterly progress report)
Desired Performance	Health and safety of the entity
Indicator Responsibility	HR Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To submit 10 letter of non-compliant producers
Short definition	Collaborate with producers in promoting more rough diamonds inspected for the benefit of the clients
Source/ collection of data	Copy of registered letters / electronic printout or acknowledgement of receipt
Method of calculation or assessment	Number of letters sent to producers
Assumptions	That contract details and acceptance letters submitter are received positively
Disaggregation of beneficiaries (where applicable)	Producers
Reporting Cycle	Financial year end 2022/2023 (Quarterly progress report)
Desired Performance	Letters received positively
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To Improve Security Management
Short definition	Collaborate with producers in promoting more rough diamonds inspected for the benefit of the clients
Source/ collection of data	Copy of attendance register/proof file submitted/report o assessment
Method of calculation or assessment	Documents of activities
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Improve security
Indicator Responsibility	Operations Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Review the Corporate Governance Manual
Short definition	The board to consider and review the Corporate Manual (includes Terms of Reference)
Source/ collection of data	Approved Corporate Governance
Method of calculation or assessment	Approved Corporate Governance Manual by the Board by 31 March 2023
Assumptions	Board approves the Corporate Governance Manual submitted by management
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	Financial year end - 31 March 2023
Desired Performance	Good governance
Indicator Responsibility	Company Secretary/Legal Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Strengthened internal controls and accountability through delegation of authority
Short definition	The State Diamond Trader requires a review and comprehensive set of delegated powers of authority
Source/ collection of data	Board Minutes
Method of calculation or assessment	Delegation register approved by the Board by 31 March 2023
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	Annually by 31 March 2023
Desired Performance	Reviewed and Board approved Delegated Powers of Authority
Indicator Responsibility	Company Secretary/Legal Officer

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Compliance with national and international regulatory framework and compliance standards
Short definition	The State Diamond Trader needs to review its Fraud Prevention Policy and Plan to strengthen internal controls
Source/ collection of data	Board minutes
Method of calculation or assessment	Approved Fraud Prevention Policy by the Board by 31 March 2023
Assumptions	The assumption is that the Board will approve the Policy
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	Annually by 31 March 2023
Desired Performance	A revised and approved Fraud Preventions Policy and Plan
Indicator Responsibility	Company Secretary/Legal Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	100% implementation of targets on the Marketing and Communication strategic plan
Short definition	Improving Marketing and Communications activities implemented
Source/ collection of data	Marketing and Communications reports
Method of calculation or assessment	All activities in the Marketing and Communication strategy approved by the Board in 2021
Assumptions	Well received activities implemented by the entity
Disaggregation of beneficiaries (where applicable)	Stakeholders
Reporting Cycle	Annually by 31 March 2023
Desired Performance	Improving the brand and improve stakeholder interaction
Indicator Responsibility	Communication and Marketing Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Compliance with the PFMA compliance checklist
Short definition	To implement PFMA compliance
Source/ collection of data	PFMA compliance checklist
Method of calculation or assessment	Four (4) PFMA compliance reports submitted to Audit and Risk Committee for noting
Assumptions	All Audit and Risk Committee meetings will be held quarterly
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	Quarterly
Desired Performance	4 PFMA compliance checklist registers submitted
Indicator Responsibility	Company Secretary/Legal Officer

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	2023/2024 Annual Performance and Budget submitted to the Shareholder
Short definition	Strategic documents submitted to the shareholder
Source/ collection of data	Board minutes and submission letter to the DMRE
Method of calculation or assessment	Annual Performance Plan and Budget approved by the Board
Assumptions	Strategic documents submitted to the Board for consideration and approval
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Approved documents submitted as per the requirement of legislation
Indicator Responsibility	CEO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Annual Report submitted as per requirement of the PFMA
Short definition	Submission of the Annual Report to relevant institutions as per the requirement of PFMA
Source/ collection of data	Board resolution and proof of submission
Method of calculation or assessment	Approved Annual Report by the Board submitted as per the requirement of PFMA
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Compliance to legislation
Indicator Responsibility	CEO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To coordinate Board Annual assessments
Short definition	Board members to conduct annual assessment amongst themselves
Source/ collection of data	In view that the content of the assessment is confidential only confirmation that report has been completed by Board members
Method of calculation or assessment	Confirmation of a report from the appointed institution /person on conducting the assessment
Assumptions	Credible service provider to be appointed to conduct the service
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Full participation by all Board members
Indicator Responsibility	Company Secretary/Legal Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To apply for a financial credit facility
Short definition	Improve the financial condition of the entity by conducting an application to financial institutions
Source/ collection of data	Copy of letter to the institution
Method of calculation or assessment	Document on the application submitted
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Approved financial credit
Indicator Responsibility	CFO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	Unqualified Audit opinion (Clean Audit)
Short definition	Obtain the Unqualified Audit (Clean Audit)
Source/ collection of data	Report from the Auditor General
Method of calculation or assessment	Final report from the Auditor General
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Clean Audit report
Indicator Responsibility	CFO/CEO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To conduct an annual risk assessment
Short definition	A risk assessment is conducted to produce a risk management plan
Source/ collection of data	Approved risk management implementation plan
Method of calculation or assessment	Risk management implementation plan by the Audit and Risk Committee
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023 (Quarterly report submitted to the Board)
Desired Performance	Continuously monitoring and implementing the plan
Indicator Responsibility	Company Secretary/Legal Manager

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	To award four (4) supplier's contracts awarded to historically disadvantaged individuals (HDI)
Short definition	The entity to implement legislation relating to BBBEE by awarding DHI service providers servicers
Source/ collection of data	Report from the financial system with service provider's accreditation
Method of calculation or assessment	Number of service providers awarded contracts in line with the BBBEE Act
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Supporting HDI
Indicator Responsibility	CFO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	100% of valid invoices paid within 30 days
Short definition	To ensure that suppliers are paid within 30 days of submitting a valid invoice
Source/ collection of data	Financial system
Method of calculation or assessment	Valid invoice submitted together with proof of payment
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Supporting suppliers
Indicator Responsibility	CFO

PART F: TECHNICAL INDICATORS

TECHNICAL INDICATOR DESCRIPTION FOR PERFORMANCE INDICATORS : 2022/2023

Indicator title	100% implementation of targets on the ICT strategy
Short definition	To implement the ICT strategy approved by the Board in 2021
Source/ collection of data	Reports submitted
Method of calculation or assessment	Plan included on the approved ICT strategy by the Board in 2021
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Reporting Cycle	31 March 2023
Desired Performance	Compliance to the entity's ICT Strategy
Indicator Responsibility	CFO



PART G:

BUDGET 2022/2027

state diamond trader
REPUBLIC OF SOUTH AFRICA

THE CATALYSTS FOR THE TRANSFORMATION & GROWTH OF THE LOCAL DIAMOND BENEFICIATION INDUSTRY

STATE DIAMOND TRADER
FIVE YEAR BUDGET

SUMMARY OF **STATEMENT OF COMPREHENSIVE** INCOME

	2022/23	2023/24	2024/25	2025/26	2026/27
Sales	826 466 467	842 995 796	859 855 712	877 052 826	894 593 883
Less Cost of Sales	793 753 999	809 647 079	825 858 921	842 395 944	859 264 700
Gross Profit	**32 712 468**	**33 348 717**	**33 996 792**	**34 656 882**	**35 329 183**
Less Operating costs	**30 113 404**	**31 229 465**	**32 827 611**	**34 510 599**	**36 428 858**
Salaries	16 373 030	17 195 170	18 061 003	18 972 920	20 079 262
Leases	1 191 470	1 529 946	1 637 042	1 751 635	1 874 249
Computer and other IT	980 000	1 029 000	1 080 450	1 134 473	1 191 196
Travel	2 700 000	2 835 000	2 976 750	3 125 588	3 281 867
General Expenses	6 773 506	6 440 182	6 762 191	7 100 300	7 455 315
Professional Fees	2 095 397	2 200 167	2 310 176	2 425 684	2 546 969
EBIT	**2 599 064**	**2 119 253**	**1 169 181**	**146 283**	**(1 099 675)**
Finance Income	2 598 217	2 699 025	2 816 263	2 907 150	2 968 644
Finance Expense	(867 000)	(910 350)	(955 868)	(1 003 661)	(1 053 844)
(Net Loss)/Net Profit	**4 330 281**	**3 907 928**	**3 029 576**	**2 049 773**	**815 124**

DIAMOND PURCHASES AND SALES OF THE STATE DIAMOND TRADER

	FY2022/23	FY2023/2024	FY2024/2025	FY2025/2026	FY2026/2027
Value of Diamonds Inspected from Producers (USD)	1 101 602 776	1 123 634 832	1 146 107 529	1 169 029 679	1 192 410 273
Value of Diamonds Purchased in USD	49 572 125	50 563 567	51 574 839	52 606 336	53 658 462
% of Annual Production Purchased	4.5%	4.5%	4.5%	4.5%	4.5%
Forecast Exchange Rate					
Value of Diamonds Purchased in ZAR	793 153 999	809 017 079	825 197 421	841 701 369	858 535 396
Average Rand/USD Rate	16.00	16.00	16.00	16.00	16.00
Sales in ZAR	826 466 467	842 995 796	859 855 712	877 052 826	894 593 883
Cost of Diamonds Sold	793 153 999	809 017 079	825 197 421	841 701 369	858 535 396

ANNUAL OVERHEADS OF THE **STATE DIAMOND TRADER** FOR **5 YEAR** PERIOD

	FY2022/23	FY2023/2024	FY2024/2025	FY2025/2026	FY2026/2027
Compensation of employees					
Salaries	**16 373 030**	**17 195 170**	**18 061 003**	**18 972 920**	**20 079 262**
Leases					
Office Rent	1 191 470	1 529 946	1 637 042	1 751 635	1 874 249
Sub-total - Lease Expenses	**1 191 470**	**1 529 946**	**1 637 042**	**1 751 635**	**1 874 249**
Other Expenses					
General Office Expenses	652 600	685 230	719 492	755 466	793 239
Water and electricity	336 000	352 800	370 440	388 962	408 410
Communication: Telephone	60 000	63 000	66 150	69 458	72 930
Security Services	325 038	341 290	358 355	376 272	395 086
Diamond Insurance expense (Inventory)	300 000	315 000	330 750	347 288	364 652
Insurance expense	60 072	63 076	66 229	69 541	73 018
Staff Transport cost	240 000				
Training and Development	200 000	210 000	220 500	231 525	243 101
Bursaries	200 000	210 000	220 500	231 525	243 101
Consulting Fees	100 000	105 000	110 250	115 763	121 551
Marketing & Advertising expenses	1 340 000	987 000	1 036 350	1 088 168	1 142 576
Conferences, meetings and exhibitions	1 300 000	1 365 000	1 433 250	1 504 913	1 580 158
Board Fees	709 796	745 286	782 550	821 678	862 761
Diamond Transport and Security Expenses	600 000	630 000	661 500	694 575	729 304
Enterprise Development programme	900 000	945 000	992 250	1 041 863	1 093 956
Subscription	50 000	52 500	55 125	57 881	60 775
Sub-total - Other Expenses	**6 773 506**	**6 440 182**	**6 762 191**	**7 100 300**	**7 455 315**
Computer and other IT Expenses					
ICT Services	980 000	1 029 000	1 080 450	1 134 473	1 191 196
Sub-total - Computer and Other IT Expenses	**980 000**	**1 029 000**	**1 080 450**	**1 134 473**	**1 191 196**
Travel expenses					
Foreign Travel expenses	2 000 000	2 100 000	2 205 000	2 315 250	2 431 013
Local Travel expenses	700 000	735 000	771 750	810 338	850 854
Sub-total - Travel Expenses	**2 700 000**	**2 835 000**	**2 976 750**	**3 125 588**	**3 281 867**
Professional Fees					
Audit fees - Statutory	1 115 197	1 170 957	1 229 505	1 290 980	1 355 529
Internal Auditors (Outsourced)	535 000	561 750	589 838	619 329	650 296
Legal services	420 000	441 000	463 050	486 203	510 513
Independent Diamond Valuator (IDV) fees	25 200	26 460	27 783	29 172	30 631
Sub-total Professional Fees	**2 095 397**	**2 200 167**	**2 310 176**	**2 425 684**	**2 546 969**
TOTAL OVERHEADS	**30 113 404**	**31 229 465**	**32 827 611**	**34 510 599**	**36 428 858**

CASH FLOW PROJECTIONS OF THE STATE DIAMOND TRADER FOR 5 YEAR PERIOD

Cash Flows	2022/23	2023/24	2024/25	2025/26	2026/27
Opening balance : Cash and cash equivalents	**86 607 230**	**89 967 511**	**93 875 439**	**96 905 015**	**98 954 788**
Cash receipts from customers	826 466 467	842 995 796	859 855 712	877 052 826	894 593 883
Cash payments for diamond purchases	(793 753 999)	(809 647 079)	(825 858 921)	(842 395 944)	(859 264 700)
Net cash received from operations	**32 712 468**	**33 348 717**	**33 996 792**	**34 656 882**	**35 329 183**
Less payments to suppliers and employees	**(30 113 404)**	**(31 229 465)**	**(32 827 611)**	**(34 510 599)**	**(36 428 858)**
Salaries	16 373 030	17 195 170	18 061 003	18 972 920	20 079 262
Leases	1 191 470	1 529 946	1 637 042	1 751 635	1 874 249
Computer and other IT expenditure	980 000	1 029 000	1 080 450	1 134 473	1 191 196
Travel	2 700 000	2 835 000	2 976 750	3 125 588	3 281 867
General Expenses	6 773 506	6 440 182	6 762 191	7 100 300	7 455 315
Professional Fees	2 095 397	2 200 167	2 310 176	2 425 684	2 546 969
Interest Income	2 598 217	2 699 025	2 816 263	2 907 150	2 968 644
Interest Expense	(867 000)	(910 350)	(955 868)	(1 003 661)	(1 053 844)
Capital Expenditure	(970 000)	-	-	-	-
Closing balance: Cash and cash equivalents	**89 967 511**	**93 875 439**	**96 905 015**	**98 954 788**	**99 769 912**

BUDGETED **FIXED ASSETS PURCHASES** OF THE STATE DIAMOND TRADER FOR 5 YEAR PERIOD

	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
Computer equipment and Software						0
Furniture and Fittings	400 000					400 000
Security equipment and Diamond Machinery	570 000					570 000
Total	970 000	0	0	0	0	970 000



THE **CATALYSTS FOR THE TRANSFORMATION & GROWTH** OF THE LOCAL **DIAMOND** BENEFICIATION **INDUSTRY**

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