



INTEGRATED REPORT

Table of contents

1 ABOUT THIS REPORT Pg 2

2 RES AT A GLANCE Pg 5

- 2.1 Who we are 6
- 2.2 Our investment portfolio 7
- 2.3 Our story – six decades of growth 8-9

3 STATEMENTS BY OUR LEADERS Pg 11

- 3.1 Message from the Chairman 12
- 3.2 Statement from the Managing Director 14

4 OVERVIEW OF THE YEAR Pg 17

- 4.1 Our operating environment 18
- 4.2 Five-year review 20

5 OUR STRATEGY Pg 21

- 5.1 Our vision, mission and values 22
- 5.2 Our Strategy and Value Creation 23
- 5.3 Our business model 25-27
- 5.4 Integrated thinking & the link to the SDGs 28
- 5.5 Our material matters 32

6 MANAGING RISK Pg 33

- 6.1 Our top strategic risks 34
- 6.2 Risk Ranking 2023/24 38
- 6.3 Our top risk: extreme weather conditions due to Climate Change 39

7 CREATING VALUE IN PRACTICE Pg 41

- 7.1 Financial Capital 42
- 7.2 Human Capital 44
 - 7.2.1 Human Capital - Operations 46
 - 7.2.2 Learning and Talent Development 47
 - 7.2.3 Employee Relations 51
 - 7.2.4 Employee Health and Wellness 53
 - 7.2.5 The RES culture 58
- 7.3 Intellectual Capital 59
 - 7.3.1 Information Technology 59
- 7.4 Manufactured Capital 60
 - 7.4.1 Factories 60
 - 7.4.2 Distillery 62
 - 7.4.3 Managing Sugar Packers 64
 - 7.4.4 Enviro Applied Products 65
 - 7.4.5 Property Services 66
 - 7.4.6 Engineering Services and Projects 68
- 7.5 Social and Relationship Capital 69
 - 7.5.1 Stakeholder Relations 69
 - 7.5.2 Supply chain/procurement 74
 - 7.5.3 Outgrowers 75
- 7.6 Natural Capital 76
 - 7.6.1 Agriculture 77
 - 7.6.2 Water 80
 - 7.6.3 Energy 82
 - 7.6.4 Livestock and game 83

8 SECURING VALUE THROUGH GOOD GOVERNANCE Pg 87

- 8.1 Board of Directors 88
- 8.2 Governance Overview 90
- 8.3 Board Committees 93
- 8.4 Our Executive Management 97

9 ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS Pg 101

10 ABBREVIATIONS Pg 109

Standing true to our values



Our current strategy, Simama 20-25, supported by three themes that guide management in selecting strategic initiatives, provides a clear framework of where we need to focus as a purpose-led organisation and what we need to do to meet our short, medium, and long-term targets to create value for our shareholders and other stakeholders.



01

ABOUT THIS REPORT

Our 2024 Integrated Report (IR) presents Royal Eswatini Sugar's strategic framework for creating value over the short, medium and long term and provides a concise review of how the Corporation's performance and governance over the past year are delivering on this strategy.

This Integrated Report was prepared from the Executive Committee (Exco) and Board meeting minutes, business plans, decisions, and approvals, as well as internal and external reporting information outlined in the Value Reporting Foundation (VRF) Integrated Reporting Framework.

The primary focus of the IR is to address the information needs of our stakeholders, supported with relevant information on how we generate, preserve and minimise the erosion of value across all six capitals.

Reporting period

This, our 13th Integrated Report (which is published annually), covers the period from 1 April 2023 to 31 March 2024. This report focuses on the Corporation's issues, activities, relationships, engagements and performance over the past year.

Scope and Boundary

The scope and boundary of the report remain unchanged from the previous year, and, unless otherwise stated, data includes all entities covered in the Corporation's financial statements.

All reported information was current as at 31 March 2024, unless otherwise indicated. The report has been prepared in collaboration with external and independent sustainability specialists. It has been reviewed by the Exco and approved by the Board of Directors.

Forward-looking statements

This IR contains certain forward-looking statements which are made in the report about the Corporation's financial position and results, strategy, and operational and business processes, in the context of global and regional markets and economic trends. These statements and fore-

casts involve risk and uncertainty as they relate to events, and depend on circumstances that may occur in the future. There are several factors that could cause actual results or developments to differ materially from those disclosed or implied by the forward-looking statements.

Financial and non-financial reporting

The report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with all our stakeholders that have a significant influence on our ability to create value sustainably, while minimising value erosion.

All financial figures are reported in Emalangeni (E) unless otherwise stated.

Materiality and material matters

Identifying our material matters is a group-wide responsibility and requires input from our businesses, an assessment of the impacts, risks and opportunities in our operating environment, and input and feedback from our key stakeholders. Our material matters influence our strategy and our risk management processes.

For details on the impacts of these matters, see pages 32-40.

Material issues, as they pertain to ongoing stakeholder engagement, are discussed in our Stakeholder Relations section of this report on pages 69-73.



APPROACH TO SUSTAINABILITY REPORT



Our Sustainability Reporting journey

Although we committed to publish our first Sustainability Report during 2024, the decision was made to do a comprehensive materiality determination process and associated gap analysis prior to publishing the report. These processes commenced towards the end of 2023 and will be completed to enable RES to publish our Sustainability Report during the 2024/25 reporting period.

The Sustainability Report will supplement the RES Integrated Report as part of the reporting suite to keep stakeholders informed.

We are in the process of finalising our Sustainability Strategy which will inform the integrated sustainability management of our material issues.

Directors' Statement of Responsibility

The Board of Directors acknowledges its responsibility in ensuring the integrity of this report. The Board, in its opinion and having applied its collective mind to the preparation and presentation of the IR, believes it addresses all material matters and offers a balanced view of the Corporation's strategy and how it relates to the organisation's ability

to create value in the short, medium and long term. The Board is confident that this report is a fair representation of the performance of the Corporation and was approved by the Board of Directors of the Corporation.

OUR CAPITALS

NAVIGATION

RES's impact on, and contributions to, the six capitals of value creation described in the International Integrated Reporting Framework are addressed in an integrated manner throughout this report. We endeavour to describe our approach, activities and mandate in terms of our capitals, with associated icons to aid reference and navigation:



Financial Capital

- Financial reserves
- Capital budget
- Operating budget
- Revenue
- Banking Facilities



Human Capital

- Employees and employee management
- Employee health and safety



Intellectual Capital

- Information technology capacity
- Organisational culture
- Policies, charters and procedures
- Documented best practice
- Operational frameworks
- HR methodology and initiatives
- Public Affairs practice and initiatives



Manufactured Capital

- Factories
- Distillery
- Equipment
- Property
- Vehicles
- IT infrastructure
- Products
- Sugar packers



Social and Relationship Capital

- Stakeholder relations
- Tibiyo TakaNgwane
- Eswatini government
- Community /society
- Eswatini Sugar Association
- Suppliers
- Outgrowers
- Brand and reputation
- Corporate Social Investments



Natural Capital

- Land under cultivation
- Crop
- Water
- Energy
- Livestock
- Game

02

RES AT A GLANCE



Who we are



Our investment
portfolio



Our story
Six decades of growth

This is us and the difference we make
- overview of Royal Eswatini Sugar
Corporation, our divisions, market position,
differentiators, business model, the needs
and expectations of our stakeholders, and
how our purpose, vision, values, and strategy
position us for long-term value creation.

2.1

WHO WE ARE

The Royal Eswatini Sugar Corporation Limited (RES Corporation), located in the north-eastern Lowveld of Eswatini in Southern Africa, is one of the largest companies in Eswatini. The Corporation is also listed on the Eswatini Stock Exchange, with interests in sugar cane farming and manufacturing sugar products and ethanol for regional consumption and export to the rest of Africa, Europe and Asia.

The company employs over 4 000 people and produces approximately two-thirds of the country's sugar and 35.3 million litres of ethanol a year. RES grows approximately 22 800ha (2023 - 22 500ha) of irrigated sugarcane on its own two estates and manages 1 870ha on behalf of third parties. In addition to its own sugarcane supply, the company buys in cane from Outgrowers and in a normal year produces some 470 000 tonnes of sugar. More than 2 500 families in the community are involved in cane production.

Through our distillery, we produce and market industrial ethanol for use across a broad spectrum of products, and beverage-grade ethanol. Concentrated molasses stillage, a byproduct of the ethanol manufacturing process, is also sold and converted into liquid fertilisers.

With RES located in a non-municipal area, the company provides housing and all infrastructure for its employees and dependents. It is also involved in cattle and game farming, as well as ecotourism.

HIGHLIGHTS



REVENUE

2024

E4.75bn

2023 E4.15bn

2022 E3.63bn



CANE-GROWING
MARGIN

2024

E552m

2023 E64m

2022 E292m



SUGAR-MILLING
MARGIN

2024

E603m

2023 E454m

2022 E475m



ETHANOL
MARGIN

2024

E104m

2023 E127m

2022 E64m



PROFIT
BEFORE TAX

2024

E776m

2023 E242m

2022 E403m



ATTRIBUTABLE TO
SHAREHOLDERS

2024

E642m

2023 E179m

2022 E303m



2.2 INVESTMENT PORTFOLIO

100% Mhlume Sugar
Company Limited

25% Simunye Plaza
(Pty) Ltd

50% Mananga Sugar
Packers (Pty) Ltd

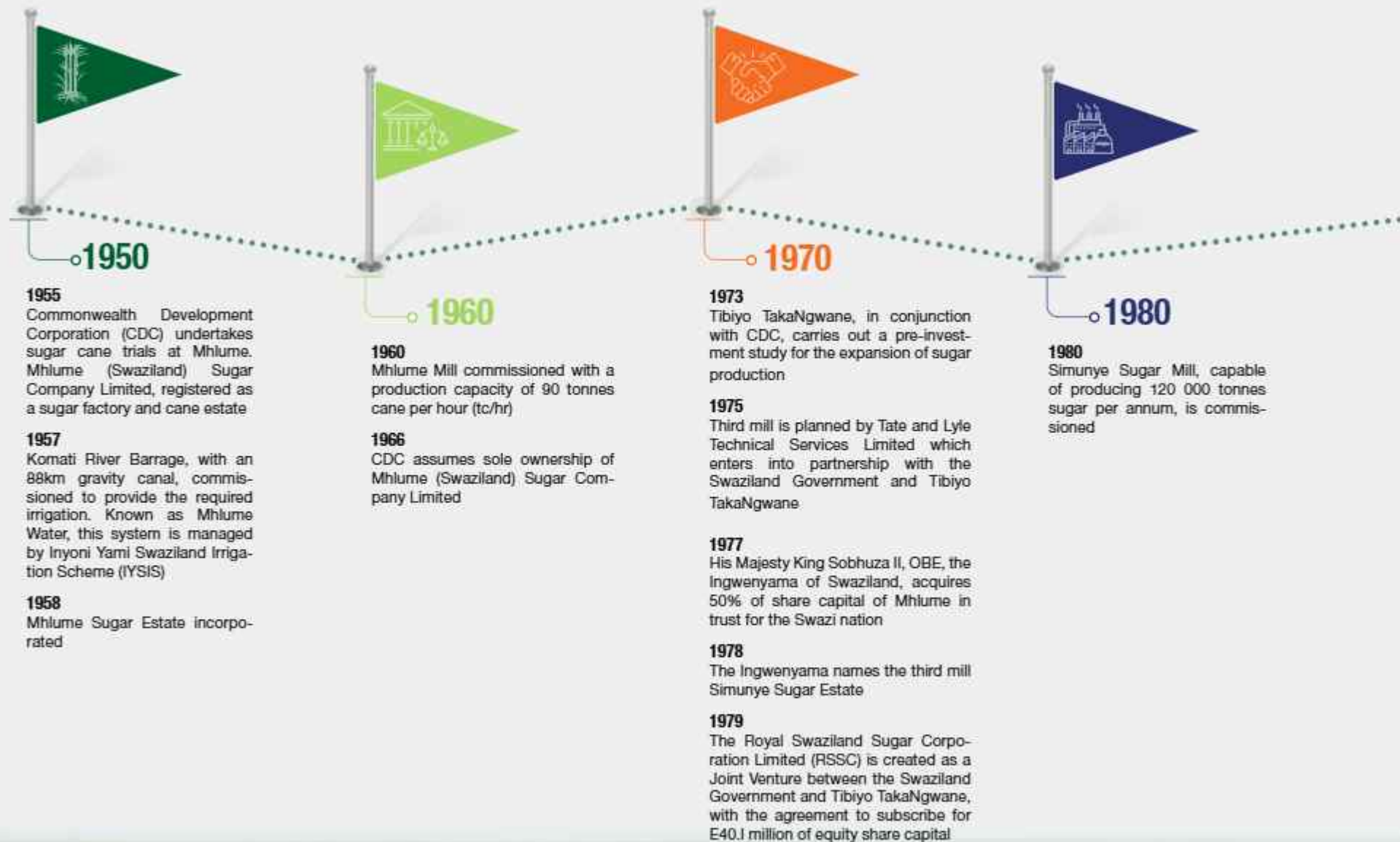
100% Royal Swazi
Distillers (Pty) Ltd

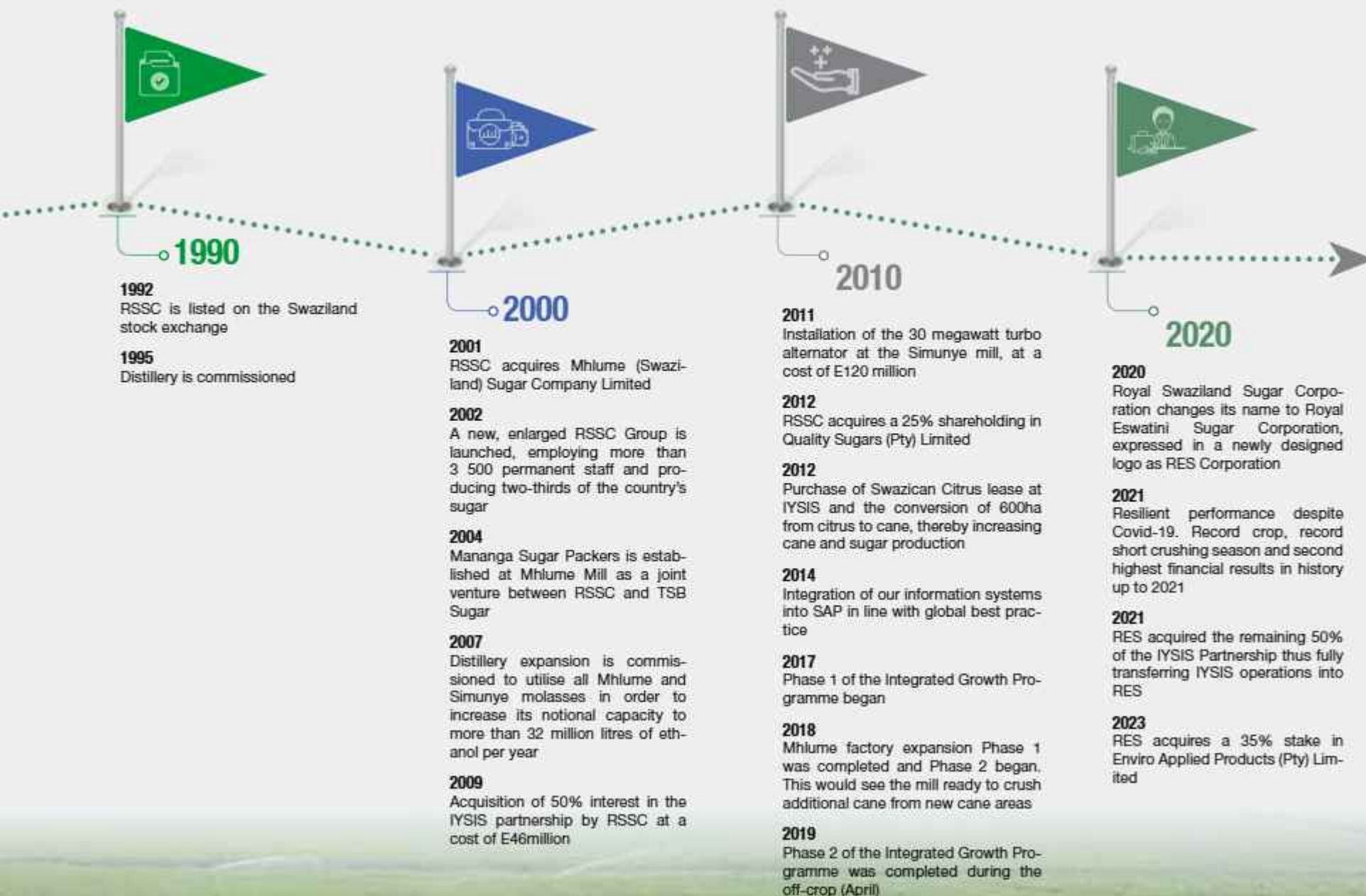
25% Quality Sugars

100% Swazican
Citrus (Pty) Ltd

35% Enviro Applied
Products (Pty) Ltd

OUR STORY: 6 DECADES OF GROWTH







Our Vision

Leading
Africa's future
in sustainable
sugar and
renewable
products

03

STATEMENTS BY OUR LEADERS



Overview by our leaders of how good governance and a strong organisational culture support sustainability, the creation and protection of value, whilst minimising the risk of value erosion.



3.1

TOGETHER, WE HAVE WEATHERED THE STORM

DR A.T. Dlamini - CHAIRMAN

As the Chair of the Board, I am pleased to report that during the reporting year, RES made a record profit of E642 million compared to the previous best of E508 million and the 2023 profit of E179 million. This is commendable as we have been operating in an unstable global environment.

One of the international events which had greatest impact on RES operations was the ongoing war in Ukraine which affects the availability of fertilizers for cane production. The war in the Middle East is also troubling as it affects countries and organisations at a global scale, RES included. The upcoming election in the USA is also a concern as the outcome may have a negative impact on exchange rates, which will in turn have an impact on RES as an exporter of sugar. Unrest in Southern Africa and the role South Africa plays on the global scene have also impacted on the regional stability both for operations and exchange rates.

Fortunately, Eswatini as a country is still performing well and will do so in the next reporting years provided the business and political climate remain conducive. We, as RES, and also as Eswatini, must see the future clearly and keep on working hard to succeed.

Governance and Sustainability

The Board continued to execute its duties in accordance with the principles of King IV and other governance best practice. These efforts have delivered value not only to shareholders but to our broad range of other stakeholders as well.

I am pleased to confirm that the Board continued to increase its role in promoting sustainability and RES is continuing on its journey of implementing sustainability/ESG policies and practices. We are aiming at publishing our first Sustainability Report during the 2024/25 financial year.

As a former Prime Minister, and driver of good governance, I want to leave a legacy of good corporate governance and an integrated sustainability philosophy. RES is and will be the leader of sustainability and associated reporting in the country and I encourage other businesses to follow suit.

Future outlook

RES must leverage off the Eskom situation and see the electricity supply challenge in South Africa as an opportunity. The Eswatini government must create an enabling environment for negotiations for energy projects. The push for green energy should be a combined effort by biomass producing companies, government and society.

RES is also in the position to provide fuel ethanol to assist in the movement to green energy. However, we urge government to make quick decisions and support these efforts by the private sector.

RES remains committed to creating and maintaining sustainable and mutually beneficial relationships with all our stakeholders. RES aims to continue setting an example for other companies to focus on sustainability. RES was the first company to produce an Integrated Report in Eswatini and I hope that other companies will follow suit.

Acknowledgments

I want to thank the Company, my fellow Board members and RES management and employees for their commitment and manner in which they have secured the record profit under difficult conditions. This gives RES the stability and assurance for our shareholders, staff and communities going forward.

Thank you to our shareholders, suppliers, the Government, and all other stakeholders for your continuing belief in and commitment to RES.

Finally, I want to encourage good relationships between RES, the government and our communities on the road to integrated sustainability management.



Dr AT Dlamini
Chairman



While sugar is our main commodity, people are our business. Recognising that our impact extends beyond our operations and that RES is impacted by our socioeconomic context, we are invested in cultivating positive social change. This means aligning our business objectives with broader societal goals to create healthy relationships with our stakeholders.



3.2

OUR OVERALL OUTLOOK IS GOOD



3.12m

tonnes of cane
crushed

NICK JACKSON - MANGING DIRECTOR

Financially 2023/24 was a good year for RES, characterised by a profit of E642 million, although it remained a challenging environment in which we operated.

RES benefited from a buoyant world sugar price, the Lilangeni being weaker against both the USD and the Euro, and also from the delinking of SACU price increases from RSA general CPI. A corrective SACU price increase of 14% was therefore effected mid-way through the financial year.

Challenges for the reporting period centered around the milling of younger, storm damaged, and pest and disease affected cane. These factors collectively resulted in very low yields with the Tonnes Sucrose per Hectare (TSH) recorded at 12.04 compared to 13.37 for the prior comparative period. Oil prices remained high with pressure on various operating cost categories such as fuel for cane haulage activities, fertilisers and agro-chemicals.

We commenced the year under very difficult circumstances due to the heavily rain-affected 2022/23 season. We had difficult engagements with our unionised staff with respect to cost-of-living awards. The unions demonstrated a deep understanding of the challenges facing the business and accepted below inflation adjustments. This was later revisited when the business climate changed during the year.

As the milling season progressed, and tracking the lower weekly yields, we sought to craft a different response to the negative impact of climate change. We entered our annual off-crop maintenance programme without harvesting all the cane area. Our aspiration was to allow some 1 315ha of cane to mature further and crush the cane in March 2024. This was informed by weather predictions that pointed to a dry March period. Maintenance activities were diligently executed on time. However, soon after recommencing milling activities, heavy rains characterised the month of March 2024, contrary to the dry predictions, and we were only able to harvest 399ha of the planned 1 315ha. While our plans may not have materialised as intended, we remain resolute to adapt to climate change and thus carried over cane into the 24/25 financial year. We hope this will have a positive effect on our yields.

The darkest moment of our financial year occurred on 16 February 2024, when a worker fell into a drainage box and was crushed by its concrete lid. The employee succumbed to his injuries. This occurred in the context of safety taking centre stage in our conversations, having observed that our Disabling Injury Frequency Rate (DIFR) had been on an upward trajectory. There is an overwhelming consensus amongst employees and management that our safety culture warrants improvement and a formal process for collective ownership is underway, with a view to embedding a proactive safety culture.

RES operating strategy

We continue to drive the implementation of the RES strategy which is built on three themes or pillars, namely Cost Optimisation, New Products/Markets and Organisational Culture.

Within the New Products/Markets dimension of our strategy is a green energy matrix comprising of solar, wind, and biomass thermal generation. We completed the pre-feasibility analysis during this reporting period and will conduct the comprehensive feasibility analysis during the 2024/25 financial year.

We also intend to develop retail alcohol, with consideration for Vodka, Rum and Gin. However, the results of our market research points to opportunities in the Rum SA market. We intend to initially enter this tightly contested market with a low-risk approach. Activities for 2024/25 hinge around a pilot phase covering, brand development, manufacturing, and distribution.

The next iteration of the RES strategy is due in the 2024/25 financial year and will indicate responses to global risks and RES' strategic opportunities, considering industry outlooks for sugar, ethanol and energy.

Agriculture Operations

We introduced Artificial Intelligence (AI) into agriculture through the use of Gamaya Canefit. This is a sugar yield optimisation tool that uses satellite imagery, weather forecasts and historic data together with machine learning. Four agricultural processes have been identified for benefit realisation. There are harvest optimisation, cane ripening optimisation, crop monitoring and sucrose yield forecasting. The first phase, covering 50% of the farm, went live during the reporting period.

IT

We are continuing the journey to upgrade to the S/4HANA system, thus changing from the old ECC6 SAP system to the more effective cloud based information system.

A Microsoft Azure platform has been activated and the landing page and first application and database servers are built and have been handed over to the Cane and Mill team.

Our factories

Our two mills processed lower cane volumes due to the already described adverse climatic conditions. Sugar recoveries were marginally better than for the comparative period. This year's off-crop maintenance programme was more comprehensive, without the time constraint experienced in the comparative period, after the extension of the 2022/23 milling season. The Simunye mill installed modern mud belt filters, to be fully commissioned in the 2024/25 financial year.

During our off-crop programme we had an unexpected discovery at our Mhlume mill, where one of our maintenance contractors came across a huge void under the factory. The factory was built in 1955 and had some underfloor pipes which corroded over time, scarring out soil under the factory. The contractor was working on a sump, pumping water, and found that the quantity of water pumped was much more than the capacity of the

sump leading to the discovery of the void. With the assistance of experienced civil engineers, we were able to dry and backfill the void before a serious incident happened.

Human capital

As we are continuing our expansion we not only need more employees, but also employees with different skills sets which results in increased training and education needs. RES has to adapt to several changes, such as the impact of artificial intelligence, and the unique demands of the younger generation in our workforce.

Culture has taken centre stage in managing our human capital at RES. We are intentional with transforming our culture which should be conducive across demographics within the organization. As one of our enablers is to drive a high-performance culture, we are cognizant that without addressing some of the ills of our existing culture, it would not be sustainable to have a high-performance culture in an environment where characteristics of fear are exhibited. We are, therefore, determined to bring a conducive organizational culture that will enable our different generations to thrive and contribute to their utmost potential for the good of RES. Post our survey which showed a toxic culture, we are committed to change the current narrative in order to preserve a RES that will be sustainable for the future.

We have enjoyed relative harmonious relations in the workplace. This saw us investing in relationship building interventions with our social partners which resulted in all parties signing a charter and rules of engagement to govern the relationship.

Livestock and Game

Unfortunately, there is still a national ban on hunting which results in an imbalance in wildlife and also attracts poachers to the farm. The latter results in conflict with the poachers.

Stakeholder relations

We have been doing a lot regarding stakeholder engagement and of prominence, was the Vuvulane land issue. We have engaged with the community and we are chairing a dialogue between the Vuvulane community and Tibiyo to discuss their needs and RES will try to assist with how they can legally access more land. When Vuvulane has more land RES will assist in growing cane and getting quotas for cane legally which will be mutually beneficial.

Our sustainability journey

We have taken the dive into producing our first sustainability report in 2024/25 with a section on sustainability in our integrated report this year. Management and the Board are committed to the journey ahead leading to integrated sustainability management, including reporting and action.

Outlook

We continue implementing our strategy and I trust that our efforts will pay off in the end. Part of the plan which will be implemented is the product unit cost push. We are back to the regular harvesting cycle and anticipate bigger crop yields which will lead to us getting closer to our unit cost targets.

Global sugar prices have come down which may result in some price pressure in the local market. Inflationary pressure along with developments in other macroeconomic factors will also impact the unit cost of producing sugar.

Our overall outlook is good, as the world's sugar demand is ever-increasing. Demand on the African continent, with Africa as a net importer of sugar, is also increasing, which will be to our advantage.

We will continue to forge ahead with our energy and ethanol projects. We will be holding open space workshops with our employees, where they have an opportunity to share their views and ideas on the company. As we head into the next strategy cycle I am optimistic, and my view is that in the

next 5 years we will see a third of our profit coming from our distillery, a third coming from sugar and a third from energy. We are beginning to spread the risk across the business which will ensure sustainability in the future.

Acknowledgments

I would like to thank the Chairman, Dr AT Dlamini, and the Board for your guidance, support and wisdom during the financial year.

My sincere thanks to the executive team and senior management for their unwavering commitment through difficult and uncertain times.

To all our stakeholders, our relationship with you remains central to our ability to create value – my genuine appreciation for your assistance during our sustainable journey.

To our employees and our unions, I would like to express my gratitude for your hard work and sacrifices, both personal and in the workplace, in helping us sustain the business despite extremely trying times.

Siyabonga!



Nick Jackson
Managing Director

04

OVERVIEW OF THE YEAR



To maintain relevance and achieve success in the medium term, we respond to prevailing trends by continuously monitoring the change within our operating environment for strategic opportunities to execute our strategy and create value over time.



4.1

OUR OPERATING ENVIRONMENT

RES's operating context is determined by the external drivers that influence our ability to create value. We review and assess global and local macroeconomic factors and market trends, as they highlight opportunities, inform our material matters and influence our strategic direction and performance.

New dynamics in our operating environment:

- The volatile global oil and gas markets, and hence the price of energy, in the context of the crisis in the Middle East;
- The very real prospect of Eskom restricting electricity sales to Eswatini post October 2025 and significant year on year energy tariff increases;
- Climate Change and its impact nationally, regionally and globally;
- Local climatic trends: for example intense storms and excessive rainfall and drought in Eswatini (and its impact on irrigation water supply, cane yields and crop length);
- Volatile sugar markets and prices, in light of the above;
- The continuing health debate around sugar globally and the prospect of wider and deeper imposition of sugar taxes in South Africa;
- Resulting from recent COP meetings, the more urgent move towards the green agenda and renewable energy and how it will play out both in Africa and globally; and
- The need to balance horizontal and vertical cane expansion at RES in line with capital constraints, financial performance and other factors.

World Markets

Prices

Following a 12 year high in December 2023, when world raw sugar prices reached 26-28 cents/lb, they gradually declined over the first half of 2024.

Major drivers of prices recently have been the strong dollar, weak emerging market currencies and the continuing dry weather in Brazil (potentially

leading to lower yields, a reduced sugar to ethanol mix meaning lower sugar production). However the latter is partially offset by enhanced prospects in India and Thailand resulting from good rains. Indian export policy in the context of potential higher cane production and the option of diversion to increased ethanol production vs. sugar exports is a further uncertainty. A recent sell off by the Funds for non-fundamental reasons has also been a recent feature of the global sugar market.

In the short term the floor for prices will likely be determined by (a) the price at which Brazil will maximise sugar output and (b) the price at which India will export if permitted. The working figure for this is around 18 cents/lb but there is potential to go higher.

Longer term values are predicted to average around 18 cents/lb (again in 2024 terms), depending upon oil prices.

Sugar balance

GlobalData(LMC), the industry analyst, is forecasting a global surplus of around 3.7 million tonnes in 2023/24 (Oct/Sept) and a 0.8 million tonne surplus in 2024/25.

The longer term

Looking ahead, GlobalData is predicting that by the late 2020's, new capacity will be required to meet the growth in global consumption of sugar which they estimate at some 1% per year. Not only will prices need to be at a level to stimulate the required investment but Brazil's path towards greater use of ethanol (via its Renovabio initiative, albeit less impactful on sugar than previously thought), crop competition and lower long term

production expectations in other geographies could potentially open the door for others, such as Eswatini, to produce sugar for the growing world market. Such world market sales could prove attractive in times when EU demand for imported sugar and EU prices are both low. Moreover, Eswatini can enjoy a modest regional/location premium on such world market sales.

White sugar

The changing market dynamics have also impacted on the white premium. The August 2024 London No. 5 refined white sugar price (basis October) is US\$ 515/t (significantly down on figures a few months ago), giving a white premium of US\$ 115t – a level which still just incentivises the stand-alone refineries. A lower figure of around US\$ 90 -110/t is expected in the coming months with US\$ 110 (at an oil price of US\$ 70/bbl) being forecast in the longer term.

EU

EU spot prices have recently fallen, to a current level of €540 to €570/tonne, ex-works, beet belt, prices have dipped mainly due to a moderate supply outlook (17 million tonnes) despite a wet spring and early summer, and weak demand in the bloc. In the longer-term, modest premia over the No. 11 are still envisaged on EU sales and the EU should remain attractive for certain sugars. The EU will always need to import a certain volume of VHP (and speciality) sugars either for direct consumption or for refining. Given Eswatini's good reputation with EU off-takers, it should be able to continue to access that market albeit at lower premia than of late.

Africa

Although Africa is clearly affected by global sugar trends there are also different drivers and dynamics at play on the continent: notably population increase, higher than world average sugar consumption growth and the transition from direct to

indirect consumption of sugar in manufactured products as economies develop. Prices in such markets are at a premium to world market values. Eswatini has preferential access into markets in the region with Kenya being the preferred outlet as it offers a good premium over world market prices. However, competition in the Kenyan market is intensifying and other outlets are also being sought on the back of trade agreements to which Eswatini is a signatory.

SACU

The SACU market is key as it continues to absorb the greatest volume of Eswatini sugar, offers the best price prospects and is characterised by modest growth. While sales have recently been below projected levels due to low product availability resulting from poor crops and other contracted export commitments, a 'catch up' is anticipated over the next two years. Thereafter a growth of sales in this market of 1.5% pa is assumed.

The US Tariff Rate Quota

Although small at 16 500 t base value, the Quota continues to offer very good price prospects.

Additional quota is commonly granted and Eswatini sales over the past three seasons have typically been in the 20 000 to 25 000 tonne range, i.e. well above Quota. US raw sugar CIF prices have remained at high levels of around 40 cents/lb to incentivise the full-duty (Tier 2) cost of imports. This is due to tightening balances in both the Mexican and US markets in 2023/24 and a structural shortage of raw sugar in the market.

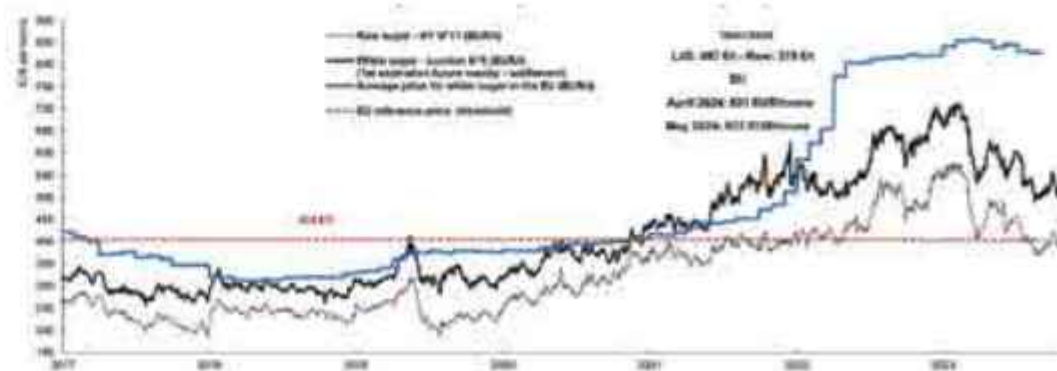
Speciality sugars

Although only small volumes at this stage, speciality products such as Demerara and Nucane are being developed and sold at a premium as part of the Eswatini industry's value-add initiative.

Outlook

LMC predict that medium term prices will remain around 21 to 22 cents/lb in 2024 and 2025 and then fall to 19 cents/lb (in 2024 terms) by 2026, with longer term values averaging around 18 cents/lb (again in 2024 terms), depending upon oil prices.

FIGURE 1- World market and EU sugar prices since 1 October 2017 (EUR/t)



Source: LMC International

4.3 FIVE-YEAR REVIEW

Sugar (36 tonnes)



March 2020	460 659
March 2021	461 567
March 2022	424 294
March 2023	422 047
March 2024	391 100

Profit attributable to shareholders (€Ms)



March 2020	300
March 2021	508
March 2022	303
March 2023	179
March 2024	642

Net borrowings (€Ms)



March 2020	112
March 2021	
March 2022	291
March 2023	652
March 2024	424

Return on Net Assets (%)



March 2020	13.1
March 2021	21.5
March 2022	12.3
March 2023	6.8
March 2024	19.2

Ethanol ('000)



March 2020	35 701
March 2021	30 812
March 2022	28 870
March 2023	32 522
March 2024	29 919

Total assets (€Ms)



March 2020	3 492
March 2021	3 962
March 2022	4 194
March 2023	4 617
March 2024	5 279

Net cash from operating activities (€Ms)



March 2020	496
March 2021	713
March 2022	399
March 2023	386
March 2024	657

Return on shareholders equity (%)



March 2020	14.7
March 2021	20.4
March 2022	11.6
March 2023	6.5
March 2024	20.7

Revenue (€Ms)



March 2020	3 372
March 2021	3 745
March 2022	3 627
March 2023	4 146
March 2024	4 749

Shareholder's funds (€Ms)



March 2020	2 223
March 2021	2 486
March 2022	2 602
March 2023	2 729
March 2024	3 100

Operating margin%



March 2020	11.3
March 2021	17.1
March 2022	10.6
March 2023	5.6
March 2024	15.6

05

OUR STRATEGY



Values



Our strategy
and value
creation



Our business model



Integrated thinking and
the link to the SDGs



Our Material
Matters

Overview of the context in which we operate, including our material matters, our business model, our strategic response, and how integrated thinking forms the basis of the trade-offs we make to ensure ongoing value creation.

5.1



Vision

Leading
Africa's future
in sustainable sugar
and renewable products



Mission

We are an agri-business
that competitively
and sustainably adds value
for all stakeholders

We are **STANDING TRUE** TO OUR VALUES of



Integrity

We conduct ourselves in
an honest, fair and open
manner in all our dealings



Delivery

We respect,
value and care
for each other



Respect

We meet our
targets and
deadlines



5.2

OUR STRATEGY AND VALUE CREATION

RES's Strategy provides the overarching point of reference for all activities and operations within the organisation. It defines the framework under which the Business Plan, which is in effect a quantification of the strategy, is prepared.

RES's Strategy and Business Plan are therefore closely aligned and the strategic themes and corporate objectives emanating from the strategic thinking are maintained as the key drivers of activity at the business level. Moreover, once the projects emerging from the strategic thinking have been fully evaluated and approved through the Project, Programme and Portfolio Management (P3M) process, they are then brought to the Board for approval and incorporated into the Business Plan. Hence the Business Plan is a 'rolling' document which is periodically updated to reflect market dynamics, new initiatives, approved capital projects and so on.

RES's strategy comprises two distinct but overlapping themes:

- **Low-cost strategy**

This has been embedded for several years and will continue to form a key theme going forward. It comprises maximising shareholder value via a combination of growth, optimisation and operational excellence leading to a reduction in unit costs.

- **High value strategy**

This envisages the Business transitioning to a more diversified flexible portfolio tailored to a new customer base, including high value-add products. The high value journey has recently commenced, with initial sales of high-grade ENA to the pharmaceutical and perfumery sector taking place. The 10 MW solar power plant, having been approved, is at the pre-execution stage and a Large-Scale Power Generation Programme, comprising enhancement of energy efficiency, power import substitution and eventually, export of power to the grid based upon biomass power (and supplemented by solar and wind), has completed the Pre-Feasibility Study stage with the next phase being undertaken in 2024/25.

Our strategy is a key part of our intellectual capital and directs our investments and operations where it matters most for growth and sustainability of the company. We will achieve our strategic goals through meeting specific objectives in relation to efficiencies, productivity, and performance of all systems, processes, and human capital.

Our strategy is supported by three pillars that guide management in selecting strategic initiatives:-

1. **Cost optimisation** through efficient, cost effective and innovative production of agricultural products using soil as our base asset.
2. **New products/markets** - we are pursuing new products and markets, where we are primarily looking at vertical integration from our existing products, while exploring other new product opportunities.
3. **Organisational culture** - we aim to enhance our organisational culture based on strong motivation and innovation as we hold each other accountable to exceed individual and organisational goals.

The Board owns and is ultimately accountable for RES strategy while the Executive Committee is responsible for the management and execution of the RES strategy.

OUR STRATEGIC OBJECTIVES



Financial perspective

Strategic Objectives

- Increase profitability
- Reduce unit costs
- Improve RONA
- Increase sales and revenue streams



Stakeholder perspective

Strategic Objectives

- Improve product quality
- Increase stakeholder engagement and satisfaction
- Find new markets



Internal perspective

Strategic Objectives

- Increase productivity
- Increase operational efficiency
- Increase product diversification
- Improve cost management
- Improve good governance practices



Enablers perspective

Strategic Objectives

- Improve business process management capability
- Improve skills at all Levels
- Increase use of Value-Add Technology
- Improve practice of high-performance culture
- Increase marketing capacity
- Improve R&D Capability



We understand that economic value is not solely based on our tangible assets that generate income. It also depends on how efficiently we use these assets to create maximum value while adhering to our core purpose and meeting the expectations of our stakeholders.

Our goal was the successful implementation of a revised list of initiatives in line with our strategic framework. These were achieved despite challenges in terms of costs, and human capital availability. Change management tactics were utilised to support implementation of the initiatives. A fair number of initiatives were postponed due to the revised cashflow management strategy.

Looking forward

In line with our strategy our focus will stay on our core business which is producing sugar and related energy products taking in the context of dynamic global and regional markets.

It is becoming increasingly clear that climate change is probably one of the most critical global challenges that will have a long-term and lasting impact on businesses and humankind. We will have to develop an encompassing response strategy to mitigate these impacts.

Our five-year strategy, Simama 20-25, is coming to its end in 2025 and we have already started with the process to draft the new strategy which will commence in April 2025.



5.3

Oyn **BUSINESS MODEL**

The business model summarises core and shared service for RES cutting across organizational functions as follows: Agriculture, Manufacturing, Distillery, Order-To-Cash (Marketing & Logistics), Plant Maintenance, Procure-to-Pay (Procurement and Stores), Record-To-Report (Finance), Hire-To-Retire (HR), IT and Office of Strategy & Risk Management. The core processes are inbound logistics (inputs of irrigation water, fertilizer, and related goods);harvesting of cane; sugar production; production of ethanol; and marketing and sale of ethanol. The shared services processes support the core functions and ensure continuous efficient delivery of the RES mission and vision. The main revenue streams come from the sale of sugar and ethanol, and CO2 under outbound logistics. These products are then marketed and distributed by the ESA (for sugar) as well as the Distillery (for ethanol and carbon dioxide gas). The business model is a part of our overall strategy as it is the nuts and bolts behind how RES plans to achieve its goals.



INPUTS



FINANCIAL CAPITAL

- Equity funding
- Debt funding
- Cash resources
- Reinvestment
- Investments in:
 - Mhlume Sugar Company
 - Royal Swazi Distillers
 - Mananga Sugar Packers
 - Simunye Plaza
 - Quality Sugars
 - Enviro Applied Products



MANUFACTURED CAPITAL

- Simunye Sugar Mill
- Mhlume Sugar Mill
- Refinery
- Ethanol plant
- 22 500Ha of cane
- 14 550Ha of growers' cane



NATURAL CAPITAL

- 43 000Ha of land
- Energy
- Water



SOCIAL & RELATIONSHIP CAPITAL

- Employee relations
- Grower relations
- Community relations
- Supplier base
- Government relations
- Shareholder support
- Industry relations
- Customer and customer relations



HUMAN CAPITAL

- 1 834 loyal, skilled and motivated permanent employees
- Experienced management team



INTELLECTUAL CAPITAL

- Processes and systems
- Brand equity

BUSINESS ACTIVITIES



Sugarcane Growing



Harvesting



Sugar Production



Procurement & Warehousing



Ethanol Distilling



Beef Production



Ethanol Marketing



Hospitality & Ecotourism

2024 OUTPUTS



E4.75bn revenue



66 457 kilograms of beef



129 610 tonnes of stillage
(recycled for liquid fertilizer)



E638.5m profit after tax



1 068 796 tonnes of bagasse
(recycled for co-generation)



391 100 tonnes of 96 Pol sugar



29 919 333 litres of ethanol

OUTCOMES



E61.4m
corporate tax paid to government



4 494
jobs sustained



E1.1bn
employees related earnings



housing provided to
28 639
people



E226m
approval for expansion projects



E591m
other tax remitted to government



E33m
staff development spend



Healthcare services to the value of
E19m



RISKS

For more information on the Risks that may impact our value creation, please refer to pages 32 to 40



STRATEGY

For more information on how our Strategy enables value creation for our stakeholders, please refer to pages 23 to 24

5.4

INTEGRATED THINKING AND THE LINK TO THE SDGS

Our belief in sustainable value creation is inspired by carefully considering the relationship between the resources we use and affect and potential trade-offs in strategic decision making. We integrate the six capitals into our business model and strategy and continuously strive to positively contribute to, and negate any adverse impact on, these capitals, and to fulfill our vision of being Africa's leading producer of sustainable sugar and renewable products.

As part of embedding sustainability into the business, we voluntarily endorse the United Nations (UN) 17 Sustainable Development Goals (SDGs) and implement leading practices to uphold most material SDGs so that our business leaves a lasting positive impact.

At RES Corporation, we recognise the important role that businesses can play in achieving the goals and have identified 11 priority SDGs upon which we focus our efforts – striving to make a meaningful contribution through our approach to sustainability management, our community development initiatives and broader sustainability programmes. Our commitment to the SDGs is also supported by our reporting approach for both this Integrated Report and our first Sustainability Report which will be published during the next reporting period.

SUSTAINABLE DEVELOPMENT GOAL (SDGs)

3 | Good Health and Well-being

Relevant SDG Targets Summarised

- 3.2 End preventable deaths of newborns and children under 5 years of age
- 3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases
- 3.4 Reduce by one third premature mortality from noncommunicable diseases through prevention and treatment and promote mental health and well-being
- 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
- 3.6 Halve the number of global deaths and injuries from road traffic accidents
- 3.7 Ensure universal access to sexual and reproductive health-care services
- 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

RES RELATED MATERIAL TOPICS



5 | Gender Equality

Relevant SDG Targets Summarised

- 5.1 End all forms of discrimination against all women and girls everywhere
- 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
- 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

RES RELATED MATERIAL TOPICS



6 | Clean Water and Sanitation



Relevant SDG Targets Summarised

- 6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated waste water and substantially increasing recycling and safe reuse globally
- 6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- 6.6 Protect and restore water related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
 - a. Expand international cooperation and capacity-building support to developing countries in water and sanitation related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling
 - b. Support and strengthen the participation of local communities in improving water and sanitation management

RES RELATED MATERIAL TOPICS

Water and effluents

Biodiversity

Waste

7 | Affordable and Clean Energy



Relevant SDG Targets Summarised

- 7.2 Increase substantially the share of renewable energy in the global energy mix
- 7.3 Double the global rate of improvement in energy efficiency

RES RELATED MATERIAL TOPICS

Energy

8 | Decent Work and Economic Growth



Relevant SDG Targets Summarised

- 8.1 Sustain per capita economic growth in accordance with national circumstances
- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium sized enterprises, including through access to financial services
- 8.4 Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation
- 8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 8.6 Substantially reduce the proportion of youth not in employment, education or training
- 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking
- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

RES RELATED MATERIAL TOPICS

Occupational health and safety

Indirect economic impact

Employment

Child labour

Supplier social assessment

Forced or compulsory labour

Market presence

Energy

Economic performance

Diversity and equal opportunity

Training and education

Procurement practices

Freedom of association and collective bargaining

Labour/Management relations

Materials

SUSTAINABLE DEVELOPMENT GOAL (SDGs) (continued)

9 | Industry, Innovation and Infrastructure



Relevant SDG Targets Summarised

- 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being
- 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
- 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries

RES RELATED MATERIAL TOPICS

Indirect economic impact

Economic performance

12 | Responsible Consumption and Production



Relevant SDG Targets Summarised

- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse
- 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

RES RELATED MATERIAL TOPICS

Materials

Waste

Market and labelling

Energy

Emissions

Water and effluents

11 | Sustainable Cities and Communities



Relevant SDG Targets Summarised

- 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, and improving road safety
- 11.6 Reduce the adverse per capita environmental impact of cities, by paying special attention to air quality and municipal and other waste management

RES RELATED MATERIAL TOPICS

Waste

Indirect economic impact

13 | Climate Action



Relevant SDG Targets Summarised

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

RES RELATED MATERIAL TOPICS

Emissions

Energy

15 | Life on Land

Relevant SDG Targets Summarised

- 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and dry lands
- 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- 15.5 Take action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species



17 | Partnerships for the Goals

Relevant SDG Targets Summarised

- 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
- 17.3 Mobilize additional financial resources for developing countries from multiple sources



By focusing on certain goals, we aim to ensure alignment with our material issues, our actions on the ground and how they contribute to our host countries

5.5

OUR MATERIAL MATTERS

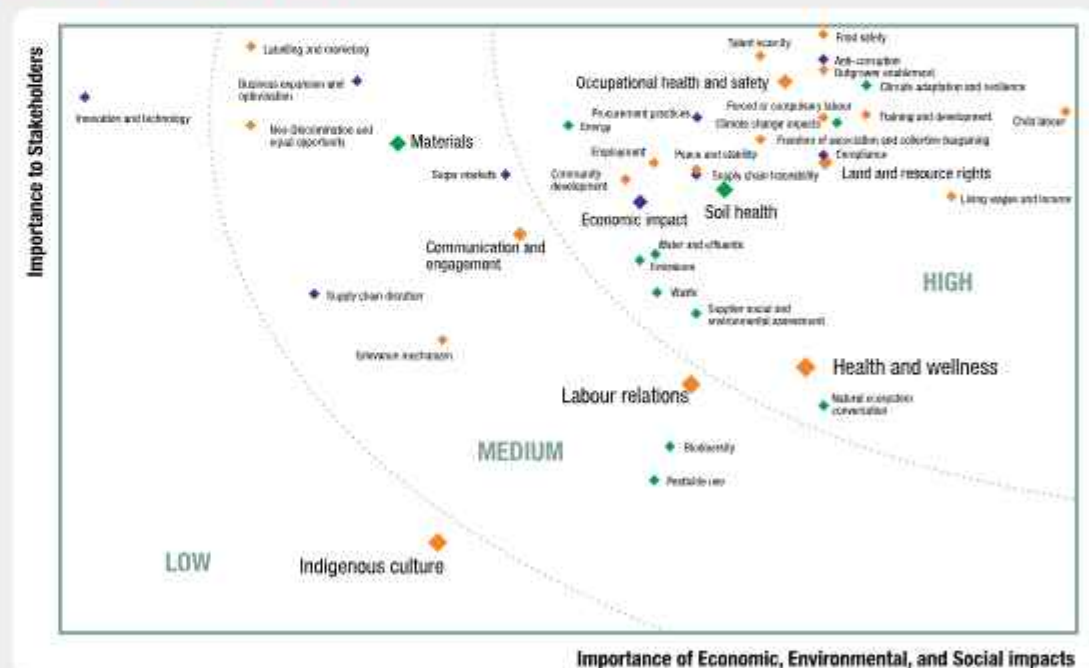
Materiality considerations serve as a crucial guide for our reporting practices. The matters we deem material are those that significantly influence our ability to create and sustain value, not only for our organisation but also for our stakeholders and the natural environment.

The materiality process followed for previous Integrated Reports was mainly based on our Risk Management process. We have followed a double materiality determination process to enable us to identify our impact materiality (our impact on society, communities and the environment) and our financial materiality (matters that impact our ability to generate revenue and preserve shareholder value over time). During this year we started with a comprehensive materiality process based on the GRI reporting Standards. The outcome of this process will complement the Risk Management process.

The Materiality Assessment of RES was conducted in four distinct steps: understanding organization context, identifying the impacts across all the business processes, assessing the significance of those impacts using value chain assessment and stakeholder engagement, and finally prioritizing the impacts and therefore the material topics.

Based on assessment and prioritization of impacts, the materiality of topics was determined, and the sustainability materiality matrix was created to visually represent the importance of Environmental, Social and Economic issues determined during the process.

Materiality Matrix for RES 2023¹



The outcome of the materiality process was the prioritised list of material topics for RES. These material topics were used to inform the content of the Integrated Report together with the identified risks (see section 6) and disclosed as topics within the six capitals.

¹ Materiality Assessment Report for Royal Eswatini Sugar, Gaurav Awasthi, GRI Advisory Services, 2023

06

MANAGING RISKS



Enterprise-Wide
Risk Register



Risk Ranking 2023/24



Our top risk: extreme
weather conditions due
to Climate Change

Risk management is a critical success factor for RES - operating in a dynamic economic environment characterised by change and uncertainty - to achieve our strategic and business objectives whilst remaining resilient to deliver sustainable shareholder value.

Our integrated approach to risk management fosters strategic resilience as we continue to pursue growth and deliver sustainable value for stakeholders. This approach incorporates identified material risks in a structured and systematic risk management process. The risks are managed within a unitary framework aligned with our corporate governance responsibilities.

As business risk is complex and diverse, our risk management process is designed to ensure consistent and integrated coordination across the business to mitigate risk and drive opportunity management. Sound risk management enables us to anticipate and respond to changes in the operating context and make informed decisions during uncertain times.

6.1

OUR TOP STRATEGIC RISKS

We are committed to effective risk management in order to safeguard our strategic objectives and sustainability of the business. Our enterprise risk management plan seeks to embed risk management and improve the risk culture across RES. The enterprise-wide approach ensures that our risks are managed adequately and efficiently.

01

Extreme weather conditions (2023: 1)

Impact of extreme and adverse weather conditions due to climatic changes such as droughts, floods, hailstorms, windstorms, affecting the quality of the crop and the yields



Mitigating controls

- Drip field irrigation strategy
- Ongoing monitoring of weather patterns
- Increasing varieties that are less prone to the various effects of climate change
- Exploring adaptation strategies and ways to harvest in the wet

Strategic Objectives Impacted

- Increase Profitability
- Improve Product Quality



H

02

Organisational Culture (New)

An unfavourable organisational culture which is characterized by fear among employees impacting employee engagement, productivity and innovation



Mitigating controls

- Change Agility Program
- Organisational Culture incorporated into Leadership training and coaching
- Introduction of a new Performance Management Framework/Philosophy

Strategic Objectives Impacted

- Improve practice of high-performance culture



H

03

Pest Upsurges and Outbreaks (2023: 16)

An increase in pest and disease outbreaks, due to climate change, and susceptibility of varieties to pests and diseases, impacting crop quality and yields



Mitigating controls

- Reduction of varieties that are susceptible to pests and diseases
- Integrated Pest Management
- Continuous monitoring and response to pest and disease outbreaks, at group and industry level
- Good agronomical practice
- Spraying with appropriate chemicals
- Out grower engagement for their pest control measures

Strategic Objectives Impacted

- Increase Profitability
- Improve Product Quality



H

04

Sugar Markets (2023: 4)

Fluctuation of the global sugar markets and trends, due to volatile economic indicators impacting the sustainability of our business



Mitigating controls

- Diversified markets and constant exploration of new markets
- Forward contracts and pricing/ hedging of products and currency
- Input and influence on ESA's marketing strategy
- Bonsucro accreditation to attract new markets
- Product diversification strategy

Strategic Objectives Impacted

- Increase Profitability
- Increase Productivity



H

05

Financial Sustainability (2023: 7)

The risk of financial strain on the business as a result of the continuing impact of adverse climate change related events, geopolitical events, political volatility and social unrest, which in turn affects the financial stability of RES



Mitigating controls

- Continuous financial planning, structuring, and control of operating and capital expenditure
- Ongoing diversification strategy
- Hedging strategy for revenues and financial instruments

Strategic Objectives Impacted

- Increase Profitability
- Improve RONA



H

06

Industry Structure Set-up (2023: 13)

Inability to achieve strategic objectives due to the industry structure, Acts and standards which may have an impact on Miller/Grower relations and the overall sustainability of RES



Mitigating controls

- Continuous engagement with stakeholders for change of structure
- Succession planning at Council level
- Engagement with Growers through Out Grower department
- Benchmarking other Sugar industries

Strategic Objectives Impacted

- Increase Profitability



H

07

Physical Security of People, Infrastructure and Cane Fields (2023: 2)

The risk that there may be negative impact to the physical safety of our people, cane fields and infrastructure due to political, socio-economic factors, which may result in arson attacks, vandalism and other illegal activities



Mitigating controls

- Internal Security Office that monitors and assesses all security incidents
- Continuous improvement in social relations with fence line communities
- Awareness on safety and emergency procedures
- Quarterly feedback and engagement sessions with Security & various stakeholders
- Lobbying through Business Eswatini and the Sugar Industry to encourage dialogue among stakeholders

Strategic Objectives Impacted

- Increase Profitability



M

08

Unreliable Energy Supply (2023: 3)

Lack of reliable power supply (own-generation and third-party) for production due to a general shortage within the Southern African Power Pool (SAPP) and potential failure of power plant equipment due to age



Mitigating controls

- Energy master plan in place, which aims to ensure that we drive diversification of energy sources
- Large-scale Power Generation Project feasibility study
- Proactive maintenance schedule for all energy related equipment
- Maintain good stakeholder relations with EEC and regulators

Strategic Objectives Impacted

- Reduce unit cost
- Increase Profitability



M

09

Supply Chain Disruption

(2023: 5)

Inability to timeously procure critical raw materials due to global supply instability as a result of geopolitical impact, escalating input costs, resulting in disruption to business operations and projects



Mitigating controls

- Reviews of SLAs and operational routes to market
- Identify alternative logistic agents (haulage and clearing)
- Bulk buying
- Have multiple vendors for one product to minimize the risk

Strategic Objectives Impacted

- Increase operational efficiency



M

10

Water Security and Storage

(2023: 6)

Lack of reliable, available and acceptable quantity and quality of water for production due to changing climatic conditions (drought, El Nino effect, etc) and insufficient investment at a national level for water related initiatives, impacting production



Mitigating controls

- Efficient irrigation systems
- Construction of holding dams
- Implementation of drought management strategy
- Implementation of real time monitoring of river-flows
- Partnership and lobbying government to invest in water solutions
- Water conservation including water recycling

Strategic Objectives Impacted

- Increase Productivity



M

11

Cyber Attacks

(2023: 11)

Compromised information security and data privacy caused by theft of data, loss of data, data in transit, and susceptibility/vulnerability of systems to cyber-attacks



Mitigating controls

- Good governance practices including security governance
- Continuous roll-out of cyber security training to staff to create awareness
- Ongoing penetration tests
- Compliance with the Data Protection Act
- Monthly vulnerability assessments

Strategic Objectives Impacted

- Increase use of value-added technology



M

6.2

RISK RANKING 2023/24

2022/23 Ranking	Movement	2023/24 Ranking	Risk Name
1	➡	1	Extreme weather conditions
Emerging	NEW	2	Organisational Culture
16	⬆	3	Pest upsurges and outbreaks
4	➡	4	Sugar Markets
7	⬆	5	Financial Sustainability
13	⬆	6	Industry Structure Set-Up
2	⬇	7	Safety and Security of People, Infrastructure and Cane Fields
3	⬇	8	Unreliable Energy Supply
5	⬇	9	Supply Chain Disruption
6	⬇	10	Water security & storage
11	➡	11	Cyber Attacks

Extreme Weather Conditions, related to climate change, remains our top risk with the new emerging risk Organisational Culture at number two and Pest Upsurges and Outbreaks moving up to the third place.



The RES risks are aligned with some of the current World Economic Forum risks listed in the Global Risk Report - extreme weather being the top risk and societal and/or political polarization ranked third.



6.3

OUR TOP RISK: EXTREME WEATHER CONDITIONS DUE TO CLIMATE CHANGE

Impact of extreme and adverse weather conditions resulting in an impact on the quality of the crop and the yields remains our top risk. Climatic changes such as droughts, floods, cyclones, hailstorms and windstorms have negative consequences for sugarcane production.

The impacts of these weather conditions are sub-optimal cane growing conditions, physical damage to cane, and opportunistic pests and diseases, leading to a material reduction in the quality of the cane and, hence, lower yields.

The impacts of climate change have been experienced by some of the RES entities and activities. Continuous research is part of our strategy to be able to understand how we can mitigate the impacts of climate change on our sugarcane production.

Finance

The business again faced significant climate change impacts during the year. The response to these impacts required dynamic forward looking financial scenarios to enable appropriate decisions to be taken. Finance built new models that informed the daily decision-making process to enable RES to navigate the challenging times.

The observed low yields from harvesting young cane during the 2023/24 season necessitated new thinking. Financial projections of harvesting cane in March versus continuing with the status quo, versus carrying over cane to the next season, were all explored, taking cognisance of the prevailing sugar market conditions.

Agriculture

Due to changes in the weather, yield decline has been evident within the sugarcane industry. Radiation, primary for the energy provision for the plant growth, continues to be low throughout the year compared to LTM. This is also reducing each year, being more pronounced in the last 4 seasons from 2020/21.

There have been frequent occurrences of very high rainfall events, coupled with violent storms and strong winds, causing heavy lodging and cane damage. The last 3 seasons have had different cyclone occurrences. There is also the introduction of new Pests that have not been observed before in the region, the most recent being the *Perkinsiella saccharicida* (Leaf hopper).



The science of growing cane is evolving with climate change

6.3 OUR TOP RISK: EXTREME WEATHER CONDITIONS DUE TO CLIMATE CHANGE - continued

Water

Contrary to the forecasted El Nino conditions for our region, RES received above normal rainfall during the 2023/24 season. The season was characterised by events of high intensity, short duration rainfall, with approximately 53% of the annual rainfall collected in two months (December 2023 and March 2024). This kind of weather is as a result of climate change and had both negative and positive consequences on our activities.

- Negative impact - The heavy storms experienced during December 2023 and March 2024 resulted in water supply and irrigation infrastructure damages requiring maintenance which translated to an increase in operational costs.
- Positive impact - The above normal rainfall, though poorly distributed resulted in high inflows and reduced demands downstream of the dams, which had a positive impact on water harvesting.

Frequent and severe droughts are also a result of climate change and result in water scarcity affecting water supply for optimum irrigation of the crop.

Livestock and game

The predicted drought this financial year, thankfully did not occur. During the reporting period we received 648 mm rain, 6.4% below the long-term average of 692 mm. However, the rainfall received is good for water harvesting as most of it is collected in one month, and the rest of the days are dry. January and February were the hottest months on record in the world, and we also experienced heat waves during those months. The heat affected feed intake, spontaneously inhibiting average daily weight gain as the cattle stop feeding to regulate body temperature.

Outgrowers

The impacts on the activities of our Outgrowers were again similar to our own agriculture section, being storms, hailstorms, frost damage on cane, new pests and diseases. These resulted in increased harvesting costs due to wet harvesting, and leaching of important nutrients beyond the root zone.

Human Resources

The direct impact of climate change is limited but heavy rains necessitated mass recruitment of casuals for cane carry-out, which resulted in escalated manpower costs i.e., overtime. Another impact is fatigue of employees as a result of extended working hours to catch up on work, hence becoming a risk factor.

Medical and Wellness

Natural disasters put pressure on the limited resources used in providing medical and wellness services as Clinics have to attend to higher numbers of patients. Wet harvesting is associated with more injuries at work due to changes in the work environment and emerging of unfamiliar hazards and risks. Increased rains and heat may promote increased frequency of infectious diseases like diarrhoea and malaria

Factories

Both factories' performances were impacted by rain leading up to the end of the crushing season. The season had more rain than normal, which caused extended stretches of slow crushing. The season broke into two parts, with the second season starting at Simunye on 8 March 2024 and ending on 29 March 2024. As a result, the Simunye Factory crushed for 35 weeks, and the Mhlume Factory crushed for 33 weeks and waited on standby during the second phase.

Distillery

Climate change has no direct impact on alcohol production but it can potentially reduce sugarcane crop tonnages and/or quality, resulting in reduced molasses quantities and quality leading to less alcohol production.

Property

Climate change comes with sporadic extreme weather patterns, causing property damages due to flooding of houses, roof leaks after heavy storms as well as potential massive roof damage in case of increasingly likely hailstorms. Another impact is increased cost of grounds maintenance due to higher vegetation growth rate because of higher-than-normal rainfall, i.e., the cost increased from E4.18M in 22/23 FY to E4.52M in 23/24 FY.



07

CREATING VALUE IN PRACTICE



Financial Capital



Human Capital



Intellectual Capital



Manufactured Capital



Social and
Relationship Capital



Natural Capital

We demonstrate how we create value for our stakeholders and for the Corporation by linking our business activities, including our performance, to our six capitals.



7.1

FINANCIAL CAPITAL

Our financial performance, which has a significant influence on the pool of funds available to the organisation, was affected by production performance and factors in the external environment.

Production of cane, sugar and ethanol was again adversely affected by several factors. Cane processed was 7% lower due to harvesting of younger cane, averaging 10.8 months, due to the extended 2022/23 crushing season. This resulted in a 7% reduction in sugar volumes. With lower cane production, molasses production decreased leading to an 8% reduction in ethanol produced by the Distillery. However, increases in domestic sugar prices, higher world market sugar and ethanol prices and a generally weaker Lilangeni counteracted the effect of lower production and resulted in revenue improving by 14.6% to E4.749bn.

Cost of sales was 10% higher despite sugar production being lower. This is due to two factors, firstly, the high fixed cost nature of the business, and secondly, operating costs were under pressure from pest and disease control activities, higher irri-

gation costs due to a dry season when compared to 2022/23, high fuel prices, and more intensive offcrop maintenance programme this year as compared to the shortened version in the prior year.

The movement in the fair value of biological assets was positive, improving pre-tax profits by E280.3m against a prior year reduction of E70.3m. Sucrose volumes valued at 31 March 2024 were 11.9% higher than for the comparative date due to the re-alignment of the harvesting season at the reporting date, and thus a more mature crop in the ground. The average sucrose price applied in the valuation at the reporting date is 13.6% higher than applied at 31 March 2023, largely due to the improvement in the domestic price as explained above.

Administration costs for 2023/24 were 21.2% higher than for 2022/23 due to cost inflation, higher property maintenance costs following damage caused by excessive rains, higher insurance premiums, driven by a larger asset base and a widening risk portfolio, and the fact that the 2022/23 costs included a once-off impairment reversal.

From 1 July 2024, the rate of corporate tax in Eswatini will reduce to 25% from 27.5%. A release of a net deferred tax liability of E65.5 million to income, is accounted for in the income tax expense for the current year. Share of profit of equity accounted investees increased by 162.0% with the acquisition of the 35% interest in Enviro Applied Products (Pty) Limited being consolidated for a full year against one month in the prior year, and a much improved performance by Mananga Sugar Packers (Pty) Limited.

Total comprehensive income attributable to the Owners of the Company thus amounted to a record E641.8m. This is 259% higher than the result achieved in 2022/23.

Cash generated from operating activities at E657.5m was 70% higher than for the comparative period, bolstered by the higher sugar and ethanol prices, a stronger working capital position, and reduced cash burn, typically experienced when harvesting under wet conditions as in 2022/23. As conveyed in the outlook expressed in our previous IR, the Group paused its expansion programme to allow for the strengthening of its cash position. This has been achieved, as reflected in the vastly improved cash position.

The alternative energy project planned for 2023/24 was deferred to 2024/25 due to resource constraints in the market caused by the large uptake of large-scale solar projects in South Africa.

A total dividend of E270.9 million was declared in the current year. The Board has been agile in adopting a defensive strategy with respect to dividends. In declaring dividends, the impact of non-cash items in the statement of profit and loss, in particular, standing cane, has led to de-risking of dividend declarations, by deferring the impact of material non-cash items on dividends to subsequent periods when the non-cash risk is realised in cash. Also, in response to climate change events that may adversely and materially affect cashflows, dividends may be curtailed or delayed. This was the case with the final dividend for 2022/23 being declared in June 2023 as opposed to the expected declaration in March 2023.

The abridged consolidated statement of financial position of the Group shows a strong balance sheet with total assets amounting to E5.3bn. This is mainly due to higher standing cane valuation due to improved cane age and sucrose price. Also contributing to the increase are ongoing mill improvements and land development of 240ha, under the ongoing Group expansion programme. The Group assumed new debt of E194.9m, to finance approximately 75% of the carried over expansion projects from 2022/23.

The financial ratios reflect the commentary above with a significant improvement compared to the prior year. One of our key performance indicators, Return on Net Assets (RONA), increased to 19.1% from 6.8% in 2022/23.

Outlook

Climate related events continue to have a negative impact on the business. A storm event in March 2024 resulted in cane lodging of some 9 095ha (40%) of Estate cane fields. With drier conditions generally forecast, and a crop at the correct age, the negative impact of the storm damage is not expected to be as severe as experienced in the current reporting period. Consequently, sugar and ethanol production are expected to be higher than for 2023/24. Pricing is expected to be tight with the world market sugar price retreating and the Lilangeni showing signs of strengthening in the last quarter of the financial year.

On 16 April 2024, the Group obtained the necessary approval to transfer the Mhlume Sugar Company Limited assets and liabilities to the Royal Eswatini Sugar Corporation Limited as a going concern, without prejudice to any of the

entities. The effective date of the transfer will be 01 April 2024. This initiative will reduce a number of administrative burdens such as the number of tax filings under all tax statutes, and drive efficiencies from the consolidation of activities such as procurement through one entity and fewer bank accounts, to mention a few.

There will therefore be no future income in Mhlume Sugar Company as all transactions will now be accounted for in the books of The Royal Eswatini Sugar Corporation Limited with effect from 01 April 2024. There will also be no material changes to Group reporting numbers. The finance team, in conjunction with various other functions in the business, will dedicate the necessary resources to this transition during the 2024/25 financial year.



Share of profit of equity accounted investees increased by
162%

Comprehensive income attributable to owners
259%
higher than previous year

Cash generated from operating activities
70%
higher than comparative period

Capital expenditure
45%
lower than previous year

7.2

HUMAN CAPITAL

Our Human Capital team is responsible for HC operations, Employee Relations, Culture Transformation, Remuneration & Benefits, Learning and Talent as well as Medical and Wellbeing of employees.

The HC team led the re-imagined performance management philosophy, which has been enabled by a reviewed performance management system. The PMS module was prioritized as part of Simama 20-25 Strategy to drive a Culture of High Performance under the Organisational Culture Objective. The project kicked off in September 2023 and go-live was in May 2024.



Interactions with and inputs from other functional areas within RES

- Human Capital is core to RES with inputs to all other capitals, essentially the staff component within all RES departments.
- To be sustainable, Human Capital is reliant on an efficient HC system (IT), finance, infrastructure, internal staff expertise as well as external expertise and services.



Highlights

- Know your business programme – educational tours: Visiting business units enabled HC to understand operations, skills required and identify HC related issues that affect business productivity and employees in departments. This also improved visibility of HC in the business.
- Connect sessions – discussion on how to improve service delivery of the HC Division. This looked at integration points and clarification of roles. This led to improved alignment and teamwork when servicing business and doing away with silo mentality.
- Candidate experience
- Relationship building intervention that was conducted with the tripartite forum (Management, SAPWU & SAMASA) whose outcome was formulation of rules of engagement and relationship charter.



Lowlights

- Some key focus areas not achieved on time were overtime analysis as well as the rollout of HC Procedures
- System challenges that affected payroll efficiencies
- Delayed finalization of cost-of-living salary adjustment negotiations due to a stringent mandate



Internship program; students from Eswatini and outside of Eswatini attached to the different units at RES.

Our people are integral to our continued existence and success.

Size of workforce

As at the end of 2023/24, the RES employee head-count was 4 425 compared to 4 206 recorded at the same time last year. 1 805 were permanents (local + fixed term - excluding disability) compared to 1 809 at the same time last year, whilst 2 620 were seasonal employees compared to the 2 372 recorded at the same time last year. The increase in Seasonals is due to the on-going expansion of land under cane at Homestead.

Seasonal employees remain at 52% above Permanents on average. The ratio of 1:2 arises from the expansion of land-under cane which saw an additional 534ha of cane growing under IGP projects.

Manpower costs

Total Manpower cost stood at E1.059 billion at year-end against a budget of E1.019 billion. The E40 million over expenditure year to date emanates from Wages overtime that resulted from the expansion of land under cane, as well as the shortened Off-crop. The wage bill stood at E956.3 million last financial year against the budget of E957.5 million.

Short-term incentive bonus

RES achieved a profit after tax (PAT) of E641.8 million and Return on net assets (RONA) of 19.2% for the 2023/24 financial year. This is higher than the 2022/23 PAT of E178.5 million and RONA of 6.8%. In line with the STI thresholds, the Board of Directors approved payment of the calculated STI bonus to eligible employees.

The STI bonus is a key component of our employee value proposition, in line with our efforts to shift the Organization Culture by driving a high-performance culture.

FIGURE 2 - Number of permanents and seasonals - 2023/24



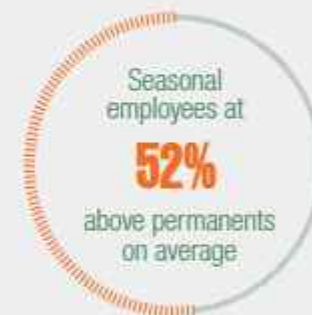
FIGURE 3 - Number of employees at RES per month - 2023/24



FIGURE 4 - RES STI bonus payment (past 11 years)



E13.6m
worth of short-term
incentive bonuses
paid



E1.059bn
Total Manpower
cost at year-end

7.2.1 HUMAN CAPITAL - OPERATIONS

Key to our HC operations is the improvement of our Recruitment Turnaround Time, drafting and review of Policies and Procedures, review of ER Manual and Recognition Agreements as well as managing the Candidate experience and Know Your Business Programme.

On a positive note was the improvement in recruitment, i.e., improved efficiencies in the hiring process. More quality assurance has been put in place (qualification verification, credit checks for Finance roles, Police clearance report for external candidates). The revised Guidelines on the use of Consultants will realise outcome/benefits in the 2024/25 financial year. The survey for improved experience of candidates has been extended to internal candidates for an overall view of the recruitment process experience. Improvements were implemented (reduced recruitment turn-around time, better navigation and connectivity, better communication with candidates).

Looking ahead

During 2024/25 we aim to focus on the following:

- Governance - SABPP Standards and embedment (HR Audit Certification)
- HC Branding - Employee Experience, HC Indaba and induction/ onboarding of new employees
- Manpower Optimization - Workforce Planning and improved recruitment turnaround time

2023/24 Goals and Targets	Outputs against Targets
Improved external recruitment turnaround time – 80% of external recruitment closed within timelines	Overall score 80.34% against 80% target
<ul style="list-style-type: none">Overtime Analysis - trends for the past 7 years, causes and possible solutionsTarget for overtime to be within budget	Manpower optimisation projects initiated in 2023/24. Project will continue in the next financial year wherein the results will be reviewed.
Candidate experience – improve RES brand by improving candidate experience from first point of contact (application) to engagement	Interventions implemented on expressed complaints and no repeat findings in subsequent surveys
Review of HC Policies & Procedures	Procedures still to be consulted with employee organizations and workshopped to employees
Guideline on use of consultants	Draft copy of the policy has been submitted to the sponsor for approval

Challenges during 2023/24

During the reporting year we encountered some issues which influenced our outcomes.



Filling vacancies at senior management level



Loss of skills due to alcohol case dismissals.



Brain drain of technical skill e.g. Artisans



Heavy rains that necessitated mass recruitment of casuals for cane carry-out, resulted in escalated manpower costs, i.e., overtime



Substance abuse – more disciplinary enquiries. More man-hours spent on disciplinary enquiries thus affecting core production & service delivery



Extended working hours to catch up on work, results in fatigue to employees, hence risk exposure.

7.2.2 LEARNING AND TALENT DEVELOPMENT

Investment in our people continues to take centre stage in order for the organization to meet its business and strategic objectives.

Part of our learning and development initiatives included creating an enabling culture, capacity building both from a leadership and technical perspective. This necessitated that we become vigorous in our psychometric assessments and be intentional with our apprenticeship program wherein we also included intakes from recently completed GCSE levels. As part of the capacity building we also had to conduct a skills audit for our future ready skills.

Figure 5 indicates that for the period under review 2 185 attendees were recorded for the overall training provided.

- Training expenditure at FY end stands at E21.4m against an annual budget of 21.7m resulting in a variance of E300k.
- Training physicals to date are at 3 388 against an annual budget of 2 755.

RES continues to prioritise safety through all departments. Figure 6 reflects that 43.5% of the total budget is for safety related training interventions.



We understand that it is not businesses that create value but rather the people behind them. Our people are the heart and soul of our business – with their knowledge, skills, dedication and commitment, we can ensure we remain sustainable in the long term.

Up-skilling of our people, on and off the job, is part of our capability focus.

FIGURE 5 - Overall total attendance 2023/24

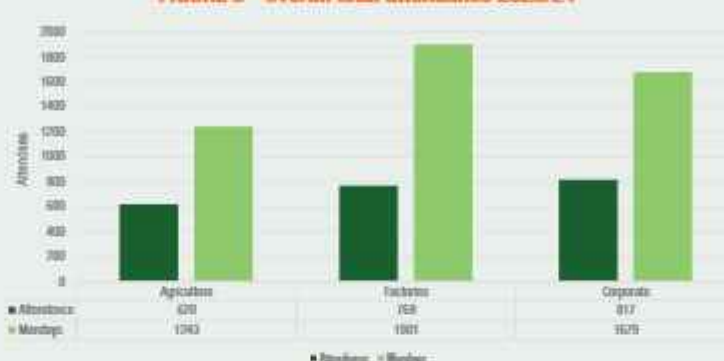
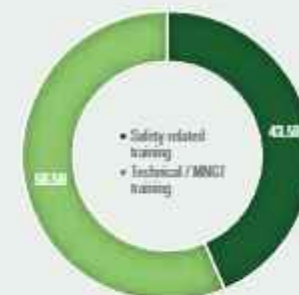


FIGURE 6 - % training distribution 2023/24



7.2.2 LEARNING AND TALENT DEVELOPMENT - continued

Leadership Academy

Leadership development has continued to be critical in the skills development agenda at RES and this focus is premised on the background that leaders will be critical in driving performance for growth, business sustainability and profitability. This is evidenced by the forty-six (46) managers that were exposed to various intensive leadership development focused programmes.

A second cohort of managers are enrolled in the executive coaching program offered by the University of Cape Town Graduate School of Business which is a build up from the group of 8 that started last year. Another 17 managers are also going through a coaching programme with Talent Intel with outcomes focused on sustainable transformation, strengthened leadership brand, increased self-awareness, enhanced performance, improved team dynamics.

In the long-standing partnership with the Stellenbosch Business School – Executive Development (SBS-ED), a total of 20 managers are pursuing development programmes varying from entry to senior level programmes aligned to the level of management at which they operate.



46 managers
exposed to intensive
leadership development
programmes

LEADERSHIP DEVELOPMENT CONTINUES TO TAKE CENTRE STAGE IN OUR DEVELOPMENT EFFORT



Our learning academy
continues to produce a
pipeline of capable future
leaders for RES and the
country

Performance Management Philosophy Review

The performance management review exercise was finalised and a renewed approach presented to senior management and employees.

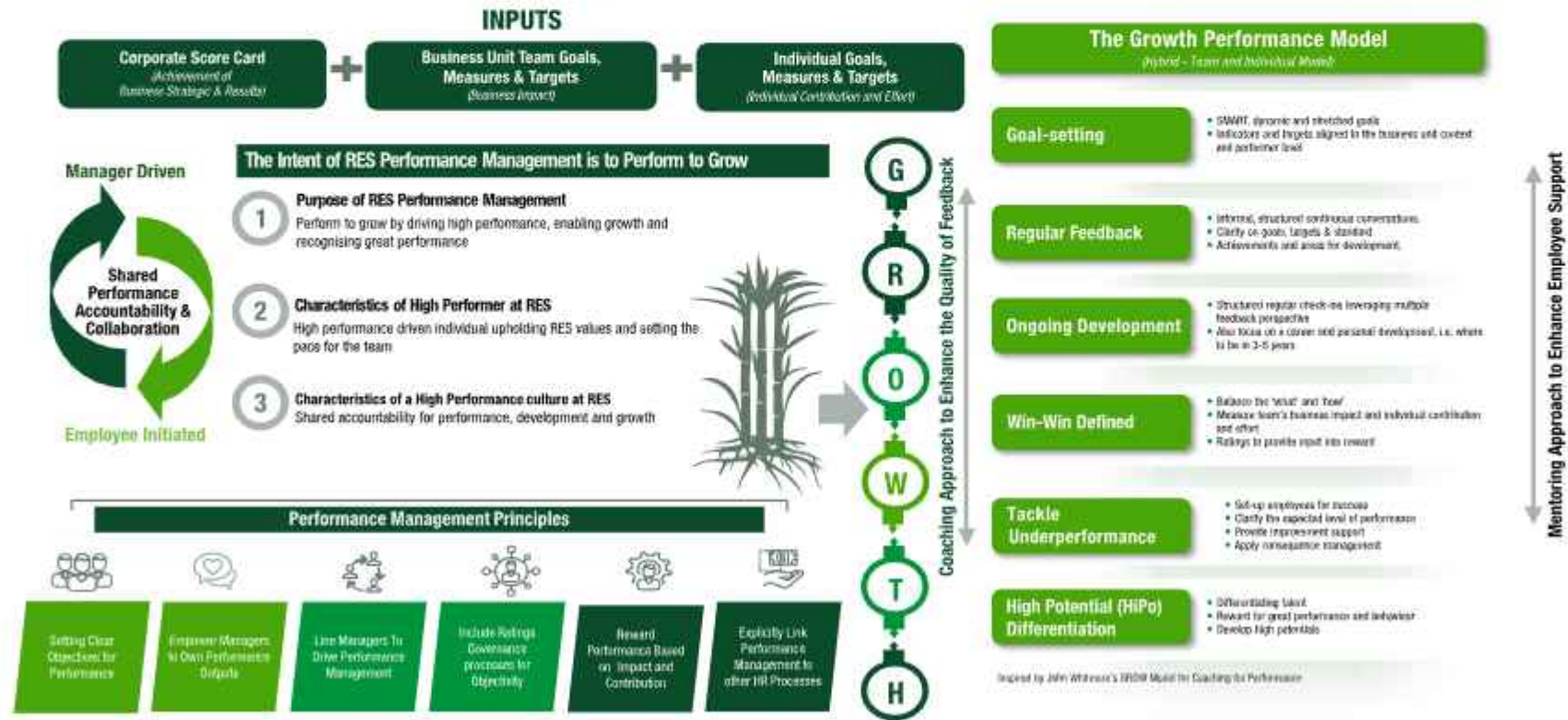
The re-imagined performance management approach introduces key features that align with RES's ambition to Perform to Grow by focusing on individual development and career growth, busi-

ness growth and rewarding great performance. This approach is geared to drive a culture of high performance that the business has set for itself and to assist individuals and teams across the business to perform against set targets constantly.

The approach leverages the Hybrid Model, which focuses on team performance and drives employees to pursue common goals. Additionally, it rec-

ognises individuals who continuously give their very best to support team goals through teamwork and collaboration and effectively creates a platform to differentiate through various talent recognition levers, e.g. development opportunities, career progression, financial and non-financial reward, etc.

PERFORMANCE MANAGEMENT MODEL



Performance Management System

As an organisation, we implemented a new system in the Success Factors - Performance and Goals module of the S4Hana Enterprise Resource Planning (ERP). This system deployment aimed to enable the embedding of the re-imagined performance management model and to migrate performance management from SAP ECC (on-premise) to SuccessFactors, a cloud-based solution. This cloud solution will provide seamless integration with other Success Factors and overall SAP modules within the business. The system is live for the FY24/25 performance contracting.

Future Ready RES

Royal Eswatini Corporation's (RES) Simama 20-25 strategy and roadmap identifies several areas aimed at taking the organisation forward and preparing it for achieving its future growth plans, ambitions, and even possible transformation. To assess whether RES Corporation has the requisite skills to deliver on its strategic needs, an initiative to conduct a review of the current skills catalogue was undertaken and the final report has presented to management. In order to implement the outcomes of the report, a project has been initiated called "Future Fit RES" which represents a forward-looking, growth-oriented approach that captures our commitment to fostering a culture of continuous learning and development and our dedication to enhancing the personal and professional growth of every employee.

The overall aim of the project was to align the talent skills requirements to strategic needs and ensure that the organisation is future ready. This entailed understanding whether the organisation's current skills are relevant and 'fit for the future' and if these will enable and support the 2025 (and beyond) strategic plan.

The outcome of the skills audit project has provided a clear understanding of the skills strengths and deficiencies within the organization and aided

in the development of a data-backed strategy for training and development, talent management, and workforce planning. The process of the skills audit was not just about identifying gaps but aligning our people strategy with our business strategy and setting a path to transform our most valuable resource - our people - into strategic enablers.

Manpower Optimisation

Royal Eswatini Corporation's (RES) Simama 20-25 strategy is anchored on the reduction of the unit cost of production by 20% and a number of initiatives are being deployed to achieve this ambition amongst which is Manpower Optimisation from a Human Capital perspective. A project was commissioned in Q3 of the current FY to identify manpower planning and productivity transformative opportunities that can generate savings and efficiencies for the business.

Technical Academy

The Future Fit RES project was also commissioned for employees from the level of T06 to T09 (Technical/Operational levels). A total of thirty four (34) employees from Automotive and Mechanical Fitting disciplines have been assessed through practicals and theory tests by Shukela Training Centre. The assessment reports will guide decision making on appropriate training interventions to close the identified skill gaps. Shukela Training Centre will also provide final assessments after training interventions so that competent employees receive accredited Class B South Africa based qualifications.

External Funding Support for Technical Skills Development

The European Union (EU) has intentions to consider granting funding to the RES Technical School which will collaborate with government through the Directorate of Industrial and Vocational Training (DIVT) to drive technical skills training and development in the organisation and country. The

funding will reduce pressure on RES training spend whilst supporting the ambition of developing the required technical skills for the future of the organisation and supporting the reduction of poverty in the country through giving people livelihood skills which is part of the global Sustainable Development Goals (SDG's).

Looking ahead

During 2024/25 we aim to focus on the following:

- Manpower Optimisation Project
- Culture Shift Interventions implementation
- Technological advanced Training simulators funding
- Increasing provision of internal designed technical programs within the Technical school.
- Partnering with accredited technical training institutions and related stakeholders, e.g., Government
- Market Technical Academy to other local organisations of interest



7.2.3 EMPLOYEE RELATIONS

The department is responsible for the strategic management of the relations and interactions between the employer and an employee/s as an individual and/or collectively with the aim of creating a workplace environment conducive for growth culture and thereby contributing to the achievement of strategic organizational objectives. The main functions being: governance and assurance, shifting of culture through influencing the policies formulated and building relationships.

During 2023/24 we had a number of initiatives, some which were partially or fully achieved (see table below).

Initiative	Performance Indicator	Progress
Review, unify Recognition & Procedural Agreement between RES and SAMASA	Signed unified Recognition and Procedural Agreement	<ul style="list-style-type: none"> • Not achieved • Initiative will be pursued in the next financial year
Draft Guidelines on use of consultants	Approved Guidelines	<ul style="list-style-type: none"> • 100% complete and forwarded to the sponsor
Review the ER Policy and Manual to align it with best practice	Approved Policy and circulated to all staff	<ul style="list-style-type: none"> • 50% complete • Ongoing
<ul style="list-style-type: none"> • Formulate ER Strategy • Draft ER Framework 	<ul style="list-style-type: none"> • Approved strategy • Approved Framework 	<ul style="list-style-type: none"> • 100% complete • 100% complete
Capacity Building for Social Partners, Shop Stewards training	Approved Training plan and 100% implemented	<ul style="list-style-type: none"> • Approved Training plan in place. • 85% implemented

Outcomes and added value during 2023/24



Challenges during 2023/24



One of the challenges was governance and assurance; in particular finalising agreements with social partners which will enhance engagement between the employer and employees. This initiative will be pursued in the next financial year.



Erratic weather conditions have an adverse impact on the overall bottom line of the Corporation thus influencing the cost-of-living salary adjustment negotiation process indirectly making it challenging. However the Market has been favourable over the past year – high prices were realised which mitigated the situation resulting in good profits.

Looking ahead

During 2024/25 we aim to focus on the following:

- Our Working plan is work in progress and will be developed using the RASCI Model. Yet to be presented to the HC Management team
- Unification of the Recognition & Procedural Agreements with social partners
- Formulate Diversity and Inclusion Framework
- ER Analytics on Disciplinary hearings, Grievances and other issues raised in workplace forums.
- ER Strategy implementation (5 pillars of the strategy)
- Employee engagement survey, target participation rate of 75%, 1st year - in collaboration with L&T and ER
- Capacity building workshops for 1st line Management, shop stewards and delegated Management teams
- Finalise the review of the ER Policy



7.2.4 EMPLOYEE HEALTH AND WELLNESS



Interactions with and inputs from other functional areas within RES:

- Medical and Wellness partners with Public Affairs in disseminating health education messages.
- Medical and Wellness Department works with the Procurement department in the purchasing of medical equipment and pharmaceutical drugs.
- Medical and Wellness works in partnership with all Line managers and Human Capital consultants in managing illness at work and certification for fitness to work.
- The department also works in partnership with the Integrated Management Systems (IMS) Department and Internal Audit Department to ensure compliance with ISO standards and company governance regulations.



Highlights:

- Providing comprehensive Primary Healthcare to employees, their dependents and members of the community.
- Public-Private partnership with NGOs and Ministry of Health in providing HIV, TB, Maternal and Childcare public health services.



Highlights:

- Benchmarking visits to other institutions to learn best practice in Infection prevention and Control in hospitals, Eliminating wastage of medical drugs, Management of illness at work and reducing alcohol abuse at the work place.
- Impact made on driving positive culture influence as seen on the reduction of GBV cases reported.
- Mental health improvement realized by addressing fatigue and burnout to improve coping and vitality.
- Emotional intelligence becoming the cornerstone for psychological safety.
- Promotion of work-life balance amongst employees through training of wellness champions with more focus on building resilience.



Lowlights:

- The Fatality in February 2024 where an employee passed away at work.
- Medical drug and laboratory reagents shortages in the Public Health facilities which resulted in more pressure on the company clinics to provide the drugs in short supply.

Medical and Wellness Department is responsible for providing Primary Health Care services to the employees, contractors and members of the communities in general. Main activities include the following:



Emergency medical response to employees and members of the community



Employee assistance program to attend to mental health and social issues



Treatment and prevention of HIV, TB, Malaria and other STIs



Vaccination of children, HIV Prevention of Mother to Child transmission



Health education and health promotion



Occupational Risk profile review for various types of jobs



Outpatient medical services for common paediatric, maternal care, Trauma, internal medicine, general surgery etc



Occupational health services – pre-employment, exit, periodic medical examinations

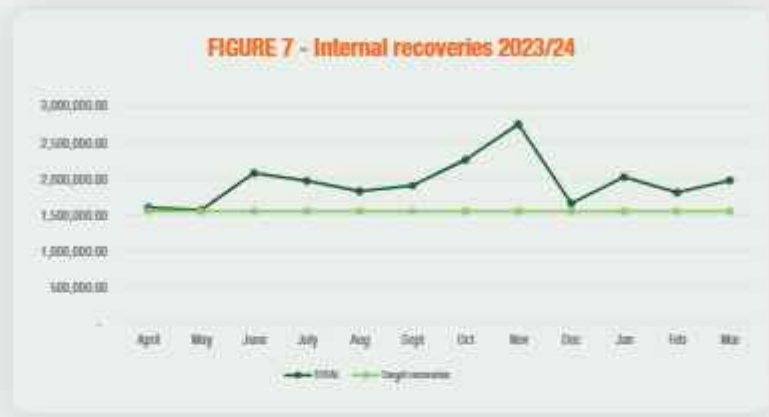
7.2.4 EMPLOYEE HEALTH AND WELLNESS - continued

The second initiative was the recovery of costs of medical and wellness services. The aim was to recover E4.7 million from medical aid, contractors, private patients and payroll deductions. Total revenue collected was E4.14 million (link to fig 7 and 8). Furthermore, the second objective was to recover E18.6 million from cross charges to Departments for services provided to employees and their qualifying dependents. E20.1 million was recovered, which is E1.5 million above budget.

Health care quality improvement initiative: The aim was to establish the baseline waiting times at the Clinic. This is key as a reduction in waiting times at the Clinics also translates to increased workplace production time.

Pie chart showing the average time spent receiving service and time spent whilst waiting to receive the service in minutes. It is clearly demonstrated that a significant time is spent whilst waiting for the service. A review of the Clinic processes could result in the reduction of the waiting time.

Medical and Wellness cost of service recovery
During 2023/24 we focused on some initiatives to improve the employee health and wellness. The first being the health care quality improvement. The aim was to recover E4.7 million from medical aid, contractors, private patients and payroll deductions. Total revenue collected was E4.14 million.



The second objective
was to recover E18.6 million from cross charges to Departments for services provided to employees and their qualifying dependents. E20.1 million was recovered, which is E1.5 million above budget.



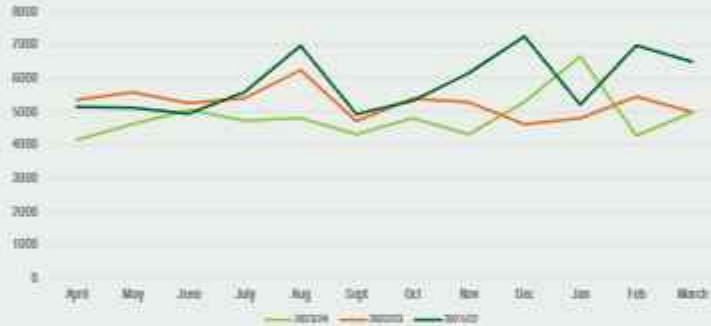
The health and safety of our people is a moral imperative that underpins the sustainability and efficiency of our operations. We provide quality health and care to our employees and their families. RES strives to achieve our ultimate safety goal of zero harm by proactively managing safety risks through strict and consistent implementation of our safety policy.

We are pleased to report that we reached the following targets during the reporting period - A total of about 58 000 clinic visits were recorded in the FY 2023/24. The majority of the visits were Occupational Health visits, minor ailments, chronic and infectious diseases. The number of Clinic visits were significantly lower than those witnessed in 2022/23 (63 000 visits) and in 2021/22 (70 000 visits). This is a positive trend change as it shows a reduction in need to use the Clinic as there are less infectious diseases and chronic medical conditions are well controlled.

A total of 6 393 sick leave days were issued across the organization. An average of 2 days was issued per sick leave episode. This reflects that a major proportion of sick leave days were issued for short illnesses like flu, diarrhoea, headache, skin rashes, etc. A significant proportion of sick leave was also issued for musculoskeletal conditions due to predominantly manual work in the Agriculture industry. The organization will continue to improve the ergonomic programme to reduce occupational health diseases and injuries.

The trend in the number of injury cases attended to at the clinic in the current reporting year is essentially similar to that observed in the previous 3 years. Musculoskeletal injuries accounted for most life altering injuries. This indicates the need for development of new strategies to improve the health and safety culture across the organisation. This will in return result in less injuries and less morbidity resulting from injuries on duty.

FIGURE 9 - Total clinic visits by patients



Provide Primary health care services to all employees, their dependents and private patients.

FIGURE 10 - Number of sick leave days per division



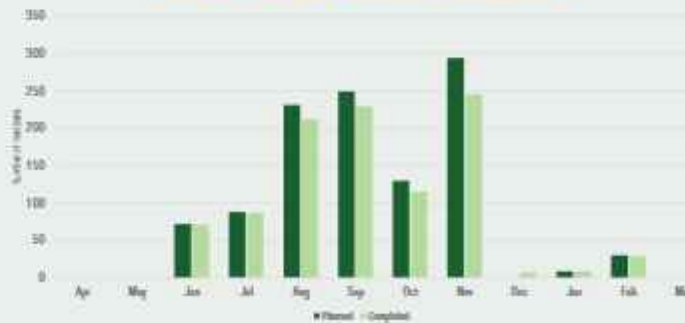
Monitor employee sick leave usage and recommend interventions to reduce sick leave where applicable.

FIGURE 11 - Injury on duty statistics



Management of all injury on duty cases and ensure maximum rate of return to work

FIGURE 12 - Periodic medical examination



Perform routine medical surveillance on 100% of eligible employees

7.2.4 EMPLOYEE HEALTH AND WELLNESS - continued

Attendance for routine medicals for this year was 91% against a target of 100%. The leading occupational illness in the organization is noise induced hearing loss. The most common medical conditions seen are athlete foot, vision impairment and non-communicable diseases. In support of driving a change in the health and safety culture, the Occupational Health Unit has commenced a chronic disease management programme to improve employee health.

In relation to management of Non Communicable Diseases (NCDs), the number of clinic visits picked in the month of November. This was mainly due to

the increased awareness on NCDs between October to November and employees' anticipation of the December festive season which triggers an increase in demand for medical check-ups.

The ultimate goal is to ensure that Non Communicable diseases do not result in high sick leave usage or disability. In the month of February, there was an increase in NCDs related clinic visits but less sick leave days were utilized. This demonstrates improved health amongst those with NCDs.

Employee assistance program (EAP) delivered services to a total of 923 clients which shows a 11.5%

increase when compared to last year. The analysis indicates that 17.2% of clients were assisted with grief and bereavement, followed by 11.7% on social and work relationships, then mental well-being cases at 10.8%. Employees also received assistance in matters relating to financial management and social relationships.

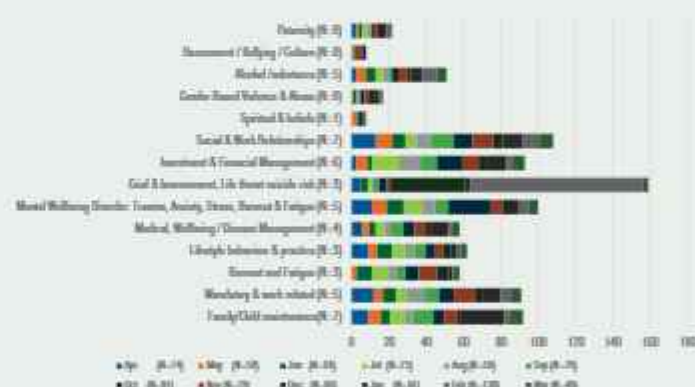
Alcohol and substance abuse cases consisted of 5.5% of the total number of EAP clients. The reduction of alcohol abuse cases will translate to a reduced number of injuries and accidents at the work place.

FIGURE 13 - Common NCD visits at RES Clinics against sick leave issued



Monitoring management of Non communicable diseases

FIGURE 14 - Employee assistance program (EAP)



Provide Psychosocial support to enable employees to cope with work and non-work related stress.

Managing illness at work was successfully done with 18 employees returning to work after a period of temporary disability. A few employees had to retire on medical grounds.

Challenges during 2023/24



Shortage of some rapid test reagents due to bottlenecks in the Public Health system supply chain



Increase in prices of medical drugs due to the weakening of Lilangeni supply chain



Natural disasters put pressure on the limited resources used in providing medical and wellness services as Clinics have to attend to higher numbers of patients

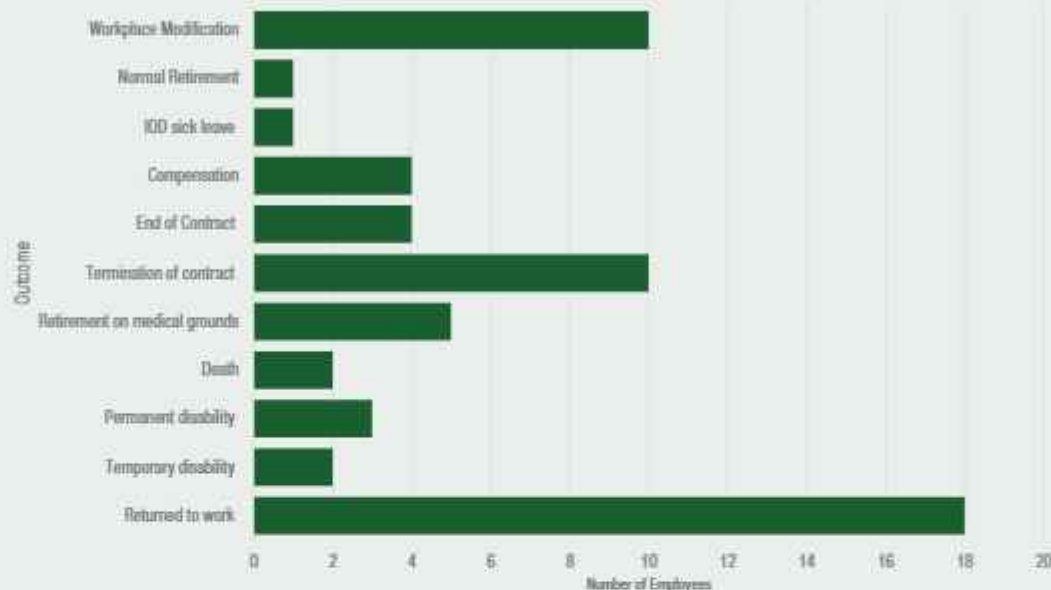


Wet harvesting is associated with more injuries at work due to changes in the work environment and emerging of unfamiliar hazards and risks.



Increased rains and heat may promote increased frequency of infectious diseases like diarrhoea and malaria

FIGURE 15 - Managing illness outcomes



Managing of illness at work with the goal of optimising rehabilitation to guarantee employee return to work.

Looking ahead

During 2024/25 we aim to focus on the following:

- Investigate the process inefficiencies contributing to increased Clinic waiting time by 31 October 2024.
- Ensure quality health care if offered to all clients by carrying out at least 4 Clinic data audits to compare services offered against standard guidelines by 31 March 2025.
- Provide routine medical examinations to 100% of all eligible employees by 31 March 2025.
- Monitor sick leave usage amongst employees monthly and provide recommendations to reduce sick leave usage through preventative measures.
- Provide health education on mental health and Non communicable diseases to all employees and contractors by March 2025.
- Maximise cost recoveries from Medical aid, private patients, 3rd parties and payroll deductions.



7.2.5 THE RES CULTURE

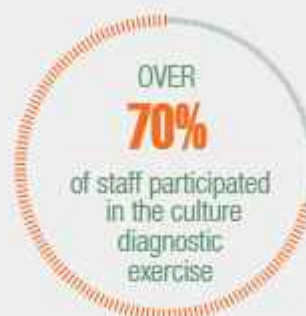
Our culture journey began in 2022 wherein a diagnostic exercise was done across the organization with over 70% participation from staff. The results thereof gave us an indication of how our culture was viewed or perceived by all employees.

Our culture exhibited some characteristics of fear which then prompted management to relook at interventions which would address the fear-based culture. This included leadership coaching wherein all senior and some middle managers were put through coaching interventions over a two-year period. We further reviewed our performance philosophy which enshrined a clear purpose of why we do performance management at RES: we perform to grow.

For the year under review, we further capacitated 220 supervisors across the organization as they are also key to shaping our culture since they have a sizeable number of people reporting to them. They were taken through an intervention referred to as OROS. This is an initiative that promotes and drives Optimism, Resilience, Ownership and Support.

Our baseline culture index when we started the journey was sitting at 1.32. Post the interventions, a culture dip-stick survey was conducted, and the results showed a minimal movement to a figure of 1.55 showing 0.23 points higher than the 2022 results.

The transformation journey has begun. Even though it might appear that there has been a slight shift, we are encouraged to continue transforming our unhealthy culture, characterized by poor psychological safety and low empathy towards a thriving culture which will be high on psychological safety as well as high on empathy.



220

supervisors

capacitated on Optimism,
Resilience, Ownership, and
Support (OROS) initiative



Supervisors who were being trained on the OROS initiative

7.3

INTELLECTUAL CAPITAL

7.3.1 INFORMATION TECHNOLOGY



Interactions with and inputs from other functional areas within RES

- Human Capital – 27 staff members
- Infrastructure – servers, on-premise and cloud based. The RES IT principle for new acquisitions is cloud first.
- Network – LAN and wireless connectivity.
- Systems/Application – business systems to support the RES business functions.



Highlights

Winning an SAP innovation Award 2024 - the submission "Driving Sustainable Sugar and Renewables with SAP Intelligent Agriculture" stood out among nearly 160 submissions as one of the most captivating and inspiring examples of innovation.



Lowlights

The implementation of the S/4HANA program did not progress as planned. Decision making was difficult and this has impacted go-live dates as well as the cost of the project.

Information Technology supports RES by providing all technology solutions to the business by means of maintaining and supporting existing systems, planning and implementing new technologies and strategic alignment to the corporate targets and goals with excellent system uptime whilst implementing new value-added projects.

We provide the infrastructure and systems, that help the business in their duties. This includes data management and analytics to help the business make informed decisions. We are a strategic partner that provides the technology to help RES departments function optimally.

Our theme for 2023/24 was in line with the Simama 20-25 strategy. We aimed to reduce the unit cost of producing sugar by ensuring that all IT costs are within budget. We achieved this target.

We achieved the SAP S/4HANA Rollout (Phase 5) which entailed the rollout of maintenance, implementation and the roll-out of agriculture, implementation of finance and procurement. Cane and Mill also started with the implementation and integration to S/4HANA.

During 2023/24 we implemented the Success Factors Performance Management module to better support the Performance management at RES. This is a replacement of the current SAP IPM software.

Utilising the SAP Intelligent Agriculture the implementation of the cloud solution helps out growers to increase farming efficiency and sustainability; this is done by digitalizing the farming processes and services.

We implemented Gamaya, a machine learning tool that allows us to be more accurate in our cane yield estimation.

Challenges during 2023/24



The delivery of IT projects has been a challenge during the 2023/24 year. The financial strain experienced by the organization had a huge impact on the delivery of planned projects. We had to prioritise certain projects and put others on hold. This had an adverse effect on the business areas we service.



Climate change affects our data centres, which house RES servers and networking equipment, as they are vulnerable to temperature fluctuations. The rising temperatures strains our cooling systems which in turn impacts server performance. The RES IT team needed to adapt, prioritize sustainability, by designing and implementing resilient systems that can withstand disruptions (power outages, network failures, or flooding).

Looking ahead



Our focus will be the optimisation of the new ERP system, S/4HANA. This will entail adapting to new functionality and innovations that are regularly available on the public cloud that will benefit RES. We will be launching mobility in the Enterprise Asset Management area that will enable maintenance practitioners to record maintenance work closer to where breakdowns and maintenance occurs.

7.4

MANUFACTURED CAPITAL

7.4.1 FACTORIES



Interactions with and inputs from other functional areas within RES

Our factories are dependent on inputs from Human Capital (training and recruitment), Agriculture (cane quality and supply), EMS (engineering support and projects) and Finance (capital)



Highlights

- The factories had savings of E20-million on forecast on overall operational costs despite high usage of fuel due to the rainy season.
- We managed to complete our maintenance in time for the start of the new season given a short off crop.
- Exceeded Demerara production in a challenging season.



Lowlights

- Cane crushed was 10% lower than target.
- Total sugar produced was 15% lower than target.
- Fuel costs were 19% higher than budget.
- Abnormal season pattern due to rains.

We continued with our strategic initiative to increase the capacity of the factories by adding two innovative technology machines during the off crop. The improved capacity of the plants will enable us to sustain higher equipment efficiencies and improve the sugar throughput. At Mhlume a new 290 ton-per hour whole-stick shredder was installed on the milling line. This would be fully used in the 2024/25 season.

At Simunye a new mud-belt filter was installed to move away from the old technology of vacuum filters. The full benefit would be realised during the 2024/25 season.

Of the twenty-five running Southern African sugar factories, for the fourth year running, both mills were among the top six performers on efficiency and overall recoveries. Mhlume mill continued to do exceptionally well for a factory with a back-end refinery.

Despite the changing weather patterns, the future still looks sustainable for the business. We are developing the necessary skills at both technical and management levels. Improving the plant per-

formance by adding new equipment has been key to our Simama 20-25 strategy, where sugar volumes are maximised while costs are minimised.

In this regard our efforts at continuously improving downtime and Overall Recoveries in our mills will continue to receive maximum focus. The factories continue to perform exceptionally well in challenging times.

Consolidated Factory output (2024 versus 2023)		
Quantity (tons)	2023/24	2022/23
Cane Milled (tons)	3 124 368	3 360 176
Sugar 96 pol (tons)	391 100	422 047
Sugar MTTQ (tons)	362 795	391 604
Refined Sugar MTTQ	136 003	151 003
WHP Sugar MTTQ	211 789	234 710
Demerara Sugar MTTQ	8 256	2 357

Molasses, Sugar, and other products

We produced 8 256 tons of Demerara, a specialty sugar. Refined sugar production improved from the previous season. Both factories experienced a slight increase in molasses production from the previous 3.8% to around 3.82% of the total cane due to relatively good cane quality.

Challenges during 2023/24



High cost of maintenance and equipment.



Losses of sugar in mud were high due to poor filtration.



Our crushing rates were below budget due to slow cane deliveries.



High staff turnover on skilled labour.

Looking ahead



- We are preparing to replace the milling line with a diffuser at Mhlume to improve our throughput and extraction performance.
- A E12 million capex has been approved to acquire a new Refinery centrifugal to improve both our throughput and recoveries.


CANE CRUSHED
235 808
lower than previous
year



76%

OTE against
target of 83%



8 256

tonnes of Demerara
sugar produced.



7.4.2 ETHANOL



Interactions with and inputs from other functional areas within RES

Inputs necessary to produce high quality ethanol are:

- Feedstock: molasses (installed annual capacity = 160 000 MT)
- Process inputs: water, yeast, nutrients.
- Utilities: water, electricity, steam and air
- Personnel: Managerial and working staff: 38 people
- Infrastructure: production plant (installed capacity = 50million litres), land

The Distillery is a customer of the sugar factories that supply the molasses as feedstock, and all categories of utilities and has downstream interactions with Ethanol Marketing for final product loading, and dispatch.

Another focus area for the distillery is effluent treatment for the Simunye factory, providing treated effluent to Agriculture for cane farming irrigation, and adherence to environmental protocols. The Distillery is also responsible for providing monthly production and losses detail to Eswatini Revenue Services.



Highlights

- Improved alcohol rate of recovery of 245 against budget of 240 LAA/MT and last best achieved of 238 LAA/MT in 2022-23.
- Ethanol profit margin of E104 million vs budget of E74 million



Lowlights

- Poor quality of molasses received from sugar factories.
- Molasses supplies were reduced by about 13 500 mt resulting in reduced ethanol production. Further, the year-on-year increase in the price of molasses exerted upward pressure on our cost of producing ethanol.

Although RES is predominantly a sugar company, ethyl alcohol is becoming a viable alternative revenue stream. Our ethanol division (distillery) has grown from strength to strength to become a major player in the international ethanol market without losing its regional relevance.

Due to the high degree of volatility in the ethanol market, RES has adopted a strategy of maintaining flexibility in order to facilitate quick responses to erratic market swings. The intention is to continue this approach whilst also looking at diversifying the market base to sell not only in various geographic markets, but also to be able to play in various new product segments. Already, and as part of the product diversification effort, the distillery now has the capacity for the production of anhydrous ethanol for various applications. This new product is currently in the market development stage, following the commissioning of the anhydrous plant. Our high-grade anhydrous product (99.7%/LAA), is

expected to sell at a premium over our ENA 96%/LAA. In particular the pharmaceutical and perfumery sectors are showing interest in our higher-grade product, which is targeted to command a price premium and hence higher margins.

The other diversification project currently in its development stage, is liquor bottling for the retail sector and work is ongoing to develop the business case for presentation to the RES Board. Supplying fuel grade ethanol, when an Eswatini blending mandate comes into effect, is also being considered. Discussions with the Eswatini National Petroleum Company are ongoing regarding the development of E2 for the national fleet.

During the reporting period the Distillery was upgraded from 140 kl per day production capacity to 170 kl per day capacity in 2021/22 year. This has improved alcohol recovery to 245 litres from an earlier 238 litres per MT of molasses.

FIGURE 16 - Distillery performance at a glance: year 2016/17 - 2023/24



During 2023/24, the Distillery had an alcohol production budget of 32.011 million litres from 133 379MT of molasses, at a conversion rate of 240 LAA/MT. The final figures for the year stood at 29.919 million litres of ethanol from a reduced available molasses quantity of 122 335 MT, achieving a conversion rate of 245 LAA/MT.

Challenges during 2023/24



The distillery could not consistently operate optimally both distillation plants D1 and D2, mainly due to slow dispatches and the alcohol storage tanks being full most of the time. This happened despite having expanded the distillery capacity to 170 kl per day in 2021/22.



Distillery production
capacity per day
is currently

170kl

Looking ahead

The Distillery is expecting 131 000 MT of molasses from the two mills, which shall be converted into 31 464 240 litres of alcohol at a rate of 240 LAA/MT with 4000 MT of stock available from the previous year and included in the 131 000 MT.

In 2024/25, the Distillery will look to install a 650m³ Fermenter which is required to meet beer supply to distillation after enhancing the production capacity of the Distillery from 140 kl/day to 170 kl/day. The project to build a 2 ML litre ethanol storage tank to sustain continuous operation of the 170 kl capacity distillery

providing a storage buffer to help manage ethanol sales and product segregation. This need has grown as the ethanol business continued to diversify its ethanol product supply by increasing the ethanol product portfolio. RES will also need to construct a 500 000 litre Fuel grade Anhydrous Alcohol Storage tank and this project is scheduled for 2025/26. This should help the ethanol business take advantage of economies of scale while enhancing efficiencies in product type segregation and improving logistics. It will also help ensure the continued viability of the ethanol business.



New technology improves efficiencies and allows us to diversify our revenue streams, in line with our strategy

7.4.3 MANAGA SUGAR PACKERS

Mananga Sugar Packers (MSP) is a partnership between RES Corporation and RCL Foods Sugar. The company specializes in pre-packing sugar, castor and icing in a state of the art packaging facility in Mhlume, in the Sugar Mill premises. MSP employs approximately 150 employees including seasonal and casual employees and operates 24hrs a day.

MSP procures sugar from the Eswatini Sugar Association, pre-packs and markets both brown and refined in different brands. MSP packs for various third-party brands including First Sugar which is MSPs own brand. Pack sizes range from 500g to 25kg for both refined and brown sugar. The current sugar quota for MSP is 119 467 tons of which 77 487 is refined sugar and 41 980 is brown sugar. This is a reduction of 570 tons from the previous year because of a shortage of sugar supply.

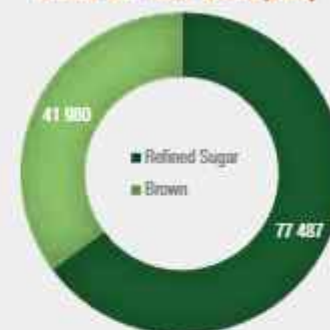
During the year under review, Mananga Sugar Packers did not perform as planned due to low

white sugar sales between October 2023 and February 2024. As of the end March 2024, MSP has produced 100 564 tons versus a budget of 116 693 tons, which is 16 129 tons less than budget.

Mananga Sugar Packers sells and markets sugar through Quality Sugars based in South Africa. Quality Sugars is owned by RCL Sugar (75%) and RES Corporation (25%). About 99% of sugar packed at MSP is sold in South Africa and the balance is sold in Eswatini as our own brand First Sugar and small quantities sold as icing sugar to industrial customers. In the year under review MSP sold less than budget due to low demand of sugar between October 2023 and February 2024. As of the end of March 2024, MSP sold 104 008 tonnes compared to 100 590 tonnes in the previous year.

MSP generated profit after tax of E65.7 million, which was 114% higher than the 2022/23 actual of E30.7 million. RES equity accounts 50% of these profits.

FIGURE 17 - MSP Quota (tons)



7.4.4 ENVIRO APPLIED PRODUCTS

Since February 2023, RES Corporation has held a 35% interest in Enviro Applied Products (Propriety) Limited (Enviro). For 2023/24, Enviro was equity accounted for a full 12 months as opposed to two months in 2022/23.

Equity-accounted profit after tax derived from the Enviro operations was E11.6 million, compared to E0.5 million in 2022/23. Sales for Enviro in the last quarter were typically low due to the unavailability of CMS feedstock for its operations, as the RES sugar mills were in their off-crop maintenance programme. Prices for liquid fertilizers in 2023/24 were buoyant, tracking world fertiliser prices.

During the 2023/24 financial year, the Enviro Board approved the installation of an animal feeds spray drying plant which will diversify Enviro's revenue streams and increase profitability. The plant is due to be commissioned in the 2024/25 financial year.



7.4.5 PROPERTY SERVICES



Interactions with and inputs from other functional areas within RES:

Property Services Department make use of the inputs from other departments to be able to perform efficiently. These inputs are Budget for Opex and Capex, IT infrastructure, Offices, vehicles, internal staff, external contractors, suppliers, and collaboration with other departments (Water resources, Energy, Agriculture services) to name a few. PSD has service level agreements with other departments to enhance collaboration and are evaluated quarterly.



Highlights:

- Prepare Business case for revised Maintenance Strategy by 30th January 2024. The strategy was presented and approved, and is now being implemented.
- Skills development in preparation for in-sourcing plumbing and paved road maintenance. A total of 5 handymen were trained and successfully grade-tested and are ready to undertake the task come September 2024.
- Reduction in copper theft cases after the installation of cameras linked to the central control room for improved reaction times.
- Revival of Cross-Border and Local Business Against Crime Prevention Initiatives to combat rising criminal activity



Lowlights:

- An exponential increase in crime by 108%. The increase could be attributable to levels of poverty and intrusion by illegal settlements within the estate.

Property Services as a support to the core of business, provides housing, security, and municipal services, including maintenance of RES infrastructure such as residential houses, commercial prop-

erties, sewer and water reticulation, and village roads maintenance.

In addition, the PSD is responsible for the management of the employee value proposition issues of Housing allocation and Liquid Petroleum Gas (LPG) benefits on behalf of Human Capital.

Housing

We continued providing housing to employees and third-party tenants, especially service providers. The average house occupancy during 2023/24 was 93% for the 5 772 stock, quite reasonable in comparison to standard (92 -98) occupancy for similar residential establishments.

Infrastructure maintenance

During 2023/24 we prepared a business case for a revised maintenance strategy which has been approved and is currently being implemented. The strategy entails in sourcing plumbing works and roads pothole patching by establishing an internal team of Civil Engineering Technicians to carry out the works hands on.

This initiative will result in an additional E1.5 million savings on the maintenance budget, improved efficiencies, and customer experience. The change includes procurement of patching equipment, preparation of patching asphalt internally and reviewing the scope of zoning contracting by ensuring contractors concentrate on proactive

maintenance such as house moves, planned maintenance as well as Capex projects.

The proposed change will enhance the benefits that have so far been accrued from the insourcing and procurement of paints, fly-screen fabrication and zoning contracting initiatives which are already established.

Capex

For 2023/24 a total of 426 Houses were maintained (Planned and House Moves). Total house maintained to date was 4 910 houses out of total stock of 5 772 houses. Harmonisation projects installations to date:

- Geyser's installation in 700 out of 1 922 houses
- Kitchen sinks installation 385/1 385 houses

Due to budgetary constraints, the project will take about 10 years to complete.

Security

We targeted a 5% reduction in crime, however, there was an exponential increase by 108% by the end of 2023/24 due to increase of farm incidents previously not adequately captured by previous security contractor for lack of capability to handle those incidents. A new security contractor with revised target output was engaged during the reporting period and currently we are reviewing standard operating procedures (SOPs) for improved performance.

The achievements of the Property Services Department during 2023/24 were the following:

Activity	Target 2023/24	Actual 2023/24
Property margin target	Surplus of E13.7m	E13.7m
Enhance business continuity maintenance	4% savings	4.3% savings
Complete capex projects (time cost quality)	30 th March 2024	Achieved
Prepare Business case for revised Maintenance Strategy	30 th January 2024	Achieved
Increase in revenue at the Nursery	10%	56% (mainly due to a once off sale to a Government agency)
Village roads maintained	10 km	21 km
Recycling of solid waste	14.3%	12%

FIGURE 17 - Average annual quantities of waste deposited in the landfill 2019 - 2024

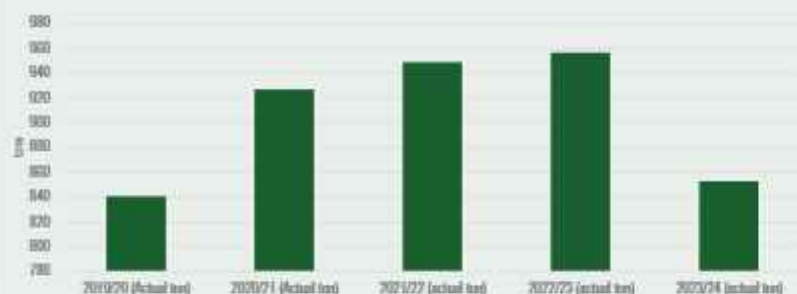


FIGURE 19 - Housing service requests and inspection trend

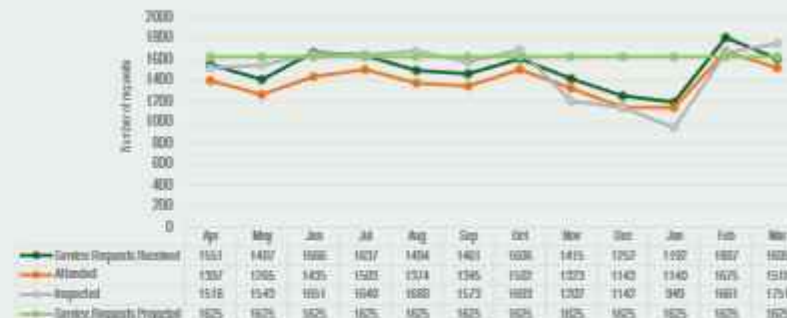


FIGURE 20 - Crime trend over 5-year period

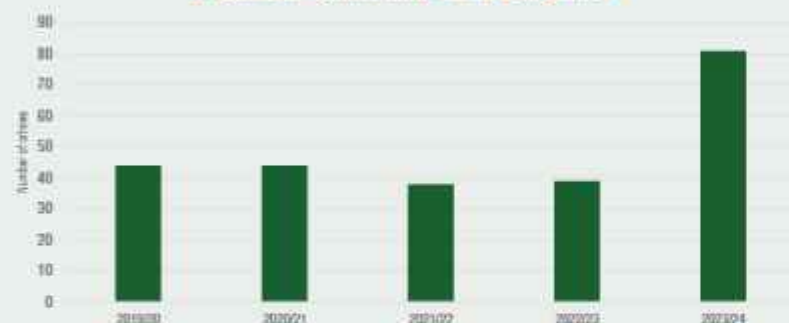


FIGURE 21 - Fire incidents over 5-year period



Challenges during 2023/24



Low-lying houses continue to be a challenge as they are prone to flooding in extreme weather. Budgetary constraints have seen the suspension of the necessary upgrades of wastewater treatment facilities to be compliant with wastewater legislation.



Other challenges were the increased cost of grounds maintenance due to higher growth rate because of higher-than-normal rainfall, i.e., cost increased from E4.18M in 22/23 FY to E4.52M in 23/24 FY. Property damages due to flooding of houses, roof leaks after heavy storms as well as potential massive roof damages in case of increasingly likely hailstorms were also problematic.

Looking ahead



We plan to establish a Civil Engineering Maintenance Team and Insource Plumbing and Road Maintenance works and review Zoning Ad Hoc Maintenance contracts and issue new 3 years contracts. Furthermore, we plan the incorporation of a new acquisition (Volindi Farm) into RES master data with associated maintenance.

7.4.6 ENGINEERING SERVICES AND PROJECTS



Interactions with and inputs from other functional areas within RES:

This department had direct interactions with Factories, Agric, OSM, IT, Finance, Property, Procurement, Citrus and IYSIS. The increase in projects exceeded the available man-hours based on the existing staff complement.



Highlights

- Getting Board approval to commence with the Feasibility Plus study for the new RES Energy Company.
- Completion of Mhlume Phase 4 works on time and well within budget.
- A Zero DIFR for all reporting departments.



Lowlights

- Exceeding Maximum Demand Targets.
- Failure to attract interest during first bid round for the 10MW Solar PV project.
- Increase in power outages at Simunye.

The Engineering Management Support (EMS) department is responsible for the implementation of the Factory throughput and energy efficiency optimization projects. The Energy Department manages the electrical network and the distribution of electricity estate wide to both RES and third parties. The Condition Monitoring Department is responsible for the predictive maintenance of the rotating plant.

R&D Projects, process optimization and feasibility studies are handled by this department with the Feasibility Plus study for the large-scale power generation project being the most critical.

During 2023/24 we implemented a few projects such as the Mud-belt filter installation to move away from rotary vacuum filters, meter systems towards monitoring and controlling Maximum Demand, as well as the submission of the Large-

scale Power Generation Pre-feasibility study to Board for approval.

We saw the completion of Phase 4 of the Mhlume Expansion Project – all completed in time and within budget. We obtained Board approval for the Large-scale Power Generation Feasibility Plus study towards the establishment of a RES Energy Company.

The condition monitoring team realised a reduction in maintenance stoppages and costs through an effective Vibration Analysis and Tribology program. Factory projects executed during the 2023/24 season will only realize benefits in the following season due to Offcrop installation.

Our customers demand the highest safety and quality standards in our products



Challenges during 2023/24



We experienced a delay in delivery of imported project equipment due to a backlog in processing of cargo through the Durban harbour resulted in a late delivery of equipment to site. Another issue was an apparent reluctance of able and qualified external companies to respond on Tender requests issued by RES.



The cane expansion and the drip conversion has started to filter through in the form of an increase in electrical consumption, resulting in an increase in the Maximum Demand.

Looking ahead



During the next reporting year we plan the establishment of the RES Energy Company as an IPP in the form of a Special Purpose Vehicle, and the completion of the Full Feasibility study up to financial close to enable RES to be energy self-sufficient and export power into the national Grid.

The following projects are planned for 2024/25:

- Mhlume Bagging Plant.
- R&D on a rock detection system for the factory cane yard.
- Completion of Feasibility Plus Study.

7.5

SOCIAL AND RELATIONSHIP CAPITAL

7.5.1 STAKEHOLDER RELATIONS

7.5.1.1 Stakeholders

Strong and mutually respectful relationships with our diverse group of stakeholders is critical to the success and performance of our business. We engage with a wide variety of stakeholders on a regular basis. This engagement informs our thinking and decision-making, promotes mutually beneficial outcomes and manages the risks present in our business.

We continually monitor and affirm our social licence to operate, which we define as broad acceptance of our activities, through our stakeholder engagement. We have identified nine key stakeholder groups based on their importance to the Corporation and the influence they have on our business. Our stakeholder engagement programmes are tailored to suit the needs and expectations of each group.

Part of our stakeholder engagement plan is to understand the issues important to our stakeholders and how RES can utilise the inputs from the stakeholders to enhance the value creation process

Our Stakeholders



Employees



Teachers



Suppliers



Farmers (outgrowers)



Customers



Tenants



Communities (Khuphuka, Mafucula, Shewula, Mnjoli)



Human bodies

rights



Government and regulatory bodies (Ministry of Agriculture, Minister of Labour and Social Security, Environmental Regulator)



Our communities are an important part of our ecosystem. Meeting them at the point of their need improves their lives and ours
- "Umntfu ngumntfu ngebantfu"

7.5.1 STAKEHOLDER RELATIONS - continued

7.5.1.1 Stakeholders

The table below shows the Issues raised by stakeholders during 2023/24 and the actions taken as well as the outcomes/impacts.

Stakeholder issue	Stakeholder	Engagements summary	Department	Remaining actions	Outcomes/ impact	Status
Increasing levels of poverty	Neighbouring communities	<ul style="list-style-type: none"> Community meetings MDs Lunch with Community leaders and Christmas hampers Community soccer sponsorship Crime prevention session Youth soccer program activation Community perception survey report Market shelters at Manjengeni & Miba Simonye Business Against Crime revived Revival of cross-border crime prevention forum underway 	Public Affairs	<ul style="list-style-type: none"> Asset Based Community Development Annual engagement calendar UNESWA Scholarship Youth skills development 	Positive – building good relationships	Improved relations whilst establishing communication forums and sustainable impact programs
Land issues	Vuvulane Farmers – Unhappiness over historical land allocations	<ul style="list-style-type: none"> Vuvulane – Tibiyo assignment committee established In person monthly meetings held since June 2023 	Public Affairs	Tibiyo TakaNgwane determination on land allocation proposal by committee	Negative – although in progress relatively fragile relationship	On-going, any perceived delays often met with negative actions of 'land grabs'. Disruptions were also experienced due to community leadership issues, which are still unresolved.
	Khuphuka, Mafucula, Shewuts, Mnjoli – unhappiness over historic allocations	Quarterly in-person meetings with Mafucula petition committees	Public Affairs	Engagements with Government for collective and final position on matter	Negative	Community still expects compensation for relocations and regularly state this
Environmental, Social and Governance issues	<ul style="list-style-type: none"> Board RES Management and Employees 	<ul style="list-style-type: none"> Materiality assessment completed Baseline assessment and gap analysis also completed 	OSM	<ul style="list-style-type: none"> Setting corporate aspirations, goals and objectives to address identified gaps Sustainability policy development 	Positive	On-track
Grower Satisfaction	Growers	<ul style="list-style-type: none"> Corporate governance training for shareholders Technical training 	Outgrower	<ul style="list-style-type: none"> Revolving fund extended to other growers Pump maintenance issues still to be addressed Annual reviews of transport subsidy Bulk purchasing 	Negative – relationship still unstable	Growers still unhappy with potential business improvements outside of technical services scope offered by Outgrower dept. More strategic than operational imperatives.
Challenges with TRP applications	Training and Localisation Committee	Quarterly engagements ongoing	Human Capital	Lobby for adoption of reviewed immigration bill	Negative	RES is still experiencing challenges with attaining TRPs despite following procedure. RES continues to participate as BE member and lobby for the drafting of the reviewed immigration bill

Stakeholder issue	Stakeholder	Engagements summary	Department	Remaining actions	Outcomes/ Impact	Status
Teachers have an expectation that RES will provide free housing	TSC Teachers in Estate schools	<ul style="list-style-type: none"> Housing roadshow Face-to-face meeting with Lubombo RED ICT Material sponsorship Termly feeding scheme support(sugar) Termly Principal's meeting Lusoti Primary Computer lab support 	Public Affairs	Enforce internal processes in addressing defaulters	Negative – relationship still unstable, teachers continue to default	Whilst the roadshow had positive impact there was a slight movement on the issue. It was noted that schools with defaulting head teachers had minimal to no reaction.
Sharply increasing interest in getting business with RES	Current and potential suppliers	<ul style="list-style-type: none"> Updated RES Supplier manual/guide uploaded onto corporate website. Current supplier evaluations 	Procurement	Proactive supplier education on RES procurement processes	Neutral – internal processes reviewed and updated	Potential suppliers still unhappy particularly indigenous groups
Fatal swimming incidents at Country Clubs	Customers	<ul style="list-style-type: none"> Process updates on indemnity Lifeguards and emergency response personnel in place Funeral assistance process developed for Clubs 	Public Affairs	Communicate improved safety measures to restore customer confidence	Neutral – internal processes reviewed and updated	No incidents since review or updates for indication of effectiveness

7.5.1.2 Communication



Highlight:

12/12 management brief reports

Lowlight:

Producing 2/4 copies of the company newsletter

The communication office is mainly responsible for internal and external communication through the various channels such as social media, print media and outdoor billboards for external communications, and the news and notice boards, the management brief, campaigns and mass communications internally.

Our work also thrives on the relationships and partnerships that we create with other departments. Example – we partner with the Office of Strategy Management to ensure that we deliver accurate and comprehensive strategy content to business.

The main objective during 2023/24 was to promote

RES' reputation, social citizenship and our strategy by improving employee engagement, increasing social media footprint through content, implementing Strategy Communication as well as increasing and encouraging employee feedback. We are confident that we achieved this objective.

During 2023/24 the following achievements were realised:

- 12/12 management brief reports
- 3 successful campaigns – Child safety, GBV awareness, social media campaigns
- Growth/Followers
 - Facebook followers – 21, 556
 - LinkedIn Followers – 24, 530
 - Chumana subscriptions – 1 500

With the many challenges that we faced not only as a company, but the country as well, communication was instrumental in ensuring that employees are regularly informed on issues such as flood status, whether or not it were safe to drive to work as well as the status quo during the political unrest.

Challenges during 2023/24



During the reporting period the reduced manpower in the office deterred maximizing on stipulated targets.



21 556
followers
to date



24 530
followers
to date



1 500
Chumana
subscriptions

7.5.1 STAKEHOLDER RELATIONS - *continued*

7.5.1.3 Corporate Social Investment

Interactions with and inputs from other functional areas within RES:

- Interactions are largely with finance for financial requirements of implementing projects. Social support to departments as and when required
- Human – qualified and trained officers with good governance practices. Ability to create and nurture viable relationships with key stakeholder particularly fence line communities.
- Financial – requirement to fund interventions, donations, and sponsorships.
- Equipment for some of the interventions. Intellectual – support by IT systems

Highlights:

- Traction on the Vuvulane Farmers land allocation matter through the formation and action of the Tibiyo – Vuvulane tripartite committee, a key stakeholder issue.
- Improved relations with communities through continuous engagement.
- Successful CSI initiatives improving brand image and reputation

Lowlights:

- Incomplete water project at Maphiveni due to insufficient funds
- Challenges with establishing community development committee.
- Repeat infrastructure public service requests beyond the CSI scope and monetary ability. Requests such as constructing schools, clinics, and road infrastructure.

The purpose of CSI function is to maximize shared value for the organization, employees, customers, shareholders, and community members. We aim to improve the area in which we operate and promote positive brand imaging through engaging in meaningful social initiatives,

During 2023/24 improved relations with fence line communities realised due to consistent engagement and messaging. RES has continued to action on commitment towards developing these communities. There was significant movement in the historic Vuvulane farmers' land allocation dispute through the establishment of a tripartite committee facilitated by RES. Providing a formal engagement platform despite the core issues not yet resolved.

Our achievements - 2023/24



Women empowerment
– 2 shelters for 30 women



Environmental initiative – 75
waste bins for 11 areas



Community Sports support –
10 benefiting communities



MDs lunch with community
leaders – 30 leaders



ICT support for estate schools
– 7 schools at E15k each



Laptop donation to Lusoti
Primary School – 30 laptops



Borehole rehabilitation
at Bhalekane Clinic – 6
communities



University (UNESWA)
scholarships for fence line
communities – 4 students

Other strategic initiatives during 2023/24 included:

- Support towards footbridge construction at Njojane community.
- Wheelchairs ramps at Vuvulane orphanage
- Continued engagements and land issues with communities and other stakeholders
- Development of corporate stakeholder engagement plan and subsequent tracking and reporting
- Support for the launch of new National OSH Policy
- UNESWA Engineering outreach to neighbouring schools
- Southern African Power Pool Conference through Eswatini Electricity Company
- Siyakha 1800 Youth Soccer Program

Challenges during 2023/24



Disruptions in Tibiyo –
Vuvulane committee
assignment due to
Vuvulane leadership
disputes



Weather induced effects
on the business resulted in
suspended spending across
the business, including CSI



Limited funding for
the majority of requests

Because **WE CARE**



Siyakha 1800 youth soccer program



Annual lunch with community leaders



Annual environmental awards



ICT material to the 7 estate schools



Medical equipment donation to Luka Commission



Maphiveni community water project meeting



30 Laptops for Lusoti Primary School



Sakhelene Community Soccer Tournament



RES athletes at Annual Epilepsy Marathon

7.5.2 PROCUREMENT



Interactions with and inputs from other functional areas within RES inputs:

Execution of procurement plans for all functional areas within RES



Highlights:

- RES received accreditation from Eswatini Revenue Services (ERS) to be an Authorised Economic Operator (EOA).
- Supplier periodic assessments
- 32 tenders were awarded for long-term contracts valued at E1.476 billion. 69% of these tenders were awarded to local companies.
- 88 tenders were awarded for capital spot purchases valued at E236.9 million. 49% of these tenders were awarded to local companies.

During 2023/24 the annual vendor master plan was assessed for activity, criticality and spend. Some registered and approved trade suppliers were deactivated in line with the corporation's procurement policy, mainly due to inactivity.

Deactivated suppliers are required to submit a fresh application in order to be considered in the list of approved suppliers.

Periodic supplier assessment was also conducted for active suppliers of critical production goods and equipment maintenance services. The last periodic assessment was conducted in 2019. The following classifications were prioritized for the 2023/24 periodic assessment;

- Suppliers of laboratory equipment and maintenance services.
- Suppliers of goods and services related to food safety.

- Critical plant equipment refurbishment suppliers.
- Suppliers of goods and services with annual spend of more than E500K.

In November, on-site assessments were conducted on 58 suppliers which were classified as critical for; Laboratories, Food Safety and Equipment Refurbishment.

The results of the periodic assessments were as follows;

FIGURE 22 - Total periodic supplier assessment results



Goals and targets for 2023/24

- Periodic supplier assessments – completed.
- Review of supplier manual – completed and posted on RES Website
- SAP S/4HANA Project roll-out–procurement to go live in September 2024.

Challenges during 2023/24



During 2023/24 we encountered uncontrollable price increases in delivery costs for goods imported from overseas as a result of the Russia/Ukraine and Israel/Gaza conflicts. Another challenge was the delayed delivery schedules of imported goods due to backlogs at the Durban Sea Port.

Looking ahead

During the next reporting period we aim to review the procurement business processes to be aligned with standard SAP S/4HANA. The intended go-live for procure-to-pay is September 2024. We also plan to host a successful and engaging supplier's day.



E1.134bn
worth of tenders
awarded to local
vendors

7.5.3 OUTGROWERS



Interactions with and inputs from other functional areas within RES inputs:

- Cane Supply – ensuring that growers deliver cane to the mills as per their daily rateables.
- Creditors department – to ensure that growers are paid on time and glitches are resolved timely.
- Service departments (Water Resources, Agric Services) – to ensure that growers' needs are met.
- Production department – seed cane provision to outgrowers.



Highlights:

- Good rains which helped in reducing electricity costs and further increased dam levels.
- All outgrowers were able to finish harvesting even though some finished very late in the season.
- The Outgrowers department in collaboration with IT successfully implemented the Agric Intelligence Application among selected growers in all five extension zones.



Lowlights:

- Rain disturbances during harvesting.
- Increased incidence of theft on growers' farms. Items stolen include electric motors, electric cables, fuel (diesel), agrochemicals (fertilizers and herbicides) and irrigation equipment e.g. sprinklers.
- Increase in the number of social conflicts among growers some of which led to freezing of accounts.
- Increased crop damage by pests and diseases.
- Hailstorm and cyclone damage on cane.

Outgrowers supply cane to RES and RES, in return, provides extension services to all sugar-cane growers and especially to small and medium scale growers. RES also provides farm management service to growers who cannot manage the farms on their own as well as the provision of pump maintenance services. Another service provided by

RES is a transport subsidy to long distance growers who are mainly in Malkerns and Sidvokodvo.

During 2023/24 the SAP Intelligent Agriculture application was introduced to selected growers to assist them with timely implementation of crop husbandry activities with the aim of improving yields.

Growers outputs			
	2023/24	2022/23	2021/22
Tonnes Cane	1 149 242.87	1 266 038.20	1 051 282.79
Tonnes sucrose	157 763.65	175 888.26	147 949.65
Increase TSH for Out-growers	12.15	13.43	12.98
Reduce burn to crush time (hours)	47.49	59.08	47.75
Improve SLA audit score (%)	85	85	84.2
Replanting to ensure Outgrower sustainability (ha)	589.85	659.04	403.68
Improve revolving fund utilisation (%)	101	113	109
Improve transport sub-sidy (%)	99.3	107.23	96.36
Corporate governance trainings (# of share-holders)	416	-	-

Outgrowers, like us, derive value from the land we farm. Their success on the land is our success too.



7.5.3 OUTGROWERS - continued

Our achievements - 2023/24



Extension service and pump maintenance service timely assisted growers to remain in business



Stakeholder engagement and collaboration ensured that social conflicts are resolved thus contributing to the sustainability of the farms



Replanting ensured that growers continued to be productive



Farm management service improved outgrowers profits

Looking ahead

- Implementation of the 85ha expansion project for Hhohho Multipurpose Cooperative Society Ltd.
- Resuscitation of Kwasa Dvokolwako who has requested RES to manage the farm on her behalf.
- Planting 116ha at Agro-planting (new grower) who has secured funding from IDCE.

Challenges during 2023/24



Climate change challenges which come with storms, hailstorms, frost damage on cane, new pests and diseases.



Social conflicts among growers which resulted in stopping critical operations on the farms.



Increased harvesting costs due to wet harvesting.



Leaching of important nutrients beyond the root zone.



Financial challenges in some farmer companies which forced some growers to stop irrigating due to power cuts by EEC. Some growers were unable to pay suppliers and employees' wages.

7.6

NATURAL CAPITAL

Climate change and resource scarcity concerns have driven governments, shareholders and consumers to prioritise sustainable practices. We acknowledge the crucial role of environmental sustainability in the sugar sector.

Natural capital is integral to value creation. We strive to understand our critical environmental focus areas and understand our impacts, limit any adverse effects, and create awareness among our stakeholders.

7.6.1 AGRICULTURE



Interactions with and inputs from other functional areas within RES Inputs:

- Factories: supply of sugarcane for milling into sugar.
- Procurement: procurement of goods and services.
- Finance: provision of funds and monitoring use of funds and reporting.
- IT: provision of IT services including introduction of new programs / software's, IT infrastructure maintenance and upkeep.
- Human Resources: services relating to employment, industrial relations, social services, clinic services and learning and development. These include staff to carryout field operations manually i.e., irrigation, weeding, fertilizing, planting, system maintenance (drip/sprinkler), etc.
- Property Services: for the provision for housing and related amenities.
- Workshops: provision of transport services for personnel, product and cultivation of fields and other agronomic requirements.
- Energy: to run pumps for irrigation, lighting
- Water: chiefly for irrigation of the crop (source Komati and Umbuluzi rivers)



Highlights:

- The 199.1ha balance of New Lands Development for 2023/24 was timely closed at 240.5ha in September 2023 and was within budget.
- There was a high drive towards milo stool rejuvenation with about 812.6ha covered. This initiative was greatly supported with the purchase of 3 additional milo spreaders.
- There is now a full time Drone service on the estate, a tender that has been granted for a period of 3 years at 2 500ha per year. This will improve aerial spraying on fields that are categorized as 'no fly-zones' on the estate due to obstructions and other limitations that make fixed wing spraying difficult.
- RES has an initiative to replant with the drip tape insitu to maximize return on investment. In the 2023/24 season, about 49.9ha were planted with drip tape insitu, 60.9ha has been earmarked in the 2024/25 season for replanting with the drip tape insitu.
- Some green mealies were planted on some 24.9ha during the season. These mealies were sold to employees and the public at low cost and the balance was bulked to silage for cattle feed.



Lowlights:

- A violent rainstorm was experienced across the estate in March, where a total area of 10 527.5ha were affected, and the affected area is categorised as follows:
 - A total of 689.2ha were severely damaged by hail and had to be harvested immediately to mitigate further loss in yield and quality.
 - Area that was both lodged and damaged by hail was 4 689.6ha and 5 550.6ha suffered lodging only. The severity of cane lodging ranged from mild to severe lodging, where severely lodged cane had to be harvested earlier than original planned to mitigate cane yield and quality losses.
 - A new Pest, Perkinsiella saccharicida (Leaf hopper) caused damage on about 2 163.1ha at both our Mhlume and Simunye estates. This pest caused stunting, leaf distortion, and gall formation on the cane.

7.6.1 AGRICULTURE - continued



Lowlights:

- Reduced dry off weeks due to early rains - unprecedented rainfall was received across the estate in February, with Mhlume and Simunye estates recording a total rainfall of 590mm and 488mm respectively, against a LTM of 108mm. The wet weather conditions significantly reduced the dry off periods for the fields that were harvested at the beginning of the season, hence the low cane quality to-date.

Growing cane remains one of our major natural capitals feeding high quality sugarcane to our factories to produce high quality sugar. The RES Agriculture focus continues to be on both horizontal and vertical growth. Horizontal growth entails increasing area under cane and vertical growth is increasing cane volumes mainly through drip conversions, increased replanting per year and post-harvest stool rejuvenation through the application of milo. Expanding land use and the effective management thereof will ensure the sustainability of our sucrose yields.

During the reporting period we achieved the ratoon milo rejuvenation of 812.6ha. We also constructed the Agrochemicals warehouse to accommodate the annual stock requirement which is now in full use.

Factors which attributed to crop performance during 2023/24 were:

Low radiation

The solar radiation, primary for the energy provision for the plant growth continued to be low throughout the 2023/24 year compared to the LTM. This is also reducing each year, more pronounced in the last 4 seasons from 2020/21.

Rainfall and storms

There have been frequent occurrences of very high rainfall events, coupled with violent storms

Crop performance			
Summary	2023/24	2022/23	2021/22
Cane Volume	1 900 636	1 987 152	1 899 844
Tonnes cane per hectare	89.7	96.4	93.7
Hectares Cut	21 178.0	20 620	20 093
Tonnes Sucrose	255 029	275 666	289 939
Tonnes Sucrose/ha	12.0	13.4	13.3
Pct% Cane	13.42	13.9	14.2
Age	10.9	13.0	12.2
Under cane (ha)	22 855	22 444	21 655
New area planted (ha)	240.5	833	514
Replanted (ha)	1 851	1 238	1 982

and strong winds, causing heavy lodging and cane damage. The last 3 seasons has had different cyclone occurrences. The continued and persistent wet weather caused damage to infield and other structures used for growing the crop e.g. irrigation systems, sub-surface drainage structures etc.

Some fields were harvested in the wet, which resulted in soil structure damage and high harvesting losses.

Pests and disease outbreak

There has been an introduction of new Pests that have not been observed before in the region, the most recent being the *Perkinsiella saccharicida* (Leaf hopper). The high incidences of pests, particularly Aphids and the leaf hopper, resulted in very high costs of control (spraying), both for the chemical and the spray services.

Burn-to crush hours

Cane harvesting and haulage activities were negatively affected by very wet weather conditions. The

burn-to-crush delay increased from 44 hours to 48 hours.

Other factors

The continued thefts, particularly of irrigation equipment hugely impacted the continued crop husbandry activities. In some instances, transformers, electric cabling, sprinklers, and valves were stolen.

A high number of incidents of animals damaging the crop have been observed, particularly from monkeys, bush pigs, baboons, and other game including hippos for those fields along the riverbanks.

The supply of agrochemicals was a huge challenge in the reporting year due to the long go-slow strike at the Durban harbour where most products are delivered from overseas. The suppliers' struggles were worsened by the continued backlog at the Durban harbour for the off-loading of containers. The net effect was delayed delivery to RES.



Looking ahead

Going forward in the next reporting year RES aims to expand the area for ratoon milo rejuvenation to achieve 1 090.7ha as per budget. Furthermore, we plan to increase the area under cane by 521ha at Volindi/Emasotjeni, being the final component of the total horizontal cane expansion area of 2 520ha since the KGP journey began in 2018/19. We also plan to increase the planting of varieties less prone to lodging.

A reduced replant area under drip, at an average of 4% per annum, has been observed, which has increased the ratoon age profile on sub-surface drip fields. The strategy is now to claw back and improve the ratoon profile on sub-surface drip irrigated fields. The rate of drip replanting for the 2024/25 season is 9.8% and average 10.8% over the next 10 years.

Taking into account the impact of climatic events in 2023/24 on the current cane crop, and more specifically the storm event experienced on 13 March 2024, the average yield for 2024/25 is assumed to be 97.9 tonnes cane per hectare (tc/ha); and 13.4TSH from the available area to harvest of 20 459.7ha at 13.71% average sucrose for the year.

FIGURE 23 - Summer radiation comparison

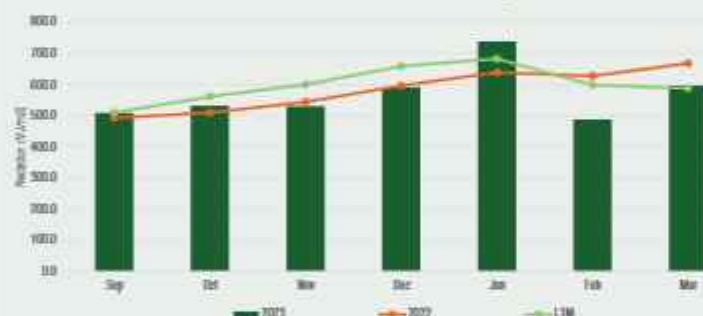


FIGURE 24 - Rainfall 2022/23 season



FIGURE 25 - 10-year burn-to-crush delays trends comparison



FIGURE 26 - Burn-to-crush delay



7.6.2 WATER



Interactions with and inputs from other functional areas within RES Inputs:

The RES water resources division provides water supply services to the Agriculture Production Department, which is responsible for cane growing, and to the Manufacturing Department for the sugar production process. We also produce potable water and supply to the Property Services Department for distribution to all potable water users within RES.

We are still reliant on inputs from other capitals namely: human resources, finance, natural resources manufactured capital and relationships.



Highlights

Water harvesting efforts were very successful, evident in the high dam levels on 31 March 2024 (Maguga dam-99.7%, Mnjoli -100.0%, Sand River Dam - 93.2%.

The above normal rainfall, though poorly distributed, resulted in high inflows and reduced demand downstream of the dams, which had a positive impact on water harvesting.



Lowlights

The heavy storms experienced during December 2023 and March 2024 resulted in water supply and irrigation infrastructure damages requiring maintenance which translated to an increase in operational costs and unplanned costs being incurred to repair the damaged infrastructure.

Water is a critical resource for sustainable growth of sugarcane and good quality products therefore the supply of water to support cane growing operations must be managed optimally. The design and installation of irrigation systems as well as the maintenance of the irrigation infrastructure is core to ensure healthy crops.

During 2023/24 we continued with strategic focus to increase water storage capacity to enable harvesting and storing of more water to increase assurance of supply and to drought proof the area under cane. This project entails the raising of the Sand River Spillway by 0.6m and increasing the pump station capacity from 5 to 7m³/s. The work is being financed through contributions from all Mhlume Water consumers and is being implemented in a phased approach to avoid a shock increase in the costs to be borne by all Mhlume Water consumers.

During this reporting period the scope of work included the supply and installation of a Motor Control Center (MCC) with 4 Variable speed drives complete with all related electricals. All the work has been completed and the pump station is now operational. This has effectively increased the pumping capacity of the Sand River Pump Station from 5 to 7m³/s.

The final phase of the project will entail the raising of the spillway crest by 0.6m to ultimately increase the capacity of the dam by 4 million cubic meters. Furthermore, RES managed to implement irrigation infrastructure for 240.5ha of new lands which has enabled the development of the area into irrigated sugarcane.

RES effected 7.6% savings in water compared to budget due to efficient water use and taking advantage of the above normal rainfall received during the season.

2023/24 goals and targets

Goal Description	Target	Actual Achieved	Comment
Improve Water Use Efficiency (Mega Litres/Tonne of Sucrose)	0.6	0.54	Target achieved and exceeded
Complete phase 3 of the Sand River Pump Station Upgrade within set timeline, within allocated budget, to the right quality and in compliance to P3M framework	supply and install Motor Control Centre (MCC) with 4 Variable speed drives, complete with all related electricals	All work completed and commissioned. System already operational. This has resulted in an increase in pumping capacity from 5m ³ /s to 7m ³ /s.	Target achieved
Implement irrigation infrastructure for 199.1ha new land under cane.	Irrigation infrastructure for 199.1ha implemented within schedule, and to the right quality	Irrigation Infrastructure completed to the right quality and ahead of schedule.	Target achieved
Water Delivery	98.5%	98.5%	Target Achieved

Dam levels as at March 2024



Challenges during 2023/24



RES's financial position remained unfavourable during the 2023/24 financial year. As such some key projects aimed at improving performance/productivity (PS 23 Upgrade Project) could not be undertaken this year.



Contrary to the forecasted El Nino conditions for our region, RES received above normal rainfall during the 2023/24 season. The season was characterized by events of high intensity, short duration rainfall, with approximately 53% of the annual rainfall collected in two months (December 2023 and March 2024).

Looking ahead



RES has robust water management policies in place, and in recognition of the prospect of further droughts in the future, it is embarking on a series of short and medium-term initiatives to further 'drought proof' the business.

RES has sufficient water for the proposed horizontal expansion and will continue to bank water through its enhanced irrigation conversion programme. The water supply and irrigation infrastructure for the Emasofjen/Volindi area, totalling 521Ha, planned for implementation in 2024/25, will include an abstraction structure on the Mhlume Water canal (bulk water supply component), a pump station abstracting water from the canal and distributing directly to infield irrigation blocks.



7.6.3 ENERGY



Interactions with and inputs from other functional areas within RES Inputs:

Responsible for power supply and energy management throughout the RES estates, in the delivery of its objectives, the department is reliant on inputs from human capital, factories, engineering services, finance, etc. The following are examples of the key interactions with other functional areas:

- Working/collaborating with EMS and Factories on energy projects and initiatives.
- Working very closely with factories daily on the optimisation of energy supply to reduce imports energy costs, and also ensuring power availability.
- Procurement support for all our projects.



Highlights

- The department went through the whole year with a clean safety record on zero disabling injuries.
- Successful completion of the Large-Scale Power Generation Project Pre-feasibility study and Board approval for RES to proceed with a detailed feasibility study. The results of the pre-feasibility were very promising.



Lowlights

A 7.5MVA EEC Transformer breakdown and an 11kV power cable failure at Ngomane and Simunye Substations, respectively, significantly reduced power supply capabilities and extended the power outage beyond 18 hours.

Supply Side Management:

- Sourcing of electricity from EEC and factories, and distribution of such across the estate to both RES internal customers and 3rd party clients.
- Maintenance of associated distribution electrical infrastructure.
- Electricity vending across the estate.
- Study and implementation of new power generation initiatives.

Demand Side Management includes the identification and implementation of energy efficiency initiatives and Processes.

One operational initiative to reduce energy costs is to reduce electricity imports from the national utility by displacing it with less expensive internally generated power and reducing demand. In 2023/24 RES imported 102 700 MWh against a budget of 99 025 MWh, posting an unfavourable variance at 3.7% (3 675 MWh). Relative to the 2022/23 financial year, this year showed significantly higher imports at 9.3% (8 726 MWh).

The department implemented and/or initiated several operational and strategic projects during the year. The distribution network protection system expansion was implemented by means of protection switches (Auto reclosers). We upgraded 8km of the Simunye-Ngomane 33kV Tie Line and installed the Mini-Subs at Mhlume. We experienced reduced interruptions to operations due to power system stability.

The Homestead and Ekuthuleni developments were enabled, i.e., cane irrigation pumping requirements, by means of the development of power supply infrastructure. During this reporting year the Pre-feasibility study for the Large Scale Power Generation to address security of supply and power export revenue was completed. We also enabled the Solar PV project by procuring Owner's Engineer Services and initiating procurement of EPC contractor.

Challenges during 2023/24



Strong winds and storms during the reporting period severely damaged the power system infrastructure which resulted in extended power outages affecting all operations and customers, and the resultant increased cost for repairs.



The increased and high temperature resulted in high cooling and irrigation requirements which put a stress on the limited supply and network capacity resulting in poor power quality.



Difficulties in attracting highly reputable and sought-after EPC contractors for the RES 10MW Solar PV project at Mhlume have resulted in delays in the project implementation.

Looking ahead



During the next reporting period we plan the following:

- Implementation and construction of the Mhlume 10MW Solar PV farm which will improve energy security and energy cost control.
- Implementation/installation of variable speed drives on select pump stations for energy efficiency and costs.
- Implementation of Maximum Demand management processes and controls to improve irrigation energy efficiency.
- Improvement in network reliability and quality of service.
- Energy Team building sessions and upskilling for high performance.

The RES Energy Department is responsible for both supply and demand side management.

7.6.4 LIVESTOCK AND GAME



Interactions with and inputs from other functional areas within RES Inputs:

To be successful and sustainable the ranch and associated activities depend on inputs from human resources (staff), infrastructure (i.e., handling facilities, slaughtering facilities) and natural resources (land, grass, trees, and water) and equipment (baling machine, water pump, feed mixer, chaff cutter).

Livestock and Game is relatively new under RES, and we are working well with the departments to align us with RES processes and procedures. However, some of the processes are affecting our production as the lead times for maintenance or replacement equipment is too long especially where there is impact water for cattle. This is counterproductive, and affecting production as the cattle cannot perform optimally.

Highlights

- We successfully hosted His Majesty King Mswati 111 on the farm, and his love for conservation and cattle is amazing.
- Completing the departmental roadmap and presenting it to management.
- The successful hosting of our production auction
- We have started selling beef to meat lovers at Simunye Canteen from 11:30 to 14:30 every Friday to our customers who cannot come to either Mhlume or Tshaneni.



Lowlights

- Moratorium on game hunting is still in place for 4 years in a row.
- A high number of wire snares were collected on the farm.
- Poor conception rate due to lack of feed
- Losing our drone
- High degradation of the veld due to the high game numbers, which makes burning impossible and has increased our supplementation cost.

The Livestock and Game business produces calves, adding value at the feedlot, and the abattoir processes the meat for our butcheries. The farm is now 18 600ha and currently rears 1 862 head of cattle and 21 191 head of game. The ranch serves as a buffer zone for the sugar field. The farm has Sand River dam, which is a Ramsar site and home to a number of water birds. Annually, we host ornithologists and bird lovers, and they view birds on the edge of the dam.

The livestock business is important to our community and the country at large.

The farm is a carbon bank for RES, sequestering most of the carbon produced on the RES estate. This is where the objective of environmental sustainability within RES is met, as we ensure that natural resources are not depleted for game and cattle production now and for future use. Also worth mentioning is that the farm is in the savanna ecosystem, which is critically important as they are rich in biodiversity with multiple species.

During 2023/24 we started backgrounding our weaners, building the skeletal tissue that helps reduce the days on feed at the feedlot. We backgrounded from August to December. However, the unavailability of grazing land limited us, so the weaners were recalled to the feedlot. We also made silage for our cattle from the 25ha of Maize planted by Operation.

One of our goals for 2023/24 was to develop a departmental strategy that aligns with the corporate Simama 20-25 strategy. The department processes were not documented and another goal was to document them to conform to the RES management system.



7.6.4 LIVESTOCK AND GAME - continued

Livestock metrics			
		2023/24	2022/23
RANCH	BREEDING		
	Females Bred	863	1 072
	Bulls Used	53	58
	Bulling Ratio	17	19
	Ha/LSU	3.60	3.52
	Pregnancy Diagnosis		
	No. Tested	1 000	1 084
	No. in Calf	679	749
	Conception %	67.9%	69.0%
	CALVING		
	Calves Born	505	665
	Prenatal loss % (Cows tested)	6.5%	5.5%
	Calving %	74.4%	88.8%
	MORTALITY		
	Deaths (includes stock theft)	146	115
	Mortality %	7.54%	5.74%
	OTHER ACTIVITIES		
	Invasive plant control	100ha	161.15ha
	Dipping	95.3%	95.60%
	Hay making	Only 1 shed filled	Both sheds were full
	Body scoring condition	3.0/5	3.0/5
	Prescribed burning and arson fire	644ha	287ha

Livestock metrics			
		2023/24	2022/23
RANCH	SALES		
	Internal (Ranch feedlot and Ration)	328	342
	External	343	265
RANCH FEEDLOT	Purchases	262	342
	SALES ₂ (Internal and external)	258	462
	Average Daily Gain	1	0.62
	Feed Conversion ratio	19	20.05
	Mortality %	1%	1%
PROJECT FEEDLOT	Purchases	633	1172
	Sales (Internal and External)	923	880
	Average Daily Gain	0.95	1.11
	Feed Conversion Ratio	12.4	19.94
	Mortality	2%	1%
BUTCHERIES			
Delcor	Beef (kg)	36 628	37 471
Hambanathi	Beef (kg)	24 195	28 986
Ration	Beef (kg)	19 033	22 552

Game

The continued moratorium on game hunting is significantly impacting cattle grazing. The combined stocking rate for game and cattle is 3.5ha/LSU, well below the optimal rate of 5.5ha/LSU for the farm.

The high game population and the demand for game meat have created problems for the farm. We have seen an increase in poaching, as the number of wire snares collected this FY rose by 16.1% from 3 542 to 4 113 snares.

Poaching has become a lucrative business in the black market because of the demand for bush meat.

Challenges during 2023/24



Competition from mushrooming feedlots for the feeders from Swazi Nation Land. The number of feeders from SNL dropped drastically due to competition from mushrooming feedlots. We purchased 633 feeders this financial year, 46% below the 2022/23 FY. This is mainly due to the payment method, which has been a competitive advantage for us, as we paid farmers the same day we received the feeders. Now, payment is over 7 days and sometimes more than that, which makes farmers opt to sell to other places.



There was an outbreak of lumpy skin disease at the feedlot, and the veterinary department put us under temporal closure as a control measure.



The meteorologists predicted a drought this financial year, which fortunately did not happen. We have received 648mm, 6.4% below the long-term average of 692mm. However, the rainfall received is good for water harvesting as most of it is collected in one month, and the rest of the days are dry. January and February were the hottest months on record in the world, and we also experienced heat waves in those months, which affected feed intake, spontaneously inhibiting average daily gains on the cattle.

This will affect cattle as the high ambient temperature will stop feeding to regulate body temperature.

Looking ahead



We look forward to the completion of the upgrade of the Delcor butchery eatery, which will attract more customers and improve our beef volume sales.

Our feedlot's new drainage system, designed to enhance feed efficiency by minimizing the stress on our feeders caused by muddy pens, is nearing completion.

We look forward to using cane tops as a feed ingredient for our cattle in the next FY.

Our Ecotourism business provides a unique experience to local and international customers. We proudly preserve approximately 19 000ha of virgin area for livestock and wildlife.





Our Mission


We are an agri-business that competitively and sustainably adds value for all stakeholders

08

SECURING VALUE THROUGH GOOD GOVERNANCE


Governance
overview


Board
committees


Our executive
management

RES is committed to best corporate governance practices and is guided by the code of corporate practice and conduct contained in the King Reports on Corporate Governance and other international guidelines on corporate governance.



DR AT DLAMINI
Chairman

Dr Absalom Themba Dlamini is the Chairman. He is the current Managing Director of Tibiyo TakaNgwane, and the former Prime Minister of the Kingdom of Eswatini. He has held executive positions in various local institutions, such as the Central Bank of Eswatini, Eswatini National Provident Fund and Eswatini Industrial Development Company. He currently serves on other boards including Ubombo Sugar Limited, Mananga Sugar Packers and Royal Villas. He has received awards and honours from among others His Majesty King Mswati III and the President of the Republic of China in Taiwan.

MBA, BCom



MR MIKE SHONGWE
Member

Mike Shongwe is a former career banker and is now a businessman and Eswatini franchisee of PostNet SA. He retired as Head of SBSA Community Banking Fund, a broad-based black economic empowerment (BBBEE) initiative after 38 years of commercial/retail banking, including seven years as Executive Director of Inhlanyelo 'Seed Capital' Fund. He has served on various boards and committees, including at inception a director of FINCORP, chairman of SEDCO and member of the government task force appointed to review and propose a framework for SME financing in Eswatini.

MPP Dip Creation and Development of SMEs



MR GERHARD VAN DER WALT
Member

Gerhard van der Walt is employed by Rainbow Chicken Limited and previously worked as the Financial Director of RCL Foods Sugar and Milling (Pty) Limited. He has over 30 years of experience in the auditing, financial, and commercial environment. He has considerable knowledge of the sugar industry and has been involved in several big capital and expansion projects. He also played a key role in the design and implementation of several grower financing schemes. He has represented RCL Foods Sugar and Milling (Pty) Limited on several boards.

BCom (Hons), Chartered Accountant SA



MR NICK JACKSON
Executive Member

Nick Jackson is the Managing Director and is the only executive Board member. He also serves on several other boards, including NERCHA, Mananga Sugar Packers, the Eswatini Sugar Association and Business Eswatini. Prior to joining RES, he was the CEO of the Guyana Sugar Corporation in the Caribbean.

BSc (Hons) Biochemistry



MR ZOMBODZE MAGAGULA
Member

Zombodze Magagula practices Law under the style Magagula Mangeni and Company Attorneys. He is a member of the Board of Trustees of Sibaya Provident and Pensions Fund, and Chairman of the Board of Directors of Standard Bank - Eswatini.

LLB, LL.M (Insurance Law), Master's in Sports Organisation Management, Post-grad Dip (International Law)

Changes to Board composition

Replacement of Sylvia Oko-lesoboh by Dr (Mrs) Okuwatoyin Madzin with effect from 09 December 2023 and the appointment of Mr Felix Ogundain as an alternate to Dr Madzin.

Mr IG van der Walt, after serving as a non-executive director for over 10 years and as Chairman of the Audit Committee since 2014 stepped down from the board as at the end of the 2023/24 reporting year. Given this development, an appointment for his replacement as a board member will be made based on the qualifications, experience, and availability of candidates to ensure the board has the necessary knowledge, skills and experience to carry out its mandate effectively.

RES SUBCOMMITTEES

Remuneration Committee

Audit Committee

Risk Committee

Committee on Non-Executive Remuneration

Technical & Support Services Committee



MS BUSANGANI MKHALIPHI
Member

Busangani G. Mkhalihi is employed by the Ministry of Finance as Director of Public Enterprises Unit. She also worked for the Ministry of Agriculture under the Monitoring and Evaluation Unit. She serves on the Board of Directors of the Eswatini Royal Insurance Corporation as well as the Asset Liability Matching & Investment and Risk Committees.

MBA, BCom, Dip. Accounting and Business Studies



CHIEF ZIBUSE NDLANGAMANDLA
Member

Chief Zibuse Ndlangamandla is the traditional leader of Manyandzeni community in the Shiselweni District, Eswatini and a businessman and farmer. He is responsible for providing strategic direction on economic and social development matters of the community.

Dip. Accounting



MR ANDREW WESTERMAYER
Member

Andrew Westermeyer has held various financial and commercial positions in RCL Foods and is currently the Financial Director. After qualifying as a Chartered Accountant CA (SA) in 2002 he spent a year on secondment with Deloitte in Luanda, Angola.

BCom (Hons), Chartered Accountant SA



DR. MRS OLUWATOYIN MADEIN
Member

Dr. Oluwatoyin Madein, is the Accountant-General of the Federation of Nigeria, a member of the Association of Chartered and Certified Accountants (ACCA)-UK, a member of the Association of National Accountants of Nigeria, and the Institute of Chartered Accountants of Nigeria (ICAN). For over 30 year she has worked for the Federal Civil Service as an Accountant, Financial Manager and Internal Auditor. She also served in various Ministries in Abuja. Prior to the Federal Civil Service, Oluwatoyin worked as an Executive Officer (Accounts) in Ogun State Property and Investment Corporation (OPIC), Abeokuta.

Higher National Diploma (Accountancy), Postgraduate Diploma and Masters in Business Administration, Doctor of Business Administration (Honoris Causa) & Doctoral degree in Management Finance



MR JAMESON GULE
Member

Jameson Gule currently serves as Tisuka TakaNgwane director. He has held several managerial positions, including being the former General Manager Corporate Affairs at Tibiyo TakaNgwane, prior to which he was Managing Director of The Eswatini Observer. He has also served as a director on the boards of The Eswatini Observer, Maloma Colliery Ltd, Eswatini Cane Growers Executive Committee, SSA Finance and the Eswatini Sugar Industry Board.

MBA, CIS, Diploma in Business Studies, Dip. Farm Management, Cert. Finance Management



HRH PRINCESS LOMAJUBA
Member

HRH Princess Lomajuba is an experienced director with vast corporate experience having served on numerous boards. She is currently a director of the Eswatini Electricity Company, the Firearms Licensing Board and the Minerals Management Board. She previously worked as an Assistant Manager at Shoney's Restaurant in the United States where she honed her skills in the hospitality industry.

BSc in Hotel, Restaurant and Tourism Management



MR ROBERT FIELD
Member

Robert Field was appointed to the Board on 1 March 2021. He is the Chief Financial Officer of RCL Foods Limited, a position he has held since July 2004. Prior to that he spent four years as the Commercial Director of Robertsons Homecare Proprietary Limited. Rob qualified as a Chartered Accountant CA (SA) with Deloitte in 1996. He has spent his entire career within the Finance and commercial domain in the consumer goods industry.

BCom (Hons), Chartered Accountant SA



8.2

GOVERNANCE OVERVIEW

During the year under review, the Board executed all its scheduled activities as set out in the Board Charter.

The RES Board has a unitary structure, comprising 10 non-executive directors (including one elected exclusively by small shareholders) and one executive director. The directors are not regarded as independent within the definition of King IV, as they are all shareholder appointees. We are of the opinion that this does not affect the Board's independence, as all non-executive directors exercise independent judgment in all Board deliberations in accordance with policies concerning directors' conduct. These policies are aimed at ensuring that directors perform their fiduciary duties diligently in the best interests of the Corporation and its stakeholders.

We review and enhance our governance structures and practices on an ongoing basis. Our aim is to incorporate recommendations on good governance that suit our circumstances and contribute to delivering sustainable growth in the interest of all stakeholders.

Corporate governance is the responsibility of both the Board and executive management, with a culture of good governance embedded throughout the organisation. The ultimate responsibility for good corporate governance rests with the Board of Directors.

The Board endorses the principles of fairness, responsibility, transparency, and accountability contained in the King Reports. At RES we aim at demonstrating how our practices are in accordance with these principles and contribute to the achievement of good governance outcomes.

In circumstances where application of any of the recommended King IV principles has been found to be unsuitable for the Corporation's circumstances, we put other controls in place, where necessary, to ensure good governance.

The Board follows a stakeholder-inclusive approach in its decision-making processes, having due regard to the interests of shareholders and other stakeholders. Concern for sustainability as a business imperative guides us in the formulation of our strategy.

The Policy on Powers Reserved for the Board of Directors and Delegated Authority has been maintained unchanged, and the Board has continued to delegate certain responsibilities on an ad hoc basis.

Board responsibilities

The board provides strategic direction and leadership, monitors the implementation of business and strategic plans, and approves capital funding for these plans to support a sustainable business that benefits all stakeholders.

The Board functions in terms of a Board Charter, which defines the Board's continued objective of providing ethical business leadership. The Charter regulates among others, the role of the Board as the custodian of corporate governance, the fiduciary duties and responsibilities of the Board and individual directors towards the Corporation.

We do not implement formal evaluation of the performance of Board members. However, performance is monitored and tracked through annual work plans formulated in accordance with the Board charter and subcommittee terms of reference. The Board is satisfied that during the year under review, it effectively carried out its responsibilities in accordance with the Board Charter.

The Board meets quarterly, and, when necessary, special meetings are convened from time to time. Members of the Executive Committee attend Board meetings, when relevant matters are discussed, to ensure comprehensive reporting to directors.

Remuneration

Directors' emoluments are disclosed in the financial statements.

Focus areas and highlights for the Board for the 2023/24 year

The overall target of the Board is to provide Governance that supports and creates value at a profit (for shareholders/tax contributions), planet (environmental stewardship) and people level (socio-economic upliftment of our people and stakeholders).

FY2023/24 Focus and Delivering Value	FY2024/25 Focus
GOALS/TARGETS <ul style="list-style-type: none"> Providing oversight and support on strategy implementation and identifying areas of risk and opportunity to leverage growth, improvement and value creation for company stakeholders Monitoring management action plans to contain costs, capital allocation and improve operating performance Ongoing monitoring of the optimisation of the RES business portfolio Focus on the company's digital transformation and mitigation of cyber security risk Monitoring management's action plans in response to sustainability reporting developments to ensure RES has the appropriate resources and controls to meet stakeholder requirements Supporting management in improving efforts aimed at achieving and sustaining a safe working environment Providing oversight and monitoring management's response plans to key strategic focus areas such as sustainable energy generation to attain self-sufficiency, and diversification of revenue streams Monitoring and providing guidance to management on the mitigation of climate-related risks that threaten the achievement of strategic objectives Maintaining strong and collaborative relationships with the government and regulatory bodies and other stakeholders with key impact or impacted by RES operations Directors' continuing education – to ensure the board has an adequate mix of skills, experience and attributes necessary to support the Company's strategy and agile response to the ever-changing business environment 	<ul style="list-style-type: none"> Oversee implementation of strategic value-enhancing growth projects Monitoring management's implementation of the ERP upgrade from EEC to S/4HANA Monitoring safety improvement programmes Progress study on appropriate energy sufficiency and renewable energy solutions Explore means and implement initiatives to augment the knowledge, skills, and experience of the board and its subcommittees Partnering with Government and other stakeholders in increasing water supply assurance for existing and future RES core areas (dams) Talent management – , Manpower Optimisation, Future Ready RES on skills development, continuous efforts on shifting our culture <p>Exercise oversight with respect to:</p> <ul style="list-style-type: none"> Strategy implementation Continued talent management to support succession planning, align our available human capital with the company's strategic goals and embed an organisational culture that is consistent with RES values Initiatives aimed at a safe and healthy work environment for our employees and contractors by turning around the undesirable DIFR trend Social investment in projects that aim to make a meaningful contribution to the lives of people in local communities and to improve community resilience Risk mitigation action plans, especially in response to rapidly escalating climate risks posing challenges to our business and stakeholders Engagement with stakeholders Monitoring embedment of and improvements to our sustainability reporting process

Outcomes achieved in 2023/24

Value creation for company stakeholders:

- Record profits for the benefit of shareholders in the form of dividends
- Growing the business (as more detailed in the Financial Statements)
- Delivered social and economic benefits and created career growth opportunities for our employees (through sustained employment/ above minimum wage and our investment in training and development)
- Financial value to the government in the form of taxes paid

- Through our corporate social investment activities, RES contributed to improved quality of life for neighbouring communities (access to clean water, sanitation services and sports development as outlined under the section on Corporate Social Investment)
- Maintained the company's positive reputation as a law-abiding and responsible corporate citizen, as evidenced by, inter alia, the prestigious accreditation as an Accredited Economic Operator, which is granted to compliant taxpayers after a stringent pre-approval processes.

- Operated the business with environmental stewardship, which is demonstrated by RES's retention of its ISO certification
- Established structured ongoing engagements with our stakeholders (neighboring communities) to understand and align on our needs and interests.
- Director development on governance issues and business operations

8.2 GOVERNANCE OVERVIEW - *continued*



Highlights experienced in 2023/24

- Excellent financial performance amidst difficult conditions
- Water management, with dam levels maintained at above 80% throughout the year.
- Robust cost containment
- Exceptional performance by the Ethanol business unit
- No violations or issues of non-compliance with the law or requirements of interested parties (financiers)



Lowlights experienced in 2023/24

- Whilst RES aims to maintain a safe and healthy work environment for all employees and contractors, regrettably, our DIFR has continued with a negative trend. We recorded a fatality where an employee, Mr M Vilane, lost his life. We extend our sincere condolences to his family, friends and colleagues.
- Suspension of Growth projects planned for 2023/24, resulting in delayed benefit realisation and cost escalations.
- Disappointing cane yields
- Interruption of the crushing season caused by bad weather

Main challenges experienced in 2023/24



The catastrophic impact of natural weather events: Severe hailstorm damage across the estate in March, affecting over 10 000ha of cane resulting in losses in cane yield and quality.



Above-inflation cost escalations caused by geo-political and other factors, exchange rates, cost of capital impacting our unit cost/cost management initiatives and sustaining and growth capital projects



Deteriorating socio-economic conditions in surrounding communities (caused by rising unemployment and increased cost of living) resulting in increasing expectations for social investment by RES and difficulty for RES in meeting such expectations.



Incidents of unclear leadership structures have impeded RES's engagement with some neighbouring communities.

8.3 BOARD COMMITTEES

In terms of the Board Charter, the Board has established sub-committees to assist in the discharge of its duties and responsibilities.

Risk and Social Ethics Committee

ZR Magagula (Chairman)
Chief ZN Ndlangamandla
N Jackson
MSM Shongwe
S Okolieaboh (appointed in March 2023)

Remuneration Committee

AT Dlamini (Chairman)
ZR Magagula
R Field

Audit Committee

IG van der Walt – Chairman until March 2024
A Westermeyer – Chairman w.e.f March 2024
B Mkhaliphi
JN Gule

Committee on non-Executive Directors' Remuneration (RemCo)

AT Dlamini (Chairman)
NM Jackson
LS Masango

Technical & Support Services Committee

HRH Princess Lomajuba (Chairperson)
AT Dlamini
JN Gule
NM Jackson

BOARD AND SUB-COMMITTEE MEETING ATTENDANCE 2023/24

Board Member	Nature of Meeting							
	Board		Audit		Risk		RemCo	
	SM	AM	SM	AM	SM	AM	SM	AM
Dr AT Dlamini ¹	4	4	-	-	-	-	2	2
Chief ZN Ndlangamandla	4	4	-	-	3	3	-	-
IG van der Walt ²	4	4	3	3	-	-	-	-
ZR Magagula ³	4	3	-	-	3	3	2	2
MSM Shongwe	4	4	-	-	3	3	-	-
JN Gule	4	4	3	3	-	-	-	-
NM Jackson ⁴	4	4	3	3	3	3	2	2
R Field	4	4					2	2
B Mkhaliphi	4	4	3	3	-	-	-	-
Sylva Okolieaboh ⁵	3	-	-	-	-	-	-	-
HRH Princess Lomajuba	4	4	-	-	-	-	-	-
A Westermeyer ⁶	4	4	3	3	-	-	-	-
Dr (Mrs) Oluwatoyin Madein ⁷	2	-						
Mr. Felix Ogundairo ⁸		2						

Legend

SM Number of scheduled meetings held during the period in which the director was a member of the Board and/or subcommittee.

AM Number of scheduled meetings attended by directors as a member of the Board and /or subcommittee – Not applicable to alternate directors

1. Board and Remuneration Committee Chairman
2. Audit Committee Chairman until his retirement in March 2024
3. Risk, Social & Ethics Committee Chairman
4. Managing Director
5. Retired in December 2023
6. Appointed Audit Committee Chairman in March 2024
7. Appointed as Sylva Okolieaboh's replacement in December 2023
8. Alternate to Dr (Mrs) Oluwatoyin Madein; attended two meetings in her stead

8.3 BOARD COMMITTEES - continued

Brief mandates of the Board committees, focus areas for FY2023/24 and those identified for FY2024/25, and meeting attendance - continued

AUDIT COMMITTEE

Mandate

To assist the board of directors in exercising its oversight role with respect to: preparation of accurate financial reports and statements in compliance with International Financial Reporting Standards, internal and external audit, applicable regulatory requirements; internal financial controls; financial risk management; safeguarding RES assets

FY2023/24 Focus and Delivering Value	FY2024/25 Focus
<ul style="list-style-type: none"> Considered and recommended Board approval of Interim and Annual Financial Statements for the reporting period, and we noted that the Group's total comprehensive income attributable to owners of the company amounted to E641.8 million, which was a 259.6% increase against the E178.5 million, for the comparable period in 2023. Monitored effectiveness, objectivity, independence and quality of external auditor; Approved the SNG Grant Thornton Chartered Accountants (Esvelini) 2023/24 external audit plan and satisfied itself as to the appropriateness of key audit risks identified; Considered and approved the risk based Annual Internal Audit Plan and monitored the effectiveness of the Group Internal Audit function with regards to execution of its plan, coverage and overall performance; Interrogated actions taken by management with respect to adverse internal and/or external audit findings; Ongoing monitoring of financial risks and compliance with company approved financial risk management policies, i.e. Treasury and Hedging Policy; Monitored the Company's compliance with legal requirements, with particular focus on compliance with tax legislation, Company law as well as adherence to International Financial Reporting Standards and reports on good corporate governance, particularly the King Reports; Received reports on new and/or proposed legislation which has an impact on the company as well as a litigation status report; Satisfying itself as to the appropriateness of the accounting treatment of biological assets; Considered nature and extent of non-audit services provided by the external auditor; and Satisfied itself as to the adequacy of expertise, resources and experience of the Finance function. 	<ul style="list-style-type: none"> Continue to focus on ensuring the effectiveness of RES's financial systems, processes and internal financial controls; Monitor management's implementation of relevant changes to International Financial Reporting Standards; Review of new International Financial Reporting (IFR) Standards with an impact on RES and take steps towards preparedness and to ensure that all material risks are addressed; Monitor the organisation's control environment; Monitor legislative and regulatory developments with a risk impact on RES. Interrogate matters relating to legislative and regulatory risks across the Group and monitored the action plans in place to ensure compliance with the various regulatory environments; Continue to review relevant submissions and reports issued by assurance providers – Internal and external; Review RES's Audit Committee terms of reference; Assess external auditor independence; Determine adequacy of the Finance resources; Focus on Committee's responsibilities with respect to Integrated Reporting and ESG matters; Compliance with regulatory requirements including ESE, technical IFRS, as well as ERS requirements; Monitoring RES's working capital requirements/ liquidity and solvency; and Monitoring the impact of developments in the audit industry to ensure continued audit independence and objectivity.

COMMITTEE ON NON-EXECUTIVE DIRECTORS' REMUNERATION

Mandate

To consider and review non-executive directors' remuneration.

FY2023/24 Focus and Delivering Value	FY2024/25 Focus
Reviewed Non-Executive Directors' remuneration.	Ensuring non-executive directors' remuneration is fair and reasonable and suitable for RES's circumstances

RISK, SOCIAL AND ETHICS COMMITTEE

Mandate

To assist the Board in setting the tone for an ethical organisational culture, overseeing risk management, ensuring that management has in place policies, processes and procedures to manage the significant risks to which the company is exposed, exercising oversight on safety and health in the workplace, environment and quality issues.

FY2023/24 Focus and Delivering Value	FY2024/25 Focus
<ul style="list-style-type: none"> Reviewed the top risks and considered management's action plans to mitigate risks contained in the enterprise-wide risk register; Monitored RES's practices and manner in which the company protects, enhances the natural environment in which it operates to ensure sustainability of the business; Interrogated fraud and corruption reports and adequacy of corrective action taken; Received and considered management reports on risks affecting delivery of RES's strategy; Monitored and reviewed company's performance on occupational health and safety & quality management systems; Overseeing the management of technology and information and monitored the company's digitalisation programme, which saw the successful implementation of key IT projects; Oversight and review of the governance of risks facing RES, especially in view of Ukraine/Russia and Israel/Gaza conflicts; Leveraged technology and digitalisation as a strategic enabler; Assessed management's strategy to strengthen stakeholder relations in the pursuit of harmonious coexistence with neighbouring communities; Oversight and focus on ensuring technology and digitalisation are appropriately applied to improve efficiencies and costs; and Specific focus cyber security risks. 	<ul style="list-style-type: none"> Continue monitoring risks to the achievement of RES's strategic objectives; Specific attention will be given to health and safety to reduce the DIFR, crisis management, security of company assets in light of increased incidents of theft, management of organisational culture risks; Improve our corporate reporting on sustainability matters; Ongoing monitoring fraud and corruption reports; Ongoing monitoring of ethical conduct and whistle blowing reports; Monitoring ERP upgrade project; Ensure appropriateness of IT spend and benefits realisation; Track developments in environmental and sustainability requirements and best practices and monitor compliance action plans; Embedding an ethical culture across the business; Monitor management activities to strengthen stakeholder relations and create sustainable and impactful value for neighbouring communities; Monitor and review the Group's commitment to being a responsible corporate citizen, particularly in the context of sustainability matters; and Monitor and evaluate the effectiveness of the cybersecurity strategy and critical risks facing the business regarding technology, the automation of processes and digitisation.

REMUNERATION COMMITTEE

Mandate

To assist the board of directors through recommending remuneration strategies that ensure a proper balance in attracting, rewarding and motivating human capital to drive the Group's long-term strategy of sustainable performance whilst creating shareholder value

FY2023/24 Focus and Delivering Value	FY2024/25 Focus
<ul style="list-style-type: none"> Approved cost of living adjustments for executives; Succession planning; Oversight on executives KPIs/ performance; and Recommended to the board short-term and long-term incentives payable for the reporting period. 	<ul style="list-style-type: none"> Oversight of succession planning at executive and MD level; Monitor overall company performance vis-à-vis payment of short/long term incentive bonus; Executives KPIs and ensure inclusion of sustainability performance targets; Talent risk management; and Monitor the development of measurable ESG performance targets and their implementation.

8.3 BOARD COMMITTEES - *continued*

Brief mandates of the Board committees, focus areas for FY2023/24 and those identified for FY2024/25, and meeting attendance - *continued*

AD HOC FINANCE COMMITTEE

A Westermeyer - Chairman
B Mkhaliphi
IG van der Walt

The Committee was established to consider special assignments or projects. For the reporting period, the Committee considered funding for growth projects, activities forming part of the company's energy strategy and explored acquisition opportunities for the board's consideration.

Board Induction and Development

RES is committed to the continuing development of its directors and to supporting them in building on their expertise and developing a more detailed understanding of their responsibilities.

Newly appointed directors undergo an induction programme to facilitate their understanding of the sugar industry, business environment and markets in which the company operates, as well as information on directors' roles and responsibilities in terms of regulatory requirements and best practice (King Reports on Corporate Governance). This programme also includes information on Group structure and long term business strategy, financial and non-financial performance, reciprocal expectations, corporate policies and procedures, and familiarisation through site visits and consultation with senior management.

Open dialogue is encouraged between individual Board members and the MD and other members of the management team to enable directors to gain a better understanding of the Corporation and its operations.

Directors receive briefings on new legal developments and changes in the risk and the general business environment on an ongoing basis.

Combined Board skills and expertise

For effective functioning of the Board and its Committees, it is critical that the Board includes the necessary skills and expertise. Between the various Board members, the Board possesses skills and expertise in:

- Executive and strategic leadership
- Finance, Investments/Mergers, and acquisitions
- Technical/Engineering/Operations management
- Sugar industry/ethanol business

- Corporate governance
- Human capital, talent development and industrial relations
- Banking
- Sustainability
- Environmental management/climate change
- Risk/compliance management
- Stakeholder management
- Board experience in a listed company
- International trade/business
- Diplomatic relations management
- Public relations/communication

FIGURE 27 - Board independence

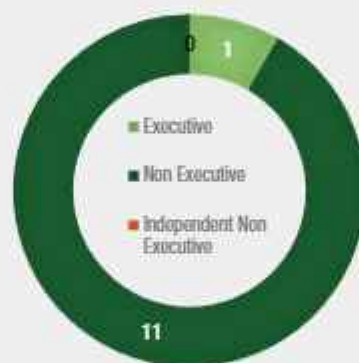


FIGURE 28 - Board gender composition



FIGURE 29 - Director tenure



FIGURE 30 - Age adversity



8.4

OUR EXECUTIVE MANAGEMENT



MR NICK JACKSON
Executive Member

Nick Jackson is the Managing Director. He serves on several boards, including NERCHA, Mananga Sugar Packers, the Eswatini Sugar Association, and Business Eswatini. Prior to joining RES, he was the CEO of the Guyana Sugar Corporation in the Caribbean.

BSc (Hons) Biochemistry



MR PATRICK MYENI
General Manager Operations

Patrick Myeni joined RES as a Trainee in 1981 and was appointed Section Manager in 1987, and moved up the ranks to General Manager Agriculture before being appointed GM Operations in 2014. He is currently Board Chairman at EEC and at Eswatini Dairy Board, and he serves on several committees, including the Eswatini Fuel Pricing, National Adaptation Strategy, and the Eswatini Sugar Association Council. He also sits on the Board at Dalcrue Agricultural Holdings (Pty) Ltd. He previously served in the National Adaptation Strategy.

BSc, MEd, MSc Agric Mechanisation



MR MUHAWU MAZIYA
General Manager Commercial

Advocate Muhawu Maziya's exposure spans across disciplines and industries such as Law, Academia, Insurance, Sugar, Ethanol, Maize, Financial Services, Regulation, and Alternative Dispute Resolution. He has served as Director at Nedbank Eswatini and Newera. He is Chairman of Eswatini Royal Insurance Corporation and has been Chairman of the National Maize Corporation, The Insurance and Retirement Funds Board, and the Financial Services Regulatory Authority. He serves on the ESA Council and various subsidiary boards of RES. He has been Head of Law (UNESWA), and Deputy Executive Director (FSE&CC) and is a published author.

Dip. J, Dip. IR, BA Law, LLB, LL.M, Advocate



MR DUMISANI DHLIWAYO
General Manager Finance

Dumisani Dhlwayo joined RES as a Financial Manager in 2005, responsible for the corporation's business planning and reporting functions. In this role, he gained invaluable 'coalface' experience of the integrated business. Prior to joining RES, he worked at KPMG, Dunlop Tyres, and Deloitte. He is a member of a number of bodies, including the Eswatini Sugar Industry Council, Mananga Sugar Packers (Pty) Limited, and Quality Sugars.

BComm (Hons), CA(2), CA(SA), MBA



MRS BONISIWE MASUKU
Group Human Capital Manager

Bonisiwe Masuku served as General Manager, HR & Administration at the Central Bank of Eswatini from 2017, prior to which she was Head Human Capital at Standard Bank Eswatini for almost six years. She has almost 20 years of HR experience and has worked for FSE&CC (now Business Eswatini), EPTC, Peak Timbers, ENPF, and ESWADE. She is currently a Board Member of FSRA (Financial Services Regulatory Authority) and was also a Board Member of ENPC (Eswatini National Petroleum Company) until May 2024. She was a part-time lecturer at the University of Eswatini from 2015 to 2019 and in 2022.

MBA, FDM HR, PGCE, BA

8.4 OUR EXECUTIVE MANAGEMENT- *continued*

On the Executive level, key management decisions are made by the Managing Director (MD), who in terms of the Policy on Matters Reserved for the Board and Delegated Powers has been delegated authority on a wide range of matters in relation to financial, strategic, operational, governance, risk and other functional issues.

The MD has in turn delegated authority to senior management committees (which include Exco, the Tender Committee, the Risk Management Executive Committee and the IT Steering Committee) and individual members of the management team who assist the MD in guiding and controlling the overall direction of the business and monitoring business performance. Where necessary, ad hoc management committees are put in place to focus on and monitor issues of strategic importance to the Corporation. The MD, however, remains accountable to the Board for all authority delegated to him.

The senior management committees and/or senior managers act to:

- Translate and implement the Corporation's strategic direction in an operational plan,
- Monitor its successful implementation and the achievement of performance in accordance with agreed-upon budgets and timelines,
- Oversee human development and succession planning in order to develop future leaders for RES,
- Allocate human resources throughout the Corporation, and
- Ensure that appropriate IT systems exist to support business operations and to provide useful management information to facilitate effective decision-making.

Regular management meetings, including monthly Exco meetings, are conducted to monitor these aspects in order to address day-to-day operational challenges, strategic business issues, sustainability and strategic project developments.

Internal Audit

RES manages significant risks affecting the Group and the business environment in which it operates by maintaining internal controls and systems designed to provide reasonable assurance against material misstatement or loss.

The internal audit function monitors the system of internal control and reports its findings and recommendations to management and the Audit Committee. The purpose, authority and responsibility of the Internal Audit function are formally defined in the Board-approved Internal Audit Charter. The annual audit plan is based on an assessment of risk areas identified by internal audit in liaison with management as well as areas highlighted by the Audit Committee.

The work undertaken during the year included reviews of high risk areas which include:

- Fixed assets
- Procure to pay
- Sugar receiving
- Warehouse and dispatch
- Ethanol marketing and logistics
- Cane production, harvesting and haulage operations
- Materials Management

Fraud awareness and prevention initiatives continued.

Shareholder Engagement

The Corporation is committed to communicating and engaging with shareholders, and pursues this interaction in line with the King VI principles on stakeholder management. Shareholders are provided with an update on the Corporation's performance at the Annual General Meeting at which shareholders have the opportunity to ask questions.

The Corporation also undertakes proactive engagement with institutional shareholders on a continuous basis and we employ a variety of both formal and informal engagement processes to ensure alignment with the interests of shareholders and to enable an understanding of their views.

Ethics

Our fundamental policy of conducting business with honesty, integrity and in accordance with the highest legal and ethical standards, is central to our operations. The Board's Code of Conduct guides the ethical and behavioural standards to which the Board adheres in carrying out its duties and responsibilities in a manner that is consistent with effective corporate governance practices.

RES records its pledge to promote and enforce ethical business practices and standards throughout the Corporation in its approved Code of Ethics, its guide in day-to-day decision-making processes. All employees are expected to comply with the principles and ethical standards defined in the Code as well as with various other policies and procedures which support it. These include, among others, policies on conflict of interest, "whistle-blowing" and fraud prevention.

The Corporation does not engage in or accept or condone any illegal acts in the conduct of its business and operates a "whistle-blowing" line managed by an independent firm of auditors.


This line provides an impartial facility for all stakeholders to anonymously report fraud, statutory malpractice and other crimes, unsafe behaviours, deviations from procurement policies or any other deviation from ethical conduct. All matters received via the line are investigated, appropriately resolved and reported on to the Risk, Social and Ethics Committee.

Controls

The Corporation conducts a number of reviews to determine the effectiveness of its internal controls, procedures and systems. Reviews undertaken during the year relate to:

- Information management environment
- Reliability and integrity of financial and operating information
- Safeguarding of assets, including fraud prevention, and effective use of the Corporation's resources

No material internal control weaknesses were noted from these reviews. Corrective action was taken as and when control deficiencies or opportunities for improvement in the systems were identified. Based on these reviews, there is reasonable assurance that an effective system of internal controls and risk management is in place.



We
follow an
integrated
approach to
governance,
risk and
compliance.

An aerial photograph of an industrial facility, possibly a refinery or chemical plant, with various storage tanks and piping. The image is overlaid with a semi-transparent purple rectangle. In the top-left corner of the purple area is a white, stylized atomic symbol. In the bottom-left corner is a white silhouette of a human head with a lightbulb inside, symbolizing ideas or innovation.

Our fundamental policy of
conducting business with
honesty and integrity
and in accordance with
the highest legal and ethics
standards is central to
our operations.



09

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

CONTENTS

Abridged Directors' Report.....	102 - 103
Abridged Independent Auditors' Report.....	104
Abridged Consolidated Statement of Financial Position.....	105
Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income	106
Abridged Consolidated Statement of Changes in Equity	107
Abridged Consolidated Statement of Cashflows.....	108

The Directors have pleasure in presenting their report together with the abridged financial statements for the year ended 31 March 2024.

General review of operations

The Group's principal activities are the growing and milling of sugar cane, the manufacture of sugar, and the manufacture of ethanol from molasses. The results of operations are fully disclosed in the audited financial statements.

The financial performance for the financial year ended 31 March 2024 was influenced by lower sugar and ethanol production resulting from harvesting younger cane. The younger than optimal cane age was a carryover effect of adverse climatic conditions experienced in the prior year with unprecedented winter rains and other business disruptions that forced the extension of the season into early February 2023. The crop is expected to return to optimal age in the upcoming financial year.

Total comprehensive income attributable to the Owners of the Company amounted to E641.8 million. This is 259% higher than the result achieved in 2022/23. This is mainly due to the higher sugar and ethanol prices, influenced by better prices in all markets and favourable exchange rates. In addition, the increase in the fair value of standing cane was E282.7 million higher than the prior year, reflecting the increase in expected sucrose volumes in 2024/25, after re-aligning the harvest season, as alluded to above, and the higher sugar prices used in the valuation.

From 1 July 2024, the rate of corporate tax in Eswatini will reduce to 25% from 27.5%. A release of a net deferred tax liability of E65.5 million to income, is accounted for in the income tax expense for the current year.

Subsequent to the reporting date, Mhlume Sugar Company Limited will transfer its assets and liabilities to the Royal Eswatini Sugar Corporation Limited as a going concern, without prejudice to any of the entities following approval by Eswatini Revenue Services. This initiative will reduce a number of administrative burdens and drive efficiencies from the consolidation of operational activities. Following the transfer of the assets and liabilities, there will be no further income in the books of Mhlume Sugar Company as all transactions will now occur in the books of The Royal Eswatini Sugar Corporation Limited with effect from 01 April 2024.

From a group perspective, on 1 April 2024 there will be no change to the net asset value of the consolidated assets and liabilities and future results, earnings per share, dividends and accounting ratios would not be impacted solely as a consequence of the transfer of assets and liabilities, however normal trading conditions would result in all metrics fluctuating from year to year dependent on underlying financial and climatic conditions.

Dividends

The following dividends have been declared:

- A final dividend for the year ended 31 March 2023 of 51.9 cents per share which was paid in September 2023 as this final dividend was only declared in June 2023;
- A first interim dividend for the year ended 31 March 2024 of 82.7 cents (2023 – 53.5 cents) per share which was paid in October 2023;
- A final dividend for the year ended 31 March 2024 of 146.6 cents (2023 – 51.9 cents) per share.

Board structure

The Board comprises of one executive and eleven non-executive directors.

ABRIDGED DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Directorate

The directors of the Company during the year were:

Directors

A T Dlamini (Chairman)
N M Jackson (Managing Director)

R Field

HRH Princess Lomajuba

J N Gule

Z R Magagula

B Mkhaliphi

Chief Z N Ndlangamandla

M S M Shongwe

I G van der Walt – retired in March 2024

A Westermeyer

S Okolieaboh – retired in December 2023

O Madein – appointed in December 2023

Alternates

M Ndlela (to J N Gule)

A Ngcobo (to A T Dlamini)

F Ogundairo (to O Madein)

Secretary and registered office

Secretary

L S Masango

Registered Office

Simunye Sugar Estate

P O Box 1 Simunye

Auditors

SNG Grant Thornton Chartered Accountants (Eswatini)

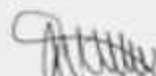
Umkhiwa House

Lot 195, Kal Grant Street

Mbabane

Material events after year-end

No matter, which is material to the financial affairs of the Company and Group, has occurred between the reporting date and the date of approval of the financial statements.



Dr A T Dlamini
(Chairman)

Bankers

Standard Bank Eswatini Limited

Nedbank Eswatini Limited

First National Bank of Eswatini Limited

Transfer secretaries

SNG Grant Thornton (Advisory) (Eswatini) (Proprietary) Limited

P O Box 331 Mbabane

H100

Management structure

Managing Director

N M Jackson*

Commercial

M I Maziya*

S Kunene

S Saxena

J Shiba

Z Zulu

General Manager Commercial

Materials and Warehouse Manager

Head of Distillery

Procurement Manager

Head of Marketing and Logistics -

Ethanol

Operations

P Myeni*

Vacant

M Gama

B Sibandze

B Shongwe

V Malubane

J Thwala

O Marais

General Manager – Operations

Head of Agriculture

Agricultural Manager – Production

Agricultural Manager – Services

Agricultural Manager – Water Resources

Agronomy Manager

Factories Manager

Engineering Services and Projects

Manager

Finance

D V Dhlwayo *

M Zwane

General Manager – Finance

Financial Manager – Business Planning

& Reporting

T Sifundza

Financial Manager – Financial

Management

Human Capital

B Masuku*

B A Maziya

M Gamedze

Dr R Shoshore

T Mkoko

M Masuku

Group Human Capital Manager

Head: Human Resources Operations

Head: Learning and Talent

Head: Medical and Wellness Services

Employee Relations Manager

Remuneration & Human Capital Systems

Manager

Governance, Risk and Compliance

L Masango

Head: Governance, Risk and Compliance

Information Technology

R Coombe

Group IT Manager

Office of Strategy Management

P M Dlamini

Head of Strategy and Risk

Public Affairs

S Nyembe

I Fakudze

M Dlamini

Group Public Affairs Manager

Property Services Manager

Livestock and Game

*Members of the Executive Committee (Exco)



N M Jackson
(Director)

ABRIDGED INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

The Group auditors, SNG Grant Thornton Chartered Accountants (Eswatini), have issued an unmodified audit report on the consolidated and separate financial statements for the year ended 31 March 2024 from which this information has been extracted.

A copy of their audit report on the consolidated and separate financial statements is available for inspection on the RES website.

ABRIDGED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Group 2024 E'000	Group 2023 E'000
Assets		
Property, plant and equipment	2 718 123	2 628 966
Goodwill	286 481	286 481
Intangible assets	39 696	49 739
Equity accounted investees	238 536	212 744
Derivative assets	-	2 006
Deferred tax assets	1	8
<i>Total non-current assets</i>	3 282 837	3 179 944
Inventories	217 761	214 345
Biological asset - growing cane	1 027 738	745 029
Biological asset - livestock	17 078	19 522
Trade and other receivables	459 572	392 263
Derivative assets	2 426	3 160
Taxation prepaid	67	24 154
Cash and cash equivalents	272 014	38 597
<i>Total current assets</i>	1 996 656	1 437 070
Total assets	5 279 493	4 617 014

	Group 2024 E'000	Group 2023 E'000
Equity		
Share capital	128 639	128 639
Share premium	632 379	632 379
Preference share redemption reserve	78 104	78 104
Retained earnings	2 261 106	1 890 231
<i>Total equity</i>	3 100 228	2 729 353
Liabilities		
Deferred tax liabilities	654 615	609 743
Loans and borrowings	536 106	474 427
Employee benefits	102 440	93 303
<i>Total non-current liabilities</i>	1 293 161	1 177 473
Trade and other payables	437 330	418 158
Short term employee benefits	138 478	74 701
Bank overdraft	11 281	89 558
Current portion of loans and borrowings	148 635	127 133
Current tax liabilities	9 139	638
Dividends payable	141 241	-
<i>Total current liabilities</i>	886 104	710 188
Total liabilities	2 179 265	1 887 661
Total equity and liabilities	5 279 493	4 617 014

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Group 2024 E'000	Group 2023 E'000
Revenue	4 749 409	4 146 053
Cost of sales	(3 778 978)	(3 433 460)
Change in fair value of biological assets	280 265	(70 344)
Gross profit	1 250 696	642 249
Other income	90 074	87 100
Distribution expenses	(10 547)	(10 575)
Administration expenses	(590 366)	(487 242)
Impairment loss on trade receivables	(1 080)	(99)
Operating profit	738 777	231 433
Finance income	51 711	16 100
Finance costs	(62 455)	(24 181)
Net finance cost	(10 744)	(8 081)
Share of profit of equity accounted associate companies (net of income tax)	48 050	18 338
Profit before taxation	776 083	241 690
Income tax expense	(137 613)	(63 942)
Profit attributable to owners of the Company	638 470	177 748
Other comprehensive income (OCI)		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit liabilities	4 595	1 083
Related deferred tax	(1 264)	(298)
Other comprehensive income, net of tax	3 331	785
Total comprehensive income for the year attributable to owners of the Company	641 801	178 533
Basic and diluted earnings per share (cents)	662.7	184.5

ABRIDGED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
2024 Group					
Balance at 1 April 2023	128 639	632 379	78 104	1 890 231	2 729 353
Profit	-	-	-	638 470	638 470
Other comprehensive income	-	-	-	3 331	3 331
Total comprehensive income for the year	-	-	-	641 801	641 801
Transactions with owners recorded directly in equity - Dividends	-	-	-	(270 926)	(270 926)
Balance at 31 March 2024	128 639	632 379	78 104	2 261 106	3 100 228
2023 Group					
Balance at 1 April 2022	128 639	632 379	78 104	1 763 243	2 602 365
Profit	-	-	-	177 748	177 748
Other comprehensive income	-	-	-	785	785
Total comprehensive income for the year	-	-	-	178 533	178 533
Transactions with owners recorded directly in equity - Dividends	-	-	-	(51 545)	(51 545)
Balance at 31 March 2023	128 639	632 379	78 104	1 890 231	2 729 353

ABRIDGED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Group 2024 E'000	Group 2023 E'000
Cash flows from operating activities		
Cash generated from operations	778 589	449 178
Interest paid	(59 715)	(34 098)
Taxation paid	(61 410)	(28 638)
<i>Net cash generated by operating activities</i>	657 464	386 442
Cash flows from investing activities		
Finance income	51 711	16 100
Dividends received	27 508	23 458
Proceeds from sale of property, plant and equipment	342	742
Acquisition of property, plant and equipment	(354 617)	(647 629)
Acquisition of intangible assets	(13 282)	(11 106)
Acquisition of associate	(13 158)	(15 313)
<i>Net cash utilised in investing activities</i>	(301 496)	(633 748)
Cash flows from financing activities		
Proceeds from loans and borrowings	194 897	326 600
Repayment of borrowings	(111 675)	(86 576)
Repayment of lease liability	(1 537)	(1 995)
Dividends paid	(129 685)	(116 963)
<i>Net cash (utilised in)/generated by financing activities</i>	(48 000)	121 066
Net increase/(decrease) in cash and cash equivalents	307 968	(126 240)
Cash and cash equivalents at beginning of year	(50 961)	71 903
Effect of exchange rate fluctuations on cash held	3 726	3 376
Cash and cash equivalents at year end	260 733	(50 961)

ABBREVIATIONS AND ACRONYMS

ACP	Africa, Caribbean and Pacific
ART	Antiretroviral Treatment
BOM	Bills of Materials
CDC	Commonwealth Development Corporation
CMP	Comprehensive Mitigation Plan
CMS	Concentrated Molasses Stillage
CSI	Corporate Social Responsibility
CXL	An EU import duty on sugar
DIFR	Disabling Injury Frequency Rate
EAP	Employee Assistance Programme
ECCA	Eswatini Cane Growers Association
EEA	Eswatini Environmental Authority
EEC	Eswatini Electricity Company
EIA	Environmental Impact Assessment
EIT	Engineers-in-Training
ENA	Extra Neutral Alcohol
ER	Employee Relations
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ERS	Eswatini Revenue Services
ESA	Eswatini Sugar Association
ESG	Environment, Social and Governance
EU	European Union
EVP	Employee Value Proposition
FOB	Free On Board
GM	General Manager
HCRP	Human Capital Rationalisation Project
HR	Human Resources
IR	Industrial Relations
ISO	International Sugar Organisation
IYSIS	Inyoni YaseSwatini Irrigation Scheme

KPI	Key Performance Indicator
LAA	Litres of Absolute Alcohol
LDC	Less Developed Country
LTA	Lost Time Available
LTI	Long-term Incentive
LTM	Long Term Mean
MD	Managing Director
MLSS	Ministry of Labour and Social Security
MoU	Memorandum of Understanding
MSP	Mananga Sugar Packers
NERCHA	National Emergency Response Council on HIV and Aids
OSM	Office of Strategy Management
PSM	Projects, Programmes and Portfolios Management
PHC	Primary Health Care
PMS	Performance Management System
Pol	Polarity
PPP	Public Private Partnership
PSD	Property Services Department
SACU	Southern African Customs Union
SIA	Sugar Industry Agreement
SPV	Special Purpose Vehicle
STI	Short-Term Incentive
TCH	Tonnes Cane per Hectare
TSH	Tonnes Sucrose per Hectare
TCHR	Tonnes Cane per Hour
TOR	Terms of Reference
TRP	Temporary Residence Permit
VHP	Very High Polarisation
WWMMP	Waste Water Management Master Plan
YTD	Year-To-Date

Simunye Sugar Estate

P. O Box 1 Simunye

Tel: +268 2313 4000

Fax: +268 2383 8171

Mhlume Sugar Estate

P. O Box 1 Mhlume

Tel: +268 2313 4000

Fax: +268 2383 1309

Emails

info@res.co.sz

sugarmarketing@res.co.sz

ethanolmkt@res.co.sz

www.res.co.sz

Follow us on  