



INTEGRATED REPORT 2021

Standing true to our values

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OUR NEW BUSINESS AS USUAL

Our external environment remains characterised by uncertainties which are marked by rapid, unpredictable changes. The reality is that we can only control the internal environment by influencing the rate of production and suppression of the unit cost. Simama 20-25 is therefore the only way we can guarantee sustained value-creation for all stakeholders.

01

ABOUT THIS REPORT

This is the tenth Integrated Report of the Royal Eswatini Sugar Corporation (RES Corporation), previously known as the Royal Swaziland Sugar Corporation. The report outlines the relationships, interactions, issues, activities, and performance of RES, within its operating and marketing environment during the financial year from April 1, 2020 to March 31, 2021. The aim of the report is to provide to all stakeholders a balanced and integrated insight into the capability of RES to create value in the short (one to two years), medium (three to five years) and long term (five to ten years).

Reporting Boundary

The scope and boundary of the report remain unchanged from the prior year, and the material issues have been identified and reported on with regard to, and taking cognisance of, the six capitals – financial, intellectual, human, social relationship, manufactured and natural – outlined in the International Integrated Reporting Council (IIRC) <IR> Framework. The report was also prepared with regard to the principles described in the King IV Code on Corporate Governance (King IV).

Certain forward-looking statements are made in the report, particularly in the context of global and regional markets and economic trends in relation to how this could impact our strategy, capital expenditure (capex) and operational processes. These statements are necessary, not just for the completeness of reporting but because any future foreseen or unforeseen events have potentially significant implications for strategy implementation and value-creation.

(For more on strategy and operations please see pages 27 and 53.)

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 our stakeholders that have a significant influence on our ability to create value.

Navigation

In our report, we endeavour to describe our approach, activities and mandate in terms of our capitals, with associated icons to aid reference and navigation:



For more on our capitals, see page 10.

Materiality and material matters

While no formal process was undertaken during the year under review to further identify the material aspects that form the basis of the scope and boundary for this report, the material aspects previously identified have not changed in any significant manner. In addition, the COVID-19 pandemic was a material issue during the year. For details on the impact of COVID-19 on the business, see page 40. Further material issues as they pertain to ongoing stakeholder management are discussed in our Stakeholder Relations section of this report on page 46.

Directors' Statement of Responsibility

The Board of Directors acknowledges its responsibility in ensuring the integrity of this report, and has applied its collective mind to its presentation and preparation. The Board believes that this report is a fair representation of the performance of the Group and its material matters. The Board of Directors has approved the 2021 Integrated Report on the recommendation of the Audit and Risk Committees. The Group Financial Statements were audited by Thornton Chartered Accounts (Eswatini).

02

HIGHLIGHTS

RES CORPORATION AT A GLANCE

Even though this year our crop yields were lower than last year, we have achieved good performance because of excellence in our factories and an increase in the sugar price, good rains and effective cost control. The final result is a record profit after tax.



E3.78bn
Revenue



E101m
Ethanol
margin



E421m
Cane-growing
margin



E691m
Profit before tax



E535m
Sugar-milling
margin



E508m
Attributable to
shareholders



RESPECT

We respect.
We value.
We care for
each other.

Standing true to our values

03

WHO WE ARE



Our story -
6 decades of growth



Our capitals and
investment portfolio



Our Mission, Vision
and Values



Our operating
environment



5 year review



Our value-creating
business model

OUR STORY – SIX DECADES OF GROWTH



1950

1950

1955

Commonwealth Development Corporation (CDC) undertakes sugar cane trials at Mhlume; Mhlume (Swaziland) Sugar Company Limited, registered as a sugar factory and cane estate

1957

Komati River Barrage, with 88km gravity canal, commissioned to provide the required irrigation. Known as Mhlume Water, this system is managed by Inyoni Yami Swaziland Irrigation Scheme (IYSIS).

1958

Mhlume Sugar Estate incorporated

1960

1960

1960

Mhlume Mill commissioned with a production capacity of 90 tonnes cane per hour (tc/hr)

1966

CDC assumes sole ownership of Mhlume (Swaziland) Sugar Company Limited

1970

1973

Tibiyo TakaNgwane, in conjunction with CDC, carries out a pre-investment study for the expansion of sugar production

1975

Third mill is planned and developed by Tate and Lyle Technical Services Limited which enters into partnership with the Swaziland Government and Tibiyo TakaNgwane

1980

1970

1977

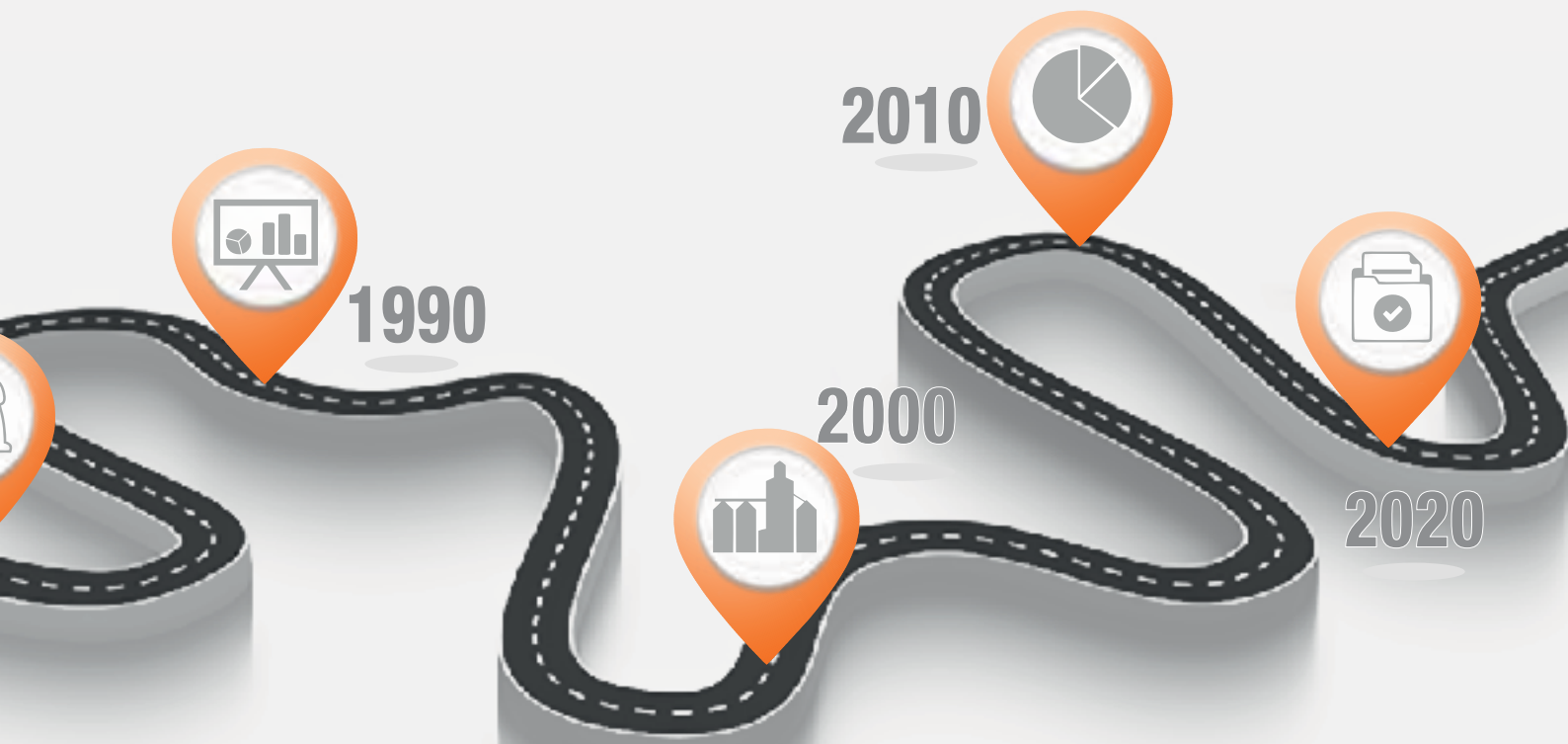
His Majesty King Sobhuza II, OBE, the Ingwenyama of Swaziland, acquires 50% of share capital of Mhlume in trust for the Swazi nation

1978

The Ingwenyama names the third mill Simunye Sugar Estate

1979

The Royal Swaziland Sugar Corporation Limited is created as a Joint Venture between the Swaziland Government and Tibiyo TakaNgwane, with the agreement to subscribe for E40.1 million of equity share capital



1980

1980

Simunye Sugar Mill, capable of producing 120 000 tonnes sugar per annum, is commissioned

1990

1992

RSSC is listed on the Swaziland stock exchange

1995

Distillery is commissioned

2000

2001

RSSC acquires Mhlume (Swaziland) Sugar Company Limited

2002

A new, enlarged RSSC Group is launched, employing more than 3 500 permanent staff and producing two-thirds of the country's sugar

2004

Mananga Sugar Packers is established at Mhlume Mill as a joint venture between RSSC and TSB Sugar

2007

Distillery expansion is commissioned to utilise all Mhlume and Simunye molasses in order to increase its notional capacity to more than 32 million litres of ethanol per year

2009

Purchase of 50% shareholding in IYSIS by RSSC at a cost of E46million

2010

2011

Installation of the 30 megawatt turbo alternator at the Simunye mill, at a cost of E120 million

2012

RSSC acquires a 25% shareholding in Quality Sugars (Pty) Limited

2012

Purchase of Swazican Citrus lease at IYSIS and the conversion of 600ha from citrus to cane, thereby increasing cane and sugar production

2014

Integration of our information systems into SAP in line with global best practice

2017

Phase 1 of the Integrated Growth Plan began

2018

Mhlume factory expansion Phase 1 was completed and Phase 2 began. The new equipment was already in operation, and aligned to crush the additional Outgrower cane.

2019

Phase 2 of the Integrated Growth Plan was completed during the off-crop (April)

2020

2020

Royal Swaziland Sugar Corporation changes its name to Royal Eswatini Sugar Corporation, expressed in a newly designed logo as RES Corporation

2021

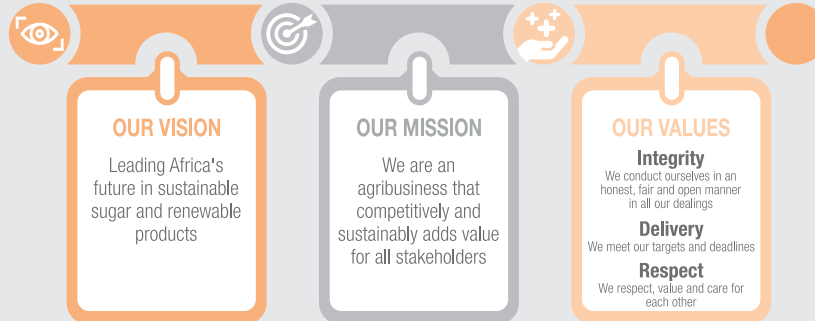
Resilient performance despite COVID-19. Record crop, record short crushing season and second highest financial results in history up to 2021

2021

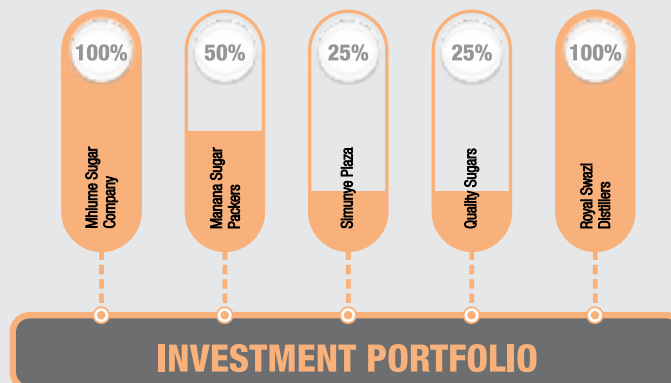
RES purchases remaining 50% of IYSIS to reach 100% ownership.

OUR VISION, MISSION AND VALUES

Our vision and mission encapsulate our purpose, our goal to be an industry leader on our continent, and our determination to grow our business and products sustainably.



OUR CAPITALS



OUR OPERATING ENVIRONMENT

The international picture

Current situation

Sugar supply and demand - Around 110 countries produce sugar, with sugarcane accounting for nearly 80% of global sugar production and sugar beet, 20%. The top ten producing blocs (India, Brazil, Thailand, China, the US, Mexico, Russia, Pakistan, the EU and Australia) cumulatively account for nearly 70% of global output.

Global production in 2020/21 (October/September) is estimated at some 180 million tonnes with consumption at about 185 million tonnes. After several years of surpluses, the world sugar market is experiencing a modest deficit of more than 4 million tonnes. The global supply/demand balance and surplus/deficit position over recent years is shown in figure 1. The market is characterised by some quite pronounced cycles, particularly regarding production.

Prices - In line with several other soft commodities, a sharp fall in sugar prices during the early stages of the COVID-19 pandemic in April 2020 was followed by a strong recovery, which was partly due to poor crops in Thailand, the EU and elsewhere, lower than expected Indian exports and uncertainties over the forthcoming Brazil crop.

Outlook

In forecasting consumption growth, analysts recognise the concerns about excess sugar consumption and how the public policy response will affect future demand for sugar. Consumption in Europe and the Americas is expected to be flat or falling. Elsewhere they see it rising with the focus on Africa and parts of Asia (notably China, Indonesia and India). Key influential factors in determining demand are the rate at which per capita consumption of sugar increases as incomes rise, the slowing pace of global population growth and the increasing focus on sugar and health being the subject of public policy.

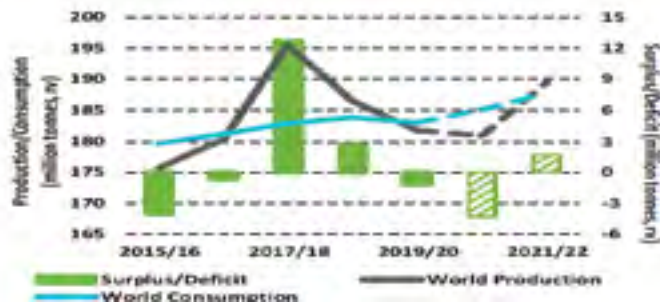
Figure 3 shows the history of sugar consumption growth over the past two decades. The average annual growth rate in the 2010s was 0.9% compared to 2.3% in the 2000s. Despite the impact of the pandemic, the broad base of opinion suggests

that consumption will still increase by some 1% per year – equivalent to a total of 19 million tonnes by 2030. A ‘worst case’ forecast shows global demand rising by 8 million tonnes by 2030.

Production Looking ahead, LMC, the industry analyst, is predicting that by the mid 2020’s, new capacity will be required to meet this 1% pa growth

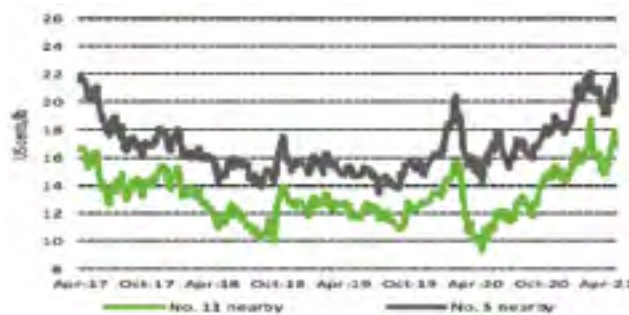
in global consumption of sugar. Not only will an increase in prices be necessary to stimulate the required investment but Brazil’s path towards greater use of ethanol and other factors could potentially open the door for others, such as Eswatini, to produce sugar for the growing world market.

FIGURE 1 - Global supply/demand balance (Oct/Sep basis)



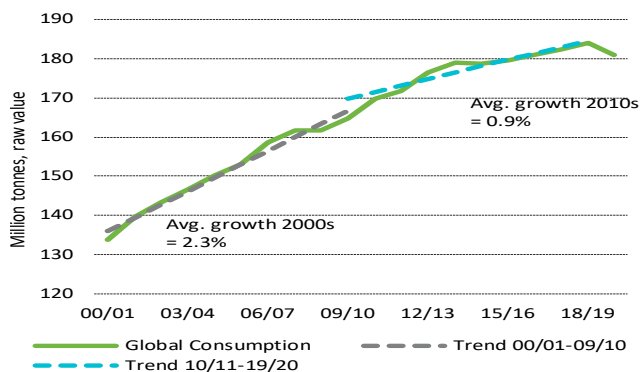
Source: LMC International

FIGURE 2 - World white and raw sugar prices



Source: LMC International

FIGURE 3 - Sugar consumption growth



Source: LMC International

OUR OPERATING ENVIRONMENT - (continued)

Market outlets and prospects for Eswatini sugar

Eswatini's market strategy is to maximise sales to the highest priced markets, subject to quotas or other restrictions, with the focus on direct consumption (DC) sugars. The key priority is SACU, followed by the attractively priced (but small) US Tariff Rate Quota. Thereafter, the balance of DC bagged sugars is sold to the EU and African regional markets and any remaining bulk sugars to the EU or world markets, depending upon relative prices at any particular time. While market allocations vary from year to year, the 2019/20 profile, which is fairly typical, is shown in figure 4.

The SACU market continued to offer the best price prospects. However, the recently signed South African Sugarcane Value Chain Master Plan could have negative implications for Eswatini sales volumes and prices in that market which will have to be monitored carefully.

In the EU, the poor (weather and disease affected) 2020 beet crop saw low production and greater imports than usual. Even when EU production recovers, the bloc 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 the EU offtakers, it should be able to continue to access that market.

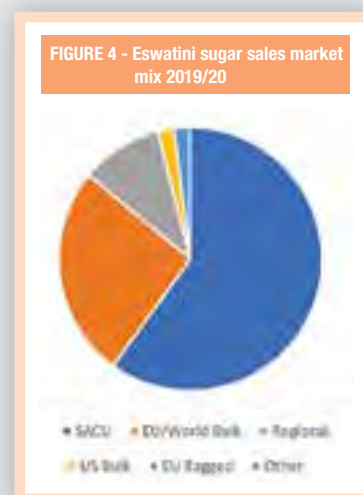
The US Tariff Rate Quota, although small, continues to offer good prospects and when the quota is temporarily enlarged (as in 2020) the additional supply opportunity is commonly taken up.

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 (from a low base) and the transition from direct to indirect consumption of sugar in manufactured products as economies develop. Moreover, Africa is a sugar deficit continent.

Eswatini continues to lobby for preferential access into the region and thereby take full advantage of the trade agreements to which it belongs (e.g. COMESA and SADC). Moreover, ESA has developed a Africa Regional Marketing Strategy to leverage sales into existing and new markets. Prices in African regional markets are typi-

cally at a premium when compared to world market values. Eswatini has quota access into Kenya, which is an attractive outlet. However, COMESA/SADC sugar production is scheduled to increase this year and competition will be tighter.

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.



FIVE-YEAR REVIEW

	March 2017 Actual	March 2018 Actual	March 2019 Actual	March 2020 Actual	March 2021 Actual
Production					
Sugar (96 ^o tonnes)	400 102	435 763	505 575	460 659	461 567
Ethanol ('000 Litres)	33 218	25 468	29 844	35 701	30 812
Financial Results (E M's)					
Revenue (RES)	2 958	2 962	3 047	3 372	3 778
Profit attributable to shareholders	393	301	218	300	508
Balance sheet & cash flow (E M's)					
Total assets	2 940	2 939	3 130	3 492	3 962
Shareholders' funds	1 893	1 982	2 053	2 223	2 486
Net borrowings	-	-	145	112	-
Net cash from operating activities	572	391	75	496	713
Financial ratios					
Operating Margin %	18.2	11.1	8.0	11.3	17.1
Return on Net Assets (%)	24.1	16.7	11.6	14.7	21.5
Return on shareholders equity (%)	20.8	15.2	10.6	13.1	20.4
Interest cover (times)	78.0	173.5	21.1	13.9	35.8



Our children need protection and nutrition



Promoting education



Community safety is our priority



Supporting our Support Groups



Development through pushing access to clean water



Social change agents have our support



Consolidating efforts to fight poverty

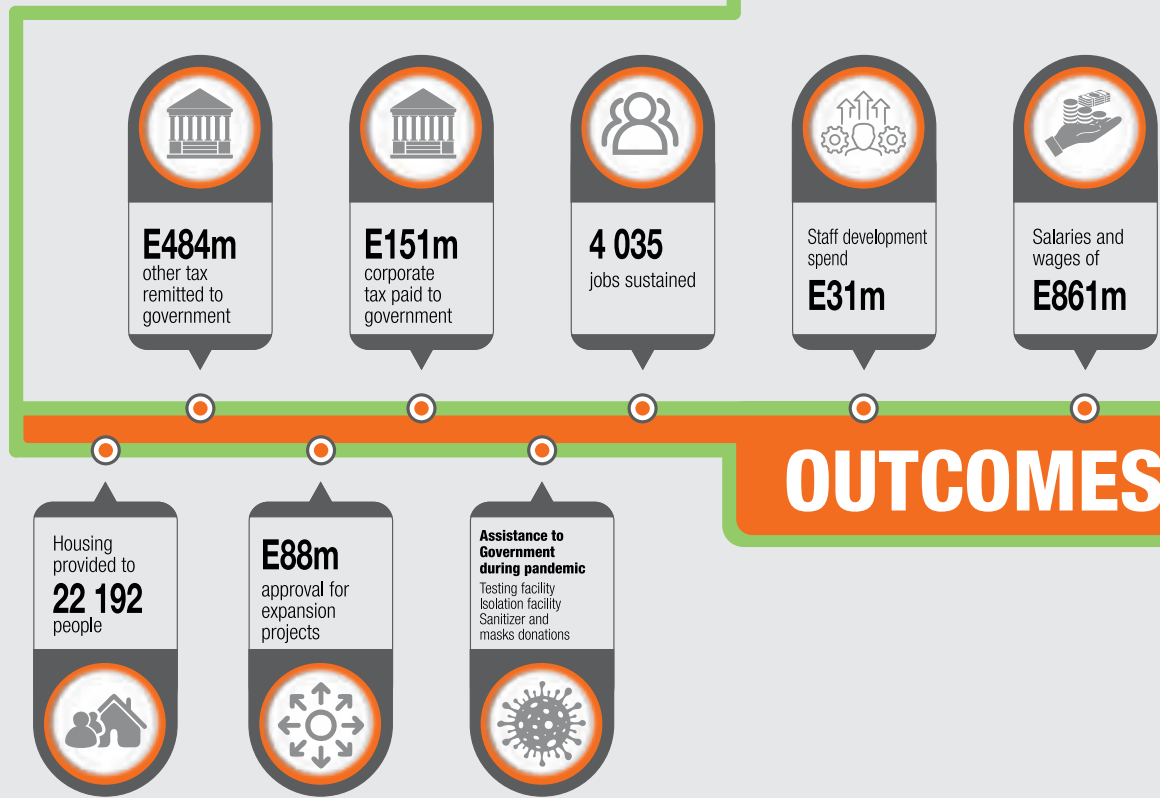
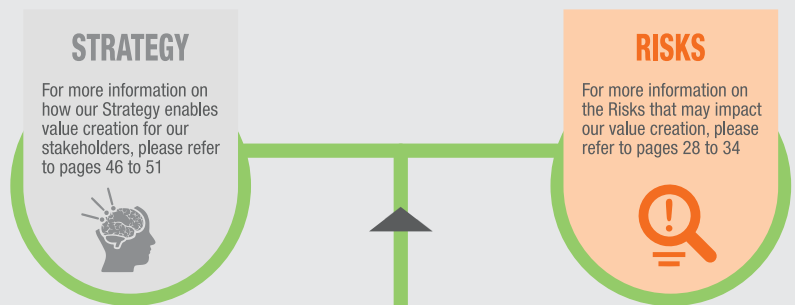
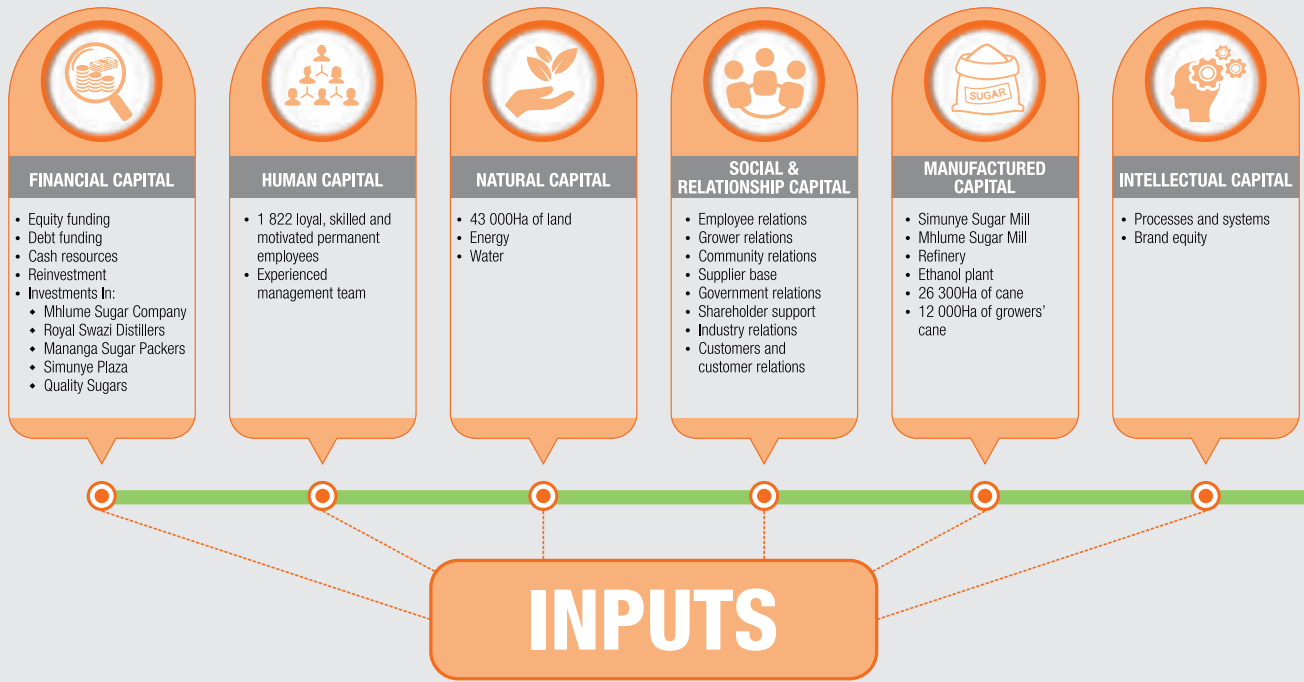


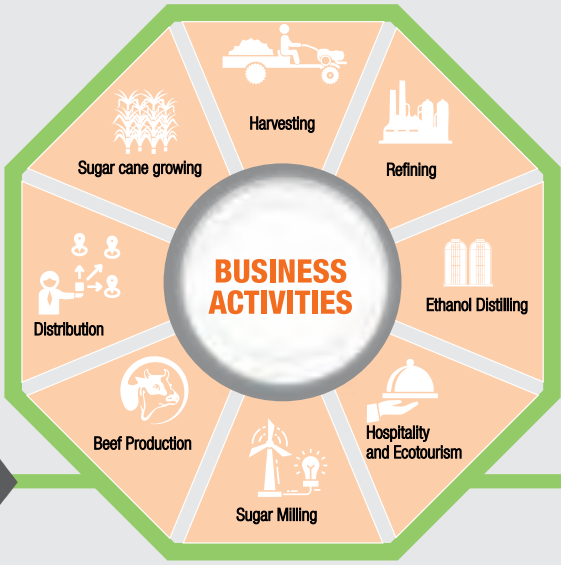
Safety for all against COVID-19

Because we care

we stand by our obligation of contributing to the socio-economic development of the nation.

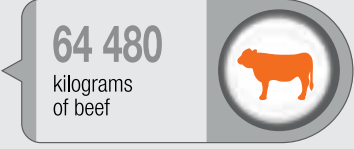
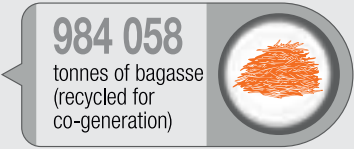
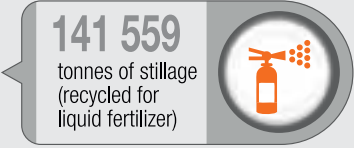
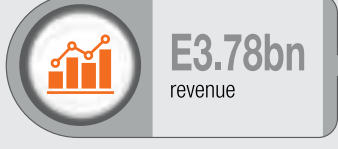
OUR VALUE-CREATING BUSINESS MODEL





Our business model constitutes a basic part of our financial and intellectual capitals. Together with our capital inputs and based on our strategy, it governs the manner in which we conduct our business activities to produce outputs which create value for our stakeholders.

2021 OUTPUTS



MESSAGE FROM THE CHAIRMAN



DR AT DLAMINI - Chairman



E3.78bn
Revenue

RES has displayed its resilience during the year which has been extremely challenging on a number of strategic fronts. Firstly, the COVID-19 pandemic required a prompt, decisive and ongoing response to ensure the health and safety of our people, the continuity of our business and the provision of support to our social partners and the government.

RES successfully acquired the remaining 50% of IYSIS which is being integrated into the organisation. South Africa's Sugarcane Value Chain Master Plan has presented a number of issues and concerns which the Board is assessing and monitoring.

On the positive side, we achieved the highest profit in our history, despite a low crop due to a long dry season and the outbreak of disease negatively affecting the yields. We achieved a 12% higher sugar price and a 32% higher ethanol price compared to the prior year. Cash generation was strong and we have been able to pay a good dividend.

Governance and ethics

The Board acknowledges its crucial role in exercising constant, ethical and effective leadership in achieving alignment with King IV. To this end, the Board has ensured the application of the 16 good governance principles outlined in King IV, by adopting applicable or alternative practices which are appropriate for the company's circumstances and operating environment. Our overall aim is for the Corporation to meet its obligations and responsibilities to society and the natural environment.

The past year has been dominated by the ongoing COVID-19 pandemic. Our Risk Committee worked with management to prioritise the wellbeing of our employees and their families, and has taken steps to assist our communities. We have done everything possible to minimise the negative effects of the outbreak on our employees and business operations. Unfortunately, 678 employees tested positive and seven succumbed to the virus. We extend our deepest sympathies to their families.

The Risk and Social and Ethics Committee continued to monitor the management of ethics, fraud and cor-

ruption, IT governance matters, and safety and health within the workplace and the company's activities. The Risk Committee also focused on the application of technology and adherence to safety, health and environmental standards to retain our ISO certification.

The Audit Committee appointed Thornton Chartered Accountants (Eswatini) as the external auditor following a due tender process. In addition to the Committee's usual focus on transparency and continual improvement of governance, it oversaw the compilation of a new policy on related party transactions.

The Remuneration Committee focused on succession planning at executive and senior management levels and on the implementation of recommendations in the PWC report on incentive schemes.

We have continued to monitor the optimisation of our portfolio of assets and have worked on achieving the right gender diversity in our senior management structure. We also evaluated the impact of data protection legislation on our business.

During the year under review the Board executed all its scheduled activities as set out in the Board Charter and the Board of Directors' annual work plan.

(For more on the activities of our committees, see page 72.)

Delegation

During the financial year, the Board delegated to management aspects of stakeholder engagement with respect to the volatilities and uncertainties in the sugar industry. In keeping with the business's focus on expanding its portfolio of assets through acquisitions, the Board established:

- an ad hoc committee to consider and oversee the company's acquisition of the IYSIS business;

- a special projects office to undertake pre-feasibility and due diligence exercises as well as drive execution of various strategic projects.

Throughout the year, Board members were kept well-informed on business developments through our ongoing fruitful and productive engagement with the executive team, and the quarterly reporting by the various committees.

(For more on governance, see page 68.)

Our people and their wellbeing

The Corporation has continued to invest in its human capital, with an ongoing emphasis on attracting talent, retaining critical skills, technical and leadership development and succession planning.

(For more on employee health and wellness, see page 40.)

RES is mindful of its environmental responsibilities and we are doing everything within our ability to address areas of non-compliance as they are identified.

As a responsible corporate citizen, we continue to invest in our surrounding communities in particular, and society in general, through our contribution to sports, health, empowerment and cultural activities. I am pleased with our contribution to the improved standard of living of our employees and neighbouring communities through our human capital and corporate social investment programmes.

Dividend distribution

We are pleased to have been able to fulfill investor expectations in terms of cash returns, with the payment of dividends totaling E254.5 cents per share during the year.

(For more on finance, see page 24.)

Stakeholders

It is pleasing to have been able to deliver value not only for our shareholders but also for various other stakeholders, by creating employment opportunities (and thereby contributing to the country's GDP and fiscus), as well as through our partnerships with, and procurement from, local suppliers and community development initiatives. RES contributed to the Government and private sector's efforts to curtail the impact of the Corona virus on the nation.

MESSAGE FROM THE CHAIRMAN - *(continued)*

The pandemic has highlighted the inter-connectedness of all stakeholders and the need to ensure that business has a positive impact. We have renewed our commitment to enhancing our value proposition in social matters and the sustainability of the Corporation. We have revisited and updated our stakeholder management programme in line with best practice. We believe that by working together we can achieve more.

(For more on stakeholders and outgrowers, see pages 46 to 52)

Outlook

The devastating impact of the COVID-19 pandemic will continue until we achieve the so-called 'herd immunity' through vaccination in our country and neighbours. Until then we will continue to follow the guidance and measures required to keep our people safe and healthy and to preserve the sustainability of our business.

We are aware of the risks in our external operating environment: the volatility of the sugar market, changing weather patterns, economic uncertainty, environmental issues,

new legislation and the threat to our exports posed by the South African Sugarcane Value Chain Master Plan. We need to focus on the aspects we can control - a stable operating and financial performance, managing our costs, growing and expanding the Corporation and creating value for our stakeholders.

RES's strong fundamentals and resilience position the Corporation well to tackle the challenges of the future.

Acknowledgements

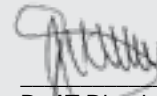
I would like to express our condolences to the family of our director, John du Plessis, who passed away in January 2021. We are grateful for his contribution and commitment over the years. We warmly welcome our new Board member, Rob Field, and look forward to his contribution to Board deliberations.

My sincere appreciation goes to my fellow Board members for their commitment and guidance during this extraordinary year.

Our Managing Director and management team are to be congratulated on their excellent management during the pandemic, the swift introduction of mitigation plans, the ongoing communication of these to staff and the minimal disruption to operations over this period.

I also wish to thank all our employees for their contribution to RES' excellent performance.

Finally, I am grateful to our shareholders, the Eswatini Government and its ministries, our suppliers and other stakeholders for their continued support, co-operation and belief in our great Corporation.



Dr AT Dlamini
Chairman



DOING IT THROUGH OUR PEOPLE: All that we achieve in our Simama 20-25 is through doing all that we do by putting in renewed energy and together pulling in one direction, a direction we all know.

05

CREATING VALUE



Message from the
Managing Director



Financial Report



Our Strategy



Material Matters



Managing Risk

MESSAGE FROM THE MANAGING DIRECTOR



NM JACKSON - Managing Director



453 140

tonnes sold into the SACU market by the Eswatini Sugar Industry

We are pleased to have delivered a record financial performance with record operational achievements in the year under review, due mainly to steadily rising world sugar prices and an overall weak Lilangeni. We managed costs well and implemented a successful Lilangeni hedge which supported the financial performance.

COVID-19 presented both disadvantages and advantages. Our employees and their families were affected in differing degrees, with 678 contracting the virus and 670 recovering. Sadly, seven employees and one of our directors died from COVID-19 and we extend our sincere condolences to their families.

The pandemic made trading conditions extremely difficult for exports and for operations in relation to the movement of skilled personnel in and out of RES. One of the positive outcomes was that RES produced 46 000 litres of sanitiser (80% alcohol content) which was used internally for all staff and operations and was also donated to communities and regional health facilities.

In response to COVID-19, the health and safety of our people was paramount. We reacted quickly to conform to all requirements. We established a tripartite committee representing organised labour, employees and management, with a medical practitioner to provide expert advice. We communicated with employees on a regular basis about the pandemic, the measures to be taken and new developments as well as encouraging them and their families to act cautiously and remain positive. The contribution from our employees and unions was supportive and helpful and I commend all in the company for their co-operation during this challenging time.

We improved our own medical clinic, including piping in oxygen, purchasing ventilators and employing an additional doctor and five additional nurses. We also converted our country clubs into isolation facilities for employees who were unable to isolate at home. These amenities had individual rooms with en suite bathrooms, cooking facilities and fulltime security.

We changed the way we operate to comply with COVID-19 guidelines. As we transport all our workers on a daily basis, we reduced numbers per

vehicle and purchased extra vehicles. Social distancing in the housing we provide was also a challenge but we refurbished unused accommodation to meet the requirements. We added more washing facilities, sanitising stations and provided thermometers throughout the operations. Each employee was provided with masks, which are now a regular stock item. Those not required to be physically on site, moved to working from home and we developed a procedure to guide remote workers. We embraced technology for meetings and engagements.

Unfortunately our safety standards deteriorated during the year, with our monthly disabling injury frequency rate (DIFR) at 1.76, being 60% higher than last year. The 12-month cumulative DIFR was at an unprecedented high of 1.01 and above the corporate threshold of 0.6. As a result, a substantial effort was made to ensure that we maintain our zero fatality record through raising awareness and communicating reminders to all employees.

For the greater part of our sugar season we battled with climatic conditions which led to lower yields. The cane across the region was attacked by yellow sugar Aphids which further reduced yields. Our factories performed well in terms of cane processed, efficiencies, fuel usage, overall recoveries and sugar production, thereby ensuring that RES' extraction and overall recovery was higher than in the previous year, as well as being recognised as one of the best sugar companies in Southern Africa for the year under review.

While improved recoveries are good for sugar production, the result is less molasses feeding into the distillery.

Climate change continued to impact the Corporation. While low rain is good for cane harvesting, the long dry period resulted in low dam levels. By January 2021, the dams had less than 30% capacity. This necessitated water restrictions to maintain sufficient water for the following season. Reducing the amount of watering results in less cane per hectare, but ensures sustainability in the future. Aphids flourish in dry weather and the spread of the disease further impacted yields. Thankfully, Cyclone Eloise in January/February 2021 resulted in substantial rains which

filled the dams to overflowing - the first time since 2014. In the space of a few weeks, the rain changed the situation from precarious to strong for the 2021/22 financial year. The total cumulative rainfall received was 118.9% and 109% of the long term average for Mhlume and Simunye, respectively. In both cases, this is the highest rainfall received within the RES estates post the 2014-16 drought.

Total cane crushed amounted to 3 544 754 tonnes, including 80 500 tonnes cane on behalf of Ubombo Sugar. Our total sugar production was 438 387 tonnes and total refined sugar was 132 848 tonnes.

Markets

According to the OECD-FAO Agricultural outlook for the next 9 years, global sugar production is projected to recover and expand by 15% to 203 million tonnes by 2029, with 96% of the projected increase originating from developing countries. Brazil is forecast to maintain its position as the world's largest sugar producer and to account for about 18% of the world's sugar output by 2029. In response to the higher nominal prices and the increasing global consumption, the average annual growth rate of sugar production is expected to be slightly higher than that of the last decade.

Driven by sustained economic expansion and moderate population growth, sugar demand in Asia is expected to represent more than half of global consumption by 2029. In absolute terms, Africa will experience a similar population increase to that of Asia, although the increase in its consumption of sugar should be significantly lower.



MESSAGE FROM THE MANAGING DIRECTOR

In other parts of the world, especially in high-income countries, per capita consumption will continue to decline as a result of changing consumer habits regarding sugar intake. Increasing awareness of the health effects of high levels of consumption of caloric sweeteners reinforced by policy actions will impact consumption trends.

(Source: <https://www.oecd-ilibrary.org>)

Globally, Eswatini as a country, is ranked the fifth lowest cost producer in the world.

(Source: LMC Sugar Bulletin and RCL foods study.)

SACU is the most profitable market for RES as most of our volumes are sold to South Africa, Botswana and Namibia. The South African Sugar-cane Value Chain Master Plan has caused significant uncertainty in the region as SA tries to protect its domestic sugar industry against imports. RES, as a low cost producer, is extremely competitive and has higher yields than the SA producers. SACU is the home market for RES which we have a legal right to sell into. We will continue to monitor and influence developments so that we retain our market share.

RES exported sugar to Southern Europe rather than the world market due to the premium obtained.

Management changes

As part of succession planning, a number of management changes were made during the year. Stephen Potts moved from GM Finance to GM Special Projects – to oversee the purchase and integration of IYSIS and new growth opportunities. Dumisani

Dhliwayo was appointed GM Finance from 1 April 2020. In July 2020, Bonisiwe Masuku was appointed GM Human Capital.

Projects

We continued to extend, enhance and benefit from SAP as we implemented additional modules, including a strategy module (SPEAR), which allows online strategy tracking and reviews, and a module to speed up the budgeting process. We replaced our manual time management system with an automated biometric system (KRONOS) and integrated Canepro, a cane growing system, into SAP. As part of embracing the fourth industrial revolution, we have driven technological advances in the business. One such introduction was that of inbound cane logistics, to improve and streamline the haulage of cane. Another is a project to convert our fields to drip irrigation using GPS technology over the next 10 years. The advantages are that we will replant less frequently, we will use less water and we will be able to introduce automated cane cutting/harvesting using GPS guided chopper harvesters in due course.

Sugar industry

During the year, King Mswati III commissioned a sugar Industry *libandla* to investigate the level of procurement from local suppliers. RES was the company with the highest local spend – E1.6billion out of a total of E2billion. The balance is spent outside the country, mainly in South Africa.

Strategy

The past financial year was characterised by a significant effort to drive change in the organisation. Our Leadership Academy has introduced a number of programmes on all levels which encourage agility, improvements, innovation, new technology and a move from traditional ways of work. We provided training to produce change champions and change agents who will drive the change agenda to becoming a level 4 organisation by 2022.

We purchased the remaining 50% of IYSIS and the transaction became effective on 1 December 2020, with integration substantially completed by year end.

We had suspended our expansion plans for a few years due to the uncertainty in local markets and the issues in South Africa as well as our intention to purchase IYSIS and Tambankulu. We are now ready to pursue value adding opportunities and have approached the Board for approval to restart our expansion programme and energy improvements. We are planning a 2000 hectare expansion over the next 3 years as well as factory upgrades. Forecasts of 1% growth in global sugar consumption indicate that consumption will exceed production in the medium to long term, which should drive prices higher. RES intends to expand in the short term to benefit when the sugar markets improve. We plan to maximise profitability over the next few years to generate sufficient cash for the expansion.



The story of the need to drive down the unit cost has remained a topical issue throughout the year.



There are currently 49 individuals in our apprentice Programme. A total of amount of E1.3m is invested per apprentice over their four-year programme.

Tidbit

Another strategic imperative is to branch into value added products and downstream projects which produce robust profitability. We intend to upgrade Plant 1 in the distillery to match the newer technology of Plant 2. This will enable us to increase ethanol production from 225 litres ethanol per 1 tonne molasses to 250 litres ethanol per 1 tonne molasses and to produce fuel grade and perfumery grade ethanol in a more energy efficient plant.

Social investment

One of the downsides of COVID-19 was the disruption to CSI projects. Our annual charity golf day was cancelled and as a result no funds were raised for the boreholes for needy communities. However, two boreholes were handed over as a result of funds collected the previous year. On the positive side, we were able to contribute free sanitiser and make our medical facilities available to our communities.

Outlook

The good rains have ensured that we approach the new season with a secure crop and look forward to a better crop than in the previous year. It also means that the 2022/23 crop will be secure resulting in higher yields, more sugar, lower unit costs and improved sustainability.

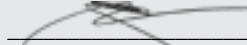
Our strategic imperatives include having more land under cane, improved and more efficient factories and consideration of acquisition opportunities. We will work on growing our market share in Kenya, despite the bureaucracy and continually changing regulations. We will also continue to sell sugar, including brown sugar, into southern Europe. If prices continue to move upwards, we will be sufficiently competitive to sell into all world markets.

The uncertainty in the SACU market due to the South African Sugarcane Value Chain Master Plan will continue and we will monitor the situation closely.

I would like to thank the Chairman, Dr Dlamini, and the Board for their wisdom, insight and leadership during this extraordinary year. I would also like to express my appreciation to our stakeholders who have contributed to continued productive and mutually respectful relationships which are central to our ability to create value.

I am grateful to the executive team and senior management for their contribution and commitment in this difficult time. I would like to express my thanks to our unions and employees for their support and assistance with all the changes we had to implement around COVID-19. We value your contribution and your dedication to RES. We have all worked together to produce an excellent performance and a record year, adding value for all our stakeholders under very challenging circumstances.

Siyabonga.



NM Jackson
Managing Director



BOOSTING FOOD SECURITY: MD Nick Jackson with Minister of Agriculture Jabulani Mabuza during a tour of the bean growing project which was a partnership between RES Corporation and the National Maize Corporation.

FINANCIAL REPORT

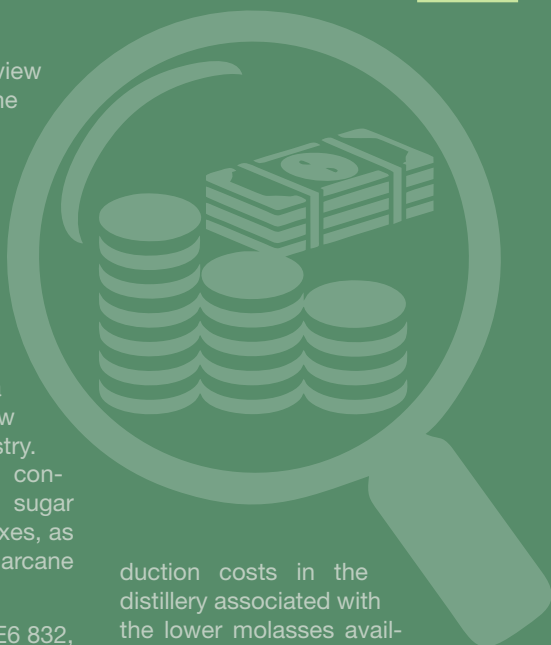
RES produced a solid financial performance during the year under review despite the impact of COVID-19, the drought and the aphid infestation. We benefitted from strong sugar prices due to high demand, especially as South Africa stopped cheap imports from countries outside SACU, and favourable exchange rates.

The financial year under review was characterised by the impacts of the Corona virus pandemic and eight months of drought, followed by substantial rainfall in late January and February. Our business was also affected, in varying degrees, by rising world market sugar prices, and an increasing move globally towards the green agenda and renewable energy and how this will impact the sugar industry. Other uncertainties were the continuing health debate around sugar and the imposition of sugar taxes, as well as the South African Sugarcane Value Chain Master Plan.

We achieved a sugar price of E6 832, 12% more than in the prior financial year. We produced 2 025 819 tonnes of cane, 2% lower than the previous year due to the aphid infestation and the implementation of water restrictions during the drought. Our cane yields were 0.4% lower than in 2019/20. Our ethanol production of 30.8million litres was lower than last year due to less feedstock being available.

The Lilangeni's depreciation against the dollar assisted our exports and together with the Sugar Association, we implemented successful Rand hedges. This and high prices led to our ethanol business recording its highest profit ever.

As a result of the aforementioned factors, revenue at E3.78billion, shows an improvement of 12% against the previous year. Cost of sales was 5% higher despite sucrose prices being 13% higher. This is due to lower pro-



duction costs in the distillery associated with the lower molasses availability and the realisation of cost containment measures in response to the negative drought and pest and disease affected cane volumes.

The movement in the fair value of biological assets was positive, enhancing profits by E110.8million against a prior year enhancement of E72.2million. Cost saving initiatives around maintenance and discretionary expenditures yielded benefits for the Corporation. This was further bolstered by improved profitability from the IYSIS acquisition.

Total comprehensive income attributable to the Owners of the Company amounted to a record E507.6million. This was 69% higher than the results achieved in 2020. We achieved a unit cost of E5 810, compared to E5 700 in the 2020 financial year. This is 2% higher, but lower than the general inflation level.

The business continues to generate good cash levels and at year end our net cash position was strong at E354.2million compared to E187.4million in the prior year. Return on Net Assets (RONA) as a key metric for the business, was excellent at 21.5% compared to 14.7% for the prior year. The Board declared a total dividend of E245.2million or 254.50 cents per share for the current financial year. This is 89% higher than the prior year dividend of E129.7million or 134.61 cents per share



E508m
profit after tax



The total dividend declared in this financial year amounts to **E245.2million**

Tidbit



INTEGRITY

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

Standing true to our values

OUR STRATEGY



**Reducing the unit cost
of producing one tonne of sugar
by 20% by 2025**

Our strategy is a key part of our intellectual capital. The year under review was the first in our five-year Simama 20-25 strategic growth plan which aims to increase capacity in the factories, increase the area under cane and diversify our product portfolio. Part of the plan includes an efficiency drive in the mills, distillery and support functions. Despite the many challenges, we have made progress on a number of fronts.

RES' strategic aspiration speaks to a continued cost control consciousness that will drive employee behaviours over the next five years and reduce the unit cost of producing one tonne of sugar by 20% by 2025.

Our strategy is supported by three distinct themes that guide management in selecting strategic initiatives. These are firstly, cost optimisation through efficient, cost effective and innovative production of agricultural products using soil as our base asset. Secondly, we are pursuing new products and markets. Thirdly, 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.

Our strategic programme includes Simunye centrifugal upgrade, Simunye B continuous pan, upgrade Simunye A evaporators, overall energy efficiency, accelerated conversion to drip irrigation, land and factory expansion and distillery upgrade. New products and markets to be investigated include an alcohol bottling plant, anhydrous alcohol plant, ethyl acetate plant, poly lactic acid plant and opportunistic crops. To achieve our organisational cul-

ture objectives, initiatives will include business process improvements, enhancing management capability, increasing our use of value-add technology and encouraging high performance at both team and individual levels.

Our ongoing horizontal growth projects include new cane lands under drip irrigation and bulk water infrastructure, expansion of capacity at both mills, and the upgrade of D1 plant in the distillery to the same specification as the modern D2 plant.

Progress against strategic objectives in the past year

Through the IYSIS acquisition, we secured the leases on new land for cane production and we improved water storage. In addition, we increased capacity for CMS and molasses storage. We also continued to research becoming self-sufficient in energy which was a key priority of our previous strategic plan.

We finalised a SAP project in the mills and distillery to ensure accurate reporting in order to aid decision making and planning. This will allow us to track our performance against strategic plans.

Our attempts to secure certification for food safety for the mills have not yet been successful, but will continue in the new financial year as we work with the Eswatini Sugar Association and their consultants. At Simunye, a mud filter project was postponed as consultants from outside the county were unable to travel due to lockdown restrictions.

Main focus areas in the short, medium and long term

Our two major priorities centre around productivity and efficiency, but we have also started to pursue product diversification to dilute our long term reliance on the sugar industry.

Biodegradable plastics, growing new crops and production of gin, vodka and rum in the distillery were considered and feasibility studies will be conducted over the next two years. Now that the revised Petroleum Bill allows for fuel blending, we can take advantage of the changed legislation to pursue opportunities in this area.

Outlook

There is much to be done to achieve our objectives by 2025 including ensuring that we consult and cooperate with our Outgrowers. In order to succeed, we need to increase our use of value added technology and reshape our organisational culture through skills enhancement, a consolidated in-house research and development capability and the practice of a high performance culture. We will also need to develop the required marketing skills for a diverse range of new products.

TALKING STRATEGY:

Employees celebrate milestones of the rollout and conclusion of the Simama 20-20 strategy and to mark the beginning of Simama 20-25



MATERIAL MATTERS

RES defines its material matters as those issues and opportunities that have a significant impact on the ability of the Corporation to create value for stakeholders and influence strategy.



Managing risk

The management of risk is a key part of our intellectual capital. During the year under review, the Corporation continued to monitor internal and external developments likely to impact the achievement of strategic objectives and ensured implementation of risk mitigation actions.

RES's risk matrix represents the issues that have a significant impact on our ability to create long term sustainable value for our stakeholders and influence our strategy. While the impact of the COVID-19 pandemic dominated the short term view, previously reported upon material matters remained broadly relevant for the current period. Our material matters include:

- Dependency on natural resources such as water, energy, land - suitable soils - which are critical to the value creation process. The company continued with efforts to secure water which is critical to sugar cane production and increasing cane yields. We also focused on business resilience strategies in responses to severe weather incidents, which for the current period, manifested themselves in the form of a long dry period for the greater part of the season, followed by heavy rains towards the end of the financial year.
- The company views its employees as one of its vital assets in creating sustainable value, hence our focus on employee safety, health and wellness, as well as the availability of an appropriately skilled workforce. While ensuring a healthy, safe working environment is always a priority for us, it has become paramount in the COVID-19 environment.
- In addition to ensuring adherence to all workplace regulations announced by WHO and the Eswatini Government, we have implemented measures to mitigate the spread of the virus in our operations. Our COVID-19 response policies provide guidance on other measures, such as remote working, travel arrangements within and off the estates, PPE and other initiatives aimed at minimising the spread of the virus. Sadly, we suffered seven COVID-19 related deaths. Notwithstanding our zero-harm target, during this period we also had an increase in our disabling injury frequency rate.
- The company continued to deliver leadership development programmes and its focus on maintaining a competitive employee value proposition to retain critical skills. We continued to provide training through the RES Leadership Academy.
- Technology and digitisation are critical in increasing efficiencies. These facilitate value creation activities and in this regard lots of work has been done to embed the SAP ERP system. An IT governance framework is in place and increasing the use of value-add technologies remains the business's strategic imperative. The use of technology played a significant role in navigating COVID-19 related challenges and the business continued to operate through its digital platforms.
- Efficient use and proper maintenance of production equipment are strategic imperatives in achieving sustainable and cost-effective production.
- As part of the company's growth strategy and delivering value to shareholders, our assets, cash flows from operations and funding from providers of capital are crucial to the company's ability to achieve investment returns and create value for all stakeholders.
- Access to markets for our products and meeting customer requirements [e.g. maintenance of ISO standards-Quality, Environment, Food safety] are essential.
- Our social licence to operate, as more fully covered under our CSI section of the report, demonstrates our consideration of legal, ethical and economic responsibilities as a socially responsible corporate citizen.

Assessing and mitigating risk

RES has an established rigorous procedure for the ongoing assessment, prioritisation and mitigation of the risks that have the potential to impact our ability to create value and to deliver performance and results against our strategy. Our findings and determinations are reviewed diligently by the Risk and Social Ethics Committee, which in turn reports to the Board.

(For more on governance, see page 68.)

The outcomes of this procedure are:

- The Enterprise-wide Risks/Opportunities Register (EWROR)
- The allocation of top risks to the Executive Committee (Exco), and the allocation of priority risks to process owners.

Our procedure is used in conjunction with our strategic risk rating matrix.



LONG TERM BUSINESS PLAN

- A redefinition of our purpose
- A new statement of our vision and mission
- A reaffirmation of our values
- A definition of the new Simama 20-25 strategy, expressed as our strategic aspiration



Reducing the unit cost of producing one tonne of sugar by 20% by 2025



Strategic Themes



Cost Optimisation
We are efficient, cost effective and innovative in producing sustainable products



New Products/Markets
We offer a wide range of high quality, competitive and RES branded products to our chosen markets



Organisational Culture
We work well across functions. We are motivated, use innovation and hold each-other accountable to exceed individual and organisational goals



Strategic Objectives
Using a balanced scorecard format, RES has detailed the key objectives to be fulfilled by grouping them into four perspectives with cause and effect implications. These have been assembled further into a corporate map with high level descriptions per objective



The strategic themes and corporate objectives are maintained as the key drivers of activity at the business level



Extract Strategic Initiatives



<p>Cost Optimisation</p> <ul style="list-style-type: none"> • Simunye evaporators • Distillery upgrades • Steam efficiency • Overhead cost control 	<p>New products/markets</p> <ul style="list-style-type: none"> • Rum • Anhydrous ethanol • Biodegradables / Bioplastics 	<p>Enablers</p> <ul style="list-style-type: none"> • Business Process Management • High Performance Culture Guide • Value-add Technology Guide
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ENTERPRISE-WIDE RISK REGISTER – FY2021

Risk Ranking	Risk Issue	Causes	Consequences
1	Sugar Markets	<ul style="list-style-type: none"> a) Significant price decreases in SACU b) Import tariff protection triggered by ITAC but not at desired level c) Threat of imports into SACU (sugar dumps) d) Implementation of South African sugar tax e) Currency strengthening significantly, reducing export returns f) Significant reduction in EU sugar prices g) Sustainability of SACU if Namibia and Botswana exit the SACU arrangement for sugar h) EU cutting sugar imports from Africa i) Strengthening of Rand against major currencies j) Trade wars between developed nations 	<ul style="list-style-type: none"> a) Decreased profitability b) Negative impact on sustainability c) Loss of market share
2	Sugar Industry structure	Current structure of the Eswatini sugar industry impacting supply and demand of product	<ul style="list-style-type: none"> a) Slow decision making leading to lost opportunities b) Non-identification of lucrative opportunities c) Reduced profitability and sustainability of RES d) Strained miller/grower relations
3	Ageing production assets	<ul style="list-style-type: none"> a) Limited capex (and opex) spending in line with business needs and priorities b) Capex spending typically in line with maintenance rather than replacement c) Focus on sweating the assets 	<ul style="list-style-type: none"> a) Business Interruptions b) Higher unit cost of production c) Reduced productivity d) High cost of maintenance e) Increase in insurance premium f) Forced technology adoption due to suppliers no longer supporting certain assets
4	Instability of power supply	<ul style="list-style-type: none"> a) Failure of equipment due to age and maintenance b) Potential malfunction of equipment c) Increasing cost of fuel d) Lack of diversity of fuel types e) Reliance on Eswatini Electrical Company 	<ul style="list-style-type: none"> a) Negative impact on productivity, morale and sustainability b) Increase in production costs c) Opportunity cost lost in terms of saving 'imported' power d) Business interruption insurance claim e) Impact on manufacturing equipment
5	SAP Embedment	<ul style="list-style-type: none"> a) Adjustment issues due to process changes and more robust control environment b) Delay in training strategy (transactional training was done, but process training/ embedment not yet done) c) SAP Budget module not yet successfully implemented 	<ul style="list-style-type: none"> a) Inefficient use of existing operational, management and real-time reports, to deliver insights b) Increased workaround time for reporting c) Inability to achieve ROI on SAP implementation and unlocking organisational value d) Use of other reporting methods (e.g. Excel)
6	Extreme weather conditions	Climate change	<ul style="list-style-type: none"> a) Reduced cane yields b) Damage to company assets c) Damage to infrastructure d) Water contamination e) Loss of life/injuries to workforce
7	Business continuity	<ul style="list-style-type: none"> a) Natural disasters b) Utility suppliers unable to provide services c) Non-maintenance of machinery and equipment 	<ul style="list-style-type: none"> a) Financial loss b) Reputational damage c) Operational loss

Controls	Opportunities	Actions for 2020/21	Inherent Rating
<ul style="list-style-type: none"> a) Currency hedging b) Forward contracts c) Lobbying and influencing d) Product differentiation through improved quality e) Investigation into alternative sugar products/markets f) Strategic risk review workshops 	<ul style="list-style-type: none"> a) Increased production b) Positive impact on sustainability c) Increase of market share i.e. expansion into other countries/regions 	<ul style="list-style-type: none"> a) Look to grow sales volumes in COMESA b) Continuous engagement at SACU through the Eswatini and South African governments c) Lobby government to government discussions between Eswatini and South Africa on the South African Sugarcane Value Chain Master Plan d) Carry market research on the effect of COVID-19 on sugar supply and demand in SACU and influence response at ESA on price and demand in the SACU market 	90
<ul style="list-style-type: none"> a) RES to influence decisions at ESA Council and miller-grower meeting b) Strategic risk review workshops 	<ul style="list-style-type: none"> a) Improved decision making and operational efficiencies - ability to market own sugar 	<ul style="list-style-type: none"> a) Progress strategy to advocate and lobby stakeholders to promote new vision for the sugar industry – ongoing campaign to persuade rank and file growers to buy in to our Industry vision –replanning work to be done Ensure ESA CEO is focussed to push for industry restructure – ESA CEO objectives updated 	64
<ul style="list-style-type: none"> a) Annual budget review b) Business cases and IRRs c) Factory audit through RCL technical support agreement d) Strategic risk review workshops 	<ul style="list-style-type: none"> a) Improved efficiencies b) Lower unit cost of production c) Increased productivity 	<ul style="list-style-type: none"> a) Review the company capex replacement plan (10 year focus) in the Business Plan - in progress b) The Business Plan looks at expansion and replacement capex - in progress c) Property team to revisit the property plan 	42
<ul style="list-style-type: none"> a) Capital Replacement Programme in place for equipment b) Maintenance programme in place, including machine condition monitoring c) Skills training initiated solar project d) E10 fuel blending feasibility study successfully undertaken, thus opportunities for cogeneration (harvesting of biomass) e) Strategic risk review workshop 	<ul style="list-style-type: none"> a) Self-sufficiency b) Reduced unit costs c) New revenue centre 	<ul style="list-style-type: none"> a) Capital replacement programme - in place b) Maintenance programme - in place, including machine condition monitoring c) Skills training - in progress d) Install more generation capacity to utilise future excess bagasse - Bosch study underway e) Implementation of solar initiative - in progress 	36
<ul style="list-style-type: none"> a) Training on process, transactions and reporting options b) Report rationalisation to limit reports to system generated reports c) Documentation of processes d) Strategic risk review workshop/IT steering committee monitoring 	<ul style="list-style-type: none"> a) Improved efficient decision making through IT b) Full realisation of ROI standardised system across the business 	<ul style="list-style-type: none"> a) Implement change management – ongoing b) Expedite SAP training for transactional users – complete c) Improve super-user programme – in progress d) Implement SAP process embedment – in progress e) Implementation of BPC - complete 	36
<ul style="list-style-type: none"> a) Preparedness programmes b) Environmentally friendly technologies c) Long-term weather forecasting incorporated in planning and company strategy 	<ul style="list-style-type: none"> a) Efficient response to incidents b) Improved cane yield (increase rainfall) 	<ul style="list-style-type: none"> a) Investigate adaptation strategies 	36
Business impact analysis tracker	<ul style="list-style-type: none"> a) Reduced business interruption cases b) Sound policies and procedures limiting incidents c) Increase awareness d) Improved response mechanisms to incidents 	<ul style="list-style-type: none"> a) Business impact analysis including the identifying of product specific limitations that may impact production ongoing b) Identification of alternate sites for manufacturing or office in the event of a disaster – implemented working from home c) Business continuity plans - ongoing 	35

ENTERPRISE-WIDE RISK REGISTER – FY2021 - *continued*

Rank	Risk	Causes	Consequences
8	Water security and storage	a) Changing climatic conditions (e.g. drought, El Nino effect) b) National average of storage of water below average c) Disputes/strained relations with downstream users d) Breach of tripartite agreement on water resources	a) Drought b) Low level of stored water in dams c) Reduced cane yields d) Increase in production costs
9	Failure to comply with legislation	a) Pace of regulatory change in Eswatini and pace of introduction of other best practices b) Failure to recognise when to involve legal or compliance c) Lack of awareness of regulatory requirements d) Limited scope of compliance e) Accountability for non-compliance f) BRICS agreements only favouring BRICS g) Misinterpretation of King IV requirements h) Non-compliance with international reporting standards	a) Fines, penalties, loss of license to operate b) Civil litigation c) Reputational damage d) Criminal sanctions e) Loss of market share
10	Quality of product delivered	Different requirements by different customers: Kosher/ Halaal	a) Customer dissatisfaction/ complaints b) Loss of customers c) Product returns/recalls

RES's risks have remained largely the same as in the prior year, save for the emergence of COVID-19 related risks as the second highest risk facing the company. In mitigation, we introduced health and safety and business continuity measures in March 2020. In addition, management implemented the following interventions in response to the second wave of the corona virus and as a pro-active action to counter the effects of a possible third wave:

- Increasing the capacity of both clinics to cope with high numbers of positive cases which reached 170 at the beginning of the 2021 calendar year;
- Introduction of thermal screening devices (infra-red thermometers) in high traffic areas;
- Issued employees with additional PPE in the form of face masks and sanitizer;
- Used vacant houses as isolation centres for mild cases of COVID-19;
- Issued a tender for the delivery of 3 ventilators as well as the supply and installation of a medical oxygen reticulation system for the clinics;
- Engaged with the Eswatini Government, Business Eswatini and at sugar industry level on means to expedite the sourcing of vaccines.

Controls	Opportunities	Actions for 2020/21	Inherent Rating
a) Implementation of real time monitoring of river flows b) Efficient irrigation systems c) Drought management strategy developed d) Construction of holding dams e) Strategic risk review workshop	a) Water conservation b) Increased cane yields c) Water security/sustainable production	a) Strategic drought risk management (long term) – initiative in the RES strategic map b) Engage with Government to start feasibility studies for new dams – in progress c) Agree with Government on implementation of criteria for inter basin water transfers – in progress d) Progress water security and ensure timely implementation of initiatives - in progress e) Increasing amount of cane fields under drip irrigation systems - in progress a) Monitor water abstraction b) Reports to Water Affairs Department	35
a) Ensure all colleagues complete compulsory compliance training assigned to them - to plan b) Institute business practices that detect and prevent violations of regulations - to plan c) Ensure disciplinary procedures are enforced for non-compliance - to plan d) Compliance with ISO 14001 and 45001 certifications e) Reporting financials according to international standards f) Increase in stakeholder and shareholder interest g) Ability to monitor and report on risks more efficiently	a) Compliance with legislation and regulations b) Decrease fines, penalties, loss of licence to operate	a) Ensure all colleagues complete compulsory compliance training assigned to them - to plan b) Institute business practices that detect and prevent violations of regulations - ongoing c) Ensure disciplinary procedures are enforced for non-compliance - to plan Note: i) Environmental and Health and Safety policy - per the ISO standards ii) Adequate resources to monitor and report on any issues triggered by the system iii) ISO 14001 iv) Environmental aspects defined v) Listing of compliance register containing licence requirements and renewals vi) Monitoring of implemented systems ISO 45001 vii) Hazard identification process during the operations process viii) Register containing list of : <ul style="list-style-type: none"> • Legislation • Directives • Regulators • Permits • licences or other forms of authorisation • judgments or court orders • treaties • conventions and protocols • collective bargaining agreements • contractual obligations, 	30
a) Increased quality monitoring b) Certificates of analysis	a) Competitive advantage b) Premium price-increased revenue c) Access to new (high value) close markets	a) Continue quality monitoring b) Certificates of analysis c) Tracking and reduction of customer complaints d) Certification of yeast supplier in Germany	30

RES's top 10 risks for 2020/21 in comparison to 2019/20 are summarized as follows:

2019/2020 Ranking	Movement	2020/2021 Ranking	Risk Name	Residual Rating		Gross Risk Score
				Probability	Severity	
1	→	1	Sugar Markets	9	10	90
5	↑	2	Sugar Industry Structure	8	8	64
11	↑	3	Ageing production assets	7	6	42
3	↓	4	Instability of power supply	6	6	36
8	↑	5	SAP embedment	6	6	36
20	↑	6	Extreme weather conditions	6	6	36
New risk		7	Business Continuity	5	7	35
12	↑	8	Water Security & Storage	5	6	35
6	↓	9	Change in regulatory environment	5	6	30
26	↑	10	Quality of product delivered	5	5	30

Note:
Gross Risk Score (GRS) – The overall risk rating determined by probability and severity of a risk

RISK AND OPPORTUNITIES RATING MATRIX – FY2021

Severity	Probability										Safety/ Health	Operational/ BI	Reputation/ Environment	Financial/ Capital
	1	2	3	4	5	6	7	8	9	10				
10											>5 Fatalities	BI >3 years	Prolonged International Condemnation	>E100m
9											Disastrous event	Total Failure	International Media Coverage	E75m - E100m
8											Long Term Liability	>50% Failure	Irreparable Damage To Natural Resource	E50 - E75m
7											Multiple Fatality	Critical	Senior Executive Prosecuted	E30m - E50m
6											>1 Fatality	Loss of production >6 Months	Significant Fines	E20m - E30m
5											Single Fatality	Serious	National Media Coverage	E10m - E20m
4											Serious Irreversible Effect	Moderate <1 Month Downtime	Attention From Local Media	E5m - E10m
3											Moderate Disability	Moderate <1 Week Downtime	Minor Reversible Effects	E2.5m - E5m
2											Reportable Injury	Minor Asset Damage/ No Production Loss	Minor Local Media Coverage	E1m - E2.5m
1											No Medical Treatment Required	Easily Addressed	Local Public Complaints	<E1m
	50 Years	20 Years	10 Years	5 Years	2 Years	1 Year	6 Months	3 Months	1 Month	Weekly				
	In extreme circumstances	Has not yet happened, but could		Could happen/ has happened elsewhere		Could easily happen		Happens often						

Descriptor	Risk Level
Highly Inconceivable	Extremely High
Inconceivable	High
ALARP	Medium
Minor	Low

06

OUR BUSINESS

RES operations depend on integrated support functions and areas of the business that are not directly involved in production or sales, but which are crucial to the realisation of our five-year strategic objectives and our ability to create value.



Human Capital



Health & Wellness



Information Technology



Property services



Stakeholder relations



Outgrowers

HUMAN CAPITAL

Our people are central to our ability to create value. Their skills, dedication and their commitment to our strategic objectives all form the basis of our human and social and relationship capitals. COVID-19 presented a number of challenges which needed to be dealt with quickly and decisively to ensure that the Corporation could continue to operate effectively.



3 708
Total number of employees at 31 March 2021

In order for this internal function to seamlessly improve delivery of quality services and play various roles, such as strategic partner, human capital developer, employee advocate and administrative expert, the division has restructured and changed its name to Human Capital. We have two customer facing departments which will interface with all our stakeholders and various centres of expertise. Responsibilities and core functions remain but are now focused on the customer and putting our people first.

RES employed 3 708 employees at 31 March 2021 compared to 3 690 last year. Of these, 1 822 were permanent employees (local+fixed term) and 1 886 were seasonal employees. Whilst the reduction in permanent employees is sustainable, the number of seasonal employees continues to fluctuate depending on operational requirements and extreme weather conditions which affect production and resourcing levels.

Sadly seven employees died as a result of COVID-19. We express our sympathy to their families. The Human Capital team were at the forefront of preparing the workplace for safe social distancing and the introduction of protocols, as well as ensuring that testing centres and clinics could cope with infected patients. Our medical team was superb and collaboration between other departments was very good. A new policy for working remotely was developed and resources provided to assist employees to work from home.

FIGURE 6 - Total Number of employees at RES as at March 2011/12 to 2020/21

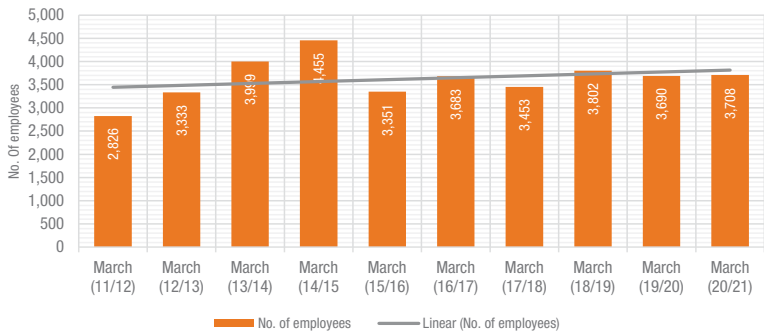
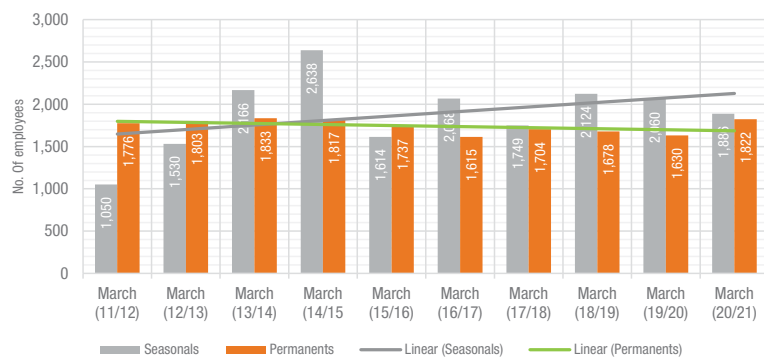


FIGURE 7 - Number of permanents & seasonals at RES as at March 2011/12 to 2020/21



Remuneration and employee benefits

Short term Incentive bonus

RES has in place, a short-term incentive (STI) scheme, that is linked to the Return on Net Assets (RONA) achieved by the business for the given financial period. Based on the PBIT for 2019/20 an STI pool of E35.5m was distributed to eligible employees in June 2020 of the current financial year. Based on the 2020/21 PBIT, a pool of E77.5m was created and will be distributed to eligible employees in July 2021, being the 2021/22 financial year.

The STI bonus remains a key component of RES's employee value proposition, which is in line with the strategy initiatives (attract, develop and retain critical roles).

Leave management

The high number of sick leave days of 7 502 (E4.2m) by 1 776 employees is a concern, considering the number of wellness interventions initiated by the company, but is also exacerbated by COVID-19.

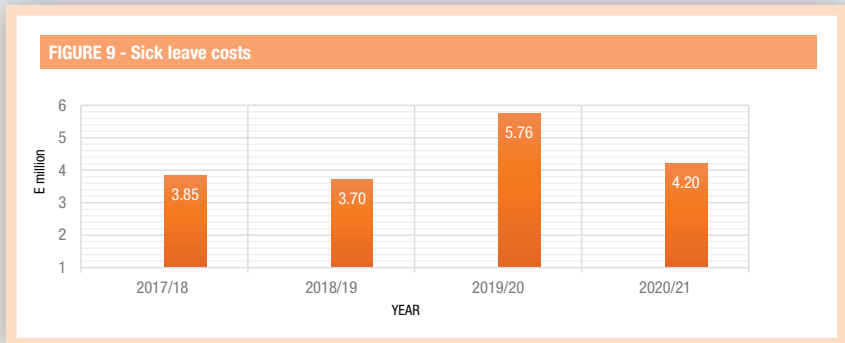
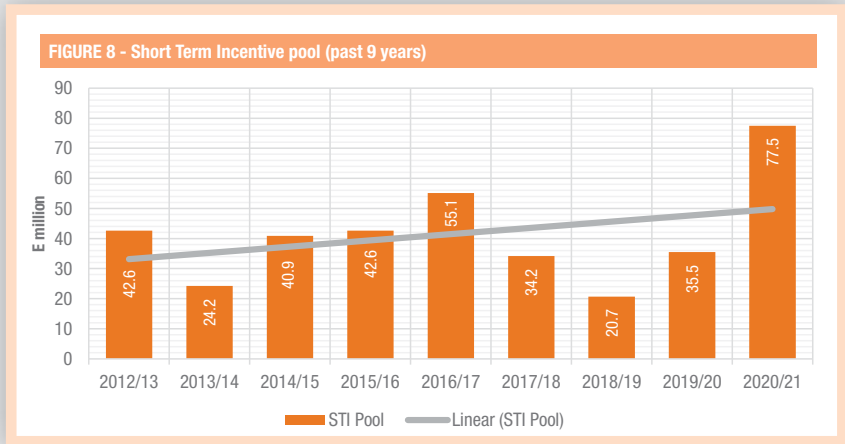
Employee value proposition

In keeping with the Simama 20-25 cost rationalisation drive, we implemented a total guaranteed package payroll to improve RES's competitiveness and improve our employee value proposition. The objective is to reduce payroll wage types, payroll errors, to have one negotiated cost of living increase and to have all allowances covered under one basic amount.

As part of the Simama 20-25 strategy, the Human Capital division will drive the improvement of skills at all levels. Our priority is to attract and retain critical skills whilst also addressing internal equity.

Rewards & Recognition Programme

The aim of this programme is to drive company-wide employee engagement that will improve both the quantity and quality of strategy initiatives. We reward employees for other achievements through mechanisms outside the pay and benefits structure. The programme has encouraged healthy competition amongst participating units across the estates in agriculture and manufacturing. Management believes higher production is largely due to the programme.



Employee Relations

We conducted a staff engagement survey and implemented some of the findings. This has resulted in the employee relations climate improving significantly compared to the previous year, with a reduction of 44% in disciplinary cases. All outstanding harmonisation issues were resolved, and the Collective Agreement was signed and registered with the Industrial Court.

The team building interventions for organised labour and management teams and the industrial relations awareness sessions for shop stewards resulted in better employee relations. As a result, cost of living negotiations improved and were concluded in record time. The unions were very supportive and cooperative with regard to the COVID-19 regulations.

The recognition agreements for the two staff associations were combined and the negotiations for the new Recognition Agreement were concluded and signed.

The integration of IYSIS employees was started and will continue in the new financial year.

Although the pandemic caused some disruptions for our workplace forums and consultative/ negotiation forums, we received substantial support and co-operation from our social partners in managing this challenge. New policies and procedures to enhance the handling of COVID-19 challenges were developed in consultation with our social partners. Another notable engagement platform is the workplace forum which recorded 87% attendance compared to 65% last year.



ON-BOARDING: Human Resources Head of Operations, Bheki Maziya, briefs former IYSIS employees as they become RES Corporation employees

HUMAN CAPITAL - continued

Learning & Talent

Skills development – personal effectiveness, leadership, business and technical skills

Effectively developing leaders is essential to the success of RES. Our Leadership academy, in partnership with University of Stellenbosch – Executive Education (USB – ED), continued to focus on empowering future leaders to lead and create high performing teams. In the past year, the University of Witwatersrand and University of Cape Town have been added as partners. The training results in employees who optimise day-to-day operations through critical thinking, innovation and participation in order to manage unpredictable and unprecedented changes. Due to its success, it has been opened to external candidates in the southern Africa region. New courses were added this year and 20 other companies have sent candidates, which results in good networking and benefit for all the companies in the region.

The programme was successfully delivered remotely during the COVID-19 lockdown, with 67 candidates graduating during the year.

The three flagship programmes offered were New Managers Development Programme (NMDP), Managers Development Programme (MDP) and Senior Managers Development Programme (SMDP), all targeting leaders in different levels of management.

Number of enrolled candidates					
	NMDP 1	NMDP 2	MDP 1	SMDP	TOTAL
Internal	10	0	10	11	31
External	11	9	21	16	57
TOTALS	21	9	31	27	88

Training Expenditure in 2020/21	
Training & Development	2020/21 Expenditure
Leadership Development	5 823 651
Technical Skills	10 200 148
Apprenticeship	14 710 486
TOTAL	30 734 285

Performance Management

RES identified initiatives to deliver Simama 20-25 including one to develop a high performance culture guide to be implemented over the coming years and training to improve line manager's capacity to manage performance and provide coaching and feedback. This training embedded RES' philosophy and basic principles of performance management to drive a high-performance culture. We trained a total of 95 supervisors.

Talent management and pipelines

The management of talent was reviewed and a pilot project undertaken in the Human Capital department. Based on its success, it will be implemented across the organisation. Recruitment timelines were improved and reduced to three months.

Apprenticeships

The strategy to internally develop technical skills continued to anchor business operations and enabled the business to remain abreast of rapidly changing technologies. It offers opportunities for internal mobility, ensuring that there is a steady supply in the talent development pipeline for critical positions. Apprentices are the entry level skills pipeline feeder for the Artisan cadre and significant investment of E1 250 148 per apprentice is made over a four-year period. Currently there are 49 apprentices being trained in the different trades and the programme ran well during the year.

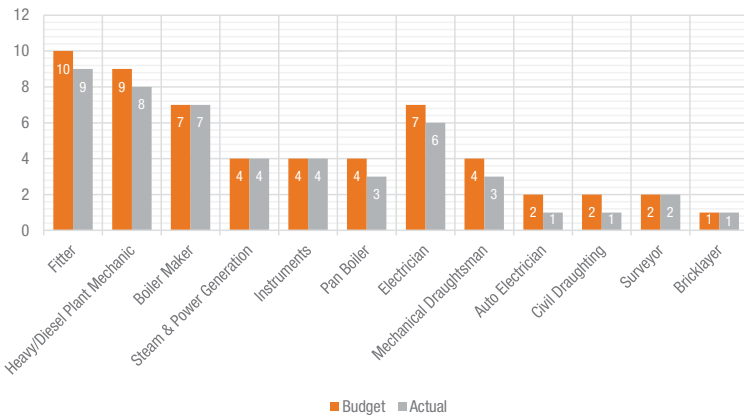


HEALTH IS OUR ASSET: The current period of COVID-19 has brought a sharp focus on the management of wellness in the workplace



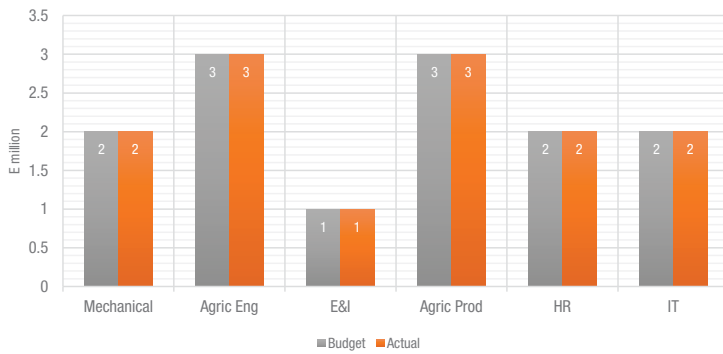
A total of 119 received recognition for long service as part of the talent retention strategy

FIGURE 10 - Apprentice Complement by Trade



E30.7m
expenditure for
staff training this year

FIGURE 11 - Graduate Trainee Complement by Trade



44%
reduction in
disciplinary inquiry
cases

Outlook

Going forward, Human Capital needs to play a vital role in shaping and driving the culture of the organisation. COVID-19 has highlighted the need for capability building and coaching. A focus on employee engagement and activities to drive a highly moti-

vated workplace will take priority, while our rewards and recognition programmes should promote a high performance culture. The employee relations training suspended during the year will be re-introduced in the new financial year.



Even under difficult COVID-19 circumstances, the RES Leadership delivered quality leadership education to **67 graduates** in NMDP, MDP and SMDP programmes

Tidbit



EMPLOYEE HEALTH AND WELLNESS

Health and Wellness forms an important part of our human, intellectual and social and relationship capitals. During the COVID-19 pandemic our commitment to our people and our communities has been evident in the thorough care and meticulous attention to the medical issues and challenges facing them, as well as our concern for their wellbeing in the workplace.



The mandate of the Health and Wellness department, through its clinics on the estates, is to attend to the medical needs of employees, and to ensure that it has the capacity to deal promptly with any emergencies that may occur.

The pandemic presented such an emergency as we had to make a number of changes. To begin with, we reduced the number of employees in the work place at any particular time. We also developed a policy for working from home. Health protocols were implemented across the business. Our Country Clubs were turned into isolation centres for our employees and the number of medical staff in our clinics was increased.

We faced challenges relating to the availability of drugs, oxygen and vitamins. Personal Protection Equipment (PPE) was also in short supply which meant we needed to ration our stocks.

Due to lockdown restrictions, some HIV drugs could not be procured at community level. We were able to find a replacement and no drug-resistance was identified. NGO's changed focus from HIV testing and prevention to COVID-19 testing and prevention. Testing and counselling were diverted to COVID-19 testing. Condom distribution and STI management were not affected. Pregnant mothers tended to stay at home.

The demand for mental health management increased and an implementation plan was developed. Measures were also taken to ensure that employees who had contracted COVID-19 were not stigmatised when returning to work.

A new trend was noted that working from home led to an increase in weight gain and higher body mass index and so employees were encouraged to be more physically active.

Counselling services and dealing with minor illnesses were handled virtually.

Our mental health plan which incorporates management of mental health risk, was developed and approved during the year for implementation in 2021/2022. Two group sessions were held in response to deaths of employees in our workplace which necessitated grief and bereavement interventions for agriculture, engineering and distillery departments. Our employee assistance programme provided support to 60 employees for issues from social relationships and bereavement counselling to stigma and discrimination. Furthermore, a workplace re-integration session was held for employees in Commercial, Marketing, Finance, Human Capital and Admin departments to attend to prevailing COVID-19 circumstances.

The National Response Council on Health and AIDS' SHAPMOS report was prepared and submitted. Weigh-

ins for our corporate biggest loser challenge occurred intermittently in line with COVID-19 measures.

We continued to distribute male and female condoms and conducted health education talks on COVID-19. Retirement planning and preparedness workshops were held for 103 employees aged between 49 and 50 years.

We continued to provide Antiretroviral Treatment (ART) to both employees and external patients. The number of people testing for HIV fluctuated during the year, with a total of 3 188 being tested. All those who tested positive were linked to care. There were 21 new TB patients enrolled into our TB programme in 2020, with 14 on TB treatment at the end of March 2021. A number of these patients are also HIV positive and on ART. Malaria, diarrhea and upper respiratory cases were also attended to during the year.



A FIGHT WELL FOUGHT: Our frontline workers were instrumental in the mitigation of the impact of COVID-19

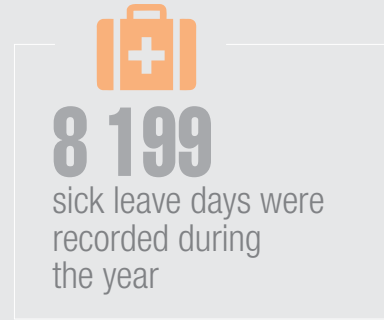
Outlook for the coming year

The main priority will be the vaccination roll-out – educating and engaging with employees as to how the vaccine works is very important, as is dealing with myths and misconceptions. As soon as procurement of the vaccine is opened to the private sector, we will partner with other companies to purchase the vaccine for employees. We anticipate the process taking two to three years.

Reliable data is necessary so that our health and wellness strategy can be reviewed in the coming year with more resources being allocated to healthcare.

While infections continue, testing laboratories need to reduce turnaround time so that swift decisions can be made.

RES needs to improve drug storage capacity so that even if the supply chain is disrupted the organisation can still administer drugs.



<p>HIV</p>	<p>HIV testing Total numbers for clients who opted for HIV testing has decreased by 32.3% in the year 2020/2021 when compared to the year 2019/2020. A total of 4 707 tested in 2019/2020 while a total of 3 188 was tested in 2020/2021. There was a short fall of 16.9% testing in 2020/2021 when compared to the target of 3 840. The numbers for testing is expected to continue dropping as the shift to target testing is being implemented nationally after having attained the first 95% target of the 95-95-95. Self-testing is ongoing as the main drive in HIV testing.</p> <p>Antiretroviral Treatment programme There has been a slight increase in the total number of employees enrolled into the ART programme in 2020/21 as compared to 2019/20. From March 2019 to date the increase is 17.0%. The slow increase in the number of ART patients is due mostly to patients transferring out to other facilities.</p>
<p>Tuberculosis (TB)</p>	<p>There has been a 20% decrease in the number of patients enrolled into the TB Programme in 2020/2021 when compared to the 2019/ 2020 financial year. A total of 20 patients were enrolled into the TB Programme in 2020/2021 and the number is lower than the 25 patients enrolled in 2019/2020. Currently there are 14 patients actively on TB treatment and 6 of these are RES employees. Nine of these patients (4 RES employees) are co-infected with TB/HIV and are on ART treatment. There has been no MDR/XDR TB patient treated in 2020/2021. Generally, TB numbers are significantly decreasing in total.</p>
<p>Malaria</p>	<p>There has been a 76.4% decline in the number of malaria cases treated in 2020/2021 with a total of 4 cases when compared to the 17 cases attended to in 2019/2020 financial year. The count for this year is the lowest recorded in the past 5 years.</p>



SHARING VALUE:

The RES health and wellness support groups enjoy tremendous support from the MD's office. They in turn provide assistance to the vulnerable, such as children.

EMPLOYEE HEALTH AND WELLNESS - *continued*

Injuries on duty (IOD)

There was an increase in the number of injury on duty (IOD) cases. This is reflected in the increased disabling injury statistic. In 2020/2021 FYR, there were 175 when compared to 142 IOD cases recorded in 2019/2020 FYR. This represents an increase of about 23%.



678

out of 3 529 COVID-19 tests results came back positive



We have seen a 76.4% reduction in the number of malaria cases that were treated in 2020/21

Tidbit

FIGURE 12 - Employees on ART 2019/2020

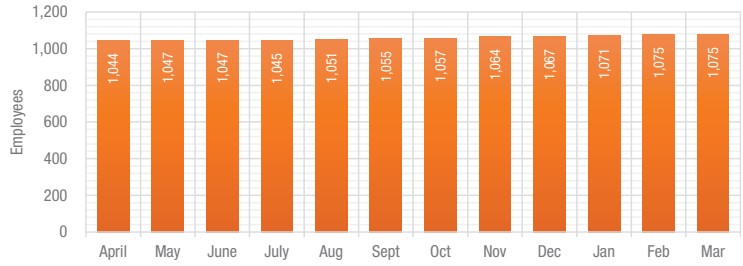


FIGURE 13 - Routine Medical Examinations

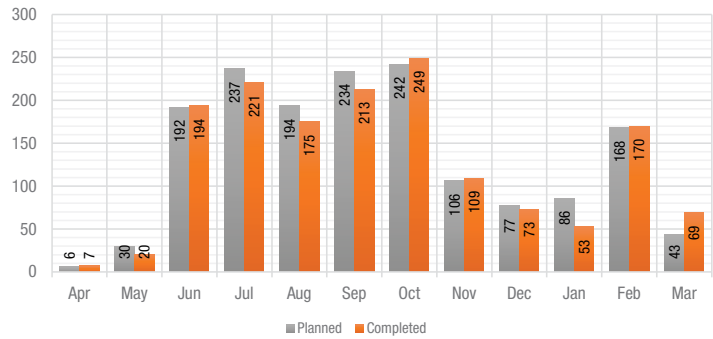
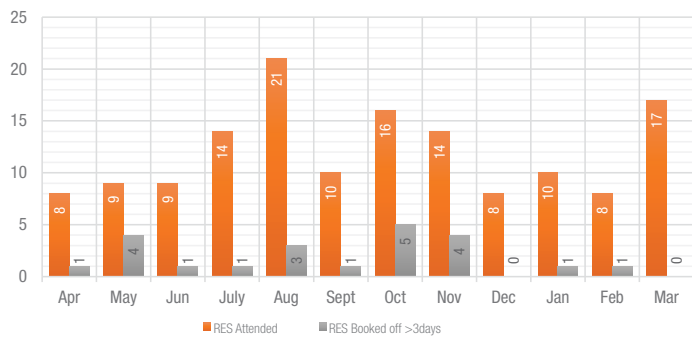


FIGURE 14 - Routine Medical Examinations



INFORMATION TECHNOLOGY (IT)

IT forms a fundamental part of our intellectual and human capitals, and our IT department drives an increase in value for all stakeholders by improving cross-functional IT adoption and the effective use of technology and innovation.

Strategic themes

The seamless interaction between our business activities and the technology that facilitates our agility in the face of climatic and commercial challenges, was once again in evidence during the year under review, in which we continued to pursue our digital strategic themes enabling:

- Customer focus and service
- Ownership
- Business process automation
- Information management
- Adherence to our digital governance and innovation framework through COBIT
- Technology management

These are realised through our digital imperatives:

- *Information and data* – in support of decision-making
- *Leveraging technology* – in implementing process automation for a paperless work environment, data collection and analytics
- *Innovation and agility* – for rapid adaptation to business demands

Operational initiatives

Due to foresight in previous years, RES already had the required technology, such as Microsoft Teams, to enable remote working when lockdown restrictions were imposed. The pandemic resulted in an acceleration of the use of digital technology and connectivity to ensure business continuity.

This function worked well during the financial year. Fewer issues relating to SAP were logged and the Deloitte contract was well managed. As a result of our facilitation of discussions to improve processes, the planning of harvesting was changed to reduce distances traveled and improve turn-around times.

RES is a technology-driven organisation, possessing a mature framework for innovation and the adoption of technology. The IT department continued to facilitate discussions around improvements to systems and processes.

We launched a survey with the super users (39 employees across all levels of the organisation, but mainly in specified departments) and line management to investigate the efficacy of the super user programme, in particular the training and enablement of the super users. We also started planning for the upgrade of SAP ECC to SAP S4 HANA. We are also reviewing our options for when the SAP platform is no longer supported from 2027.

The new projects launched during the year include:

- Information Security– ISO 27001 implementation and alignment to the security processes with COBIT 2019. To be completed by end 2021.
- KRONOS – is a time management system which has been integrated with SAP. Most of the daily and hourly paid employees have been migrated after a successful pilot within one section of the farm.
- CanePro/SAP ABS integration which allows better flow of information between the two systems has been completed.
- Introduced SPEAR, a strategy management and reporting system.
- Implemented SAP COPA to enable the reporting of the profitability of the distillery products across regions, transport methods and customers. It also provides information for quotations and sugar costing, steam and electricity consumption in factories, distillery and refinery.
- The integration of the NIRS technology with SAP for lab analysis and quality management for the back end of the sugar factories progressed well.
- Other projects completed during the year include MRP Project

Phase 2, ethanol weighbridge automation, Standard Bank host-to-host interfacing.

Service level agreements were met for all infrastructure and operations services. Generally, the function continued to monitor, manage and map business processes to ensure long term improvements, effectively future proofing the strategy.

Outlook

Digital is the way of the future and we need to align with changes in this environment. As innovation is key, we have an innovation lab to encourage new ideas and solutions.

We have planned a limited number of business projects for the new financial year as we consolidate and finalise the projects initiated over the past few years. We will be tendering for fleet monitoring and tracking in the new financial year.

In the medium to long term we will be investigating a migration to the cloud to replace part of our infrastructure as well as the upgrade of SAP ECC v6 to SAP S4-HANA, or an alternative, to replace the current SAP platform which will no longer be supported from 2027.

In preparation for this, RES will be reviewing all its systems and processes, investigating the future of ERP and digital and creating a roadmap and cost estimates for the journey. In preparation for this, RES will be reviewing all its systems and processes and going to tender to assess the best ERP (including the new version of SAP). This is also part of the drive to migrate to the Cloud to replace hardware storage and an infrastructure audit will form part of this exercise.

PROPERTY SERVICES

Facilities and maintenance

Overall house occupancy across the estates is at 89% of the 5 819-housing stock, with a shortage of appropriate housing for company employees mainly in the artisan category.

General operations

Master data

The master data clean-up exercise which started last year was completed, with billing having improved significantly. Billing gaps were identified and corrected and missing data was added to the system.

Environmental compliance

Rehabilitation of Mhlume Hambanathi Sewer Ponds was effected through the construction of a new primary pond and polishing wetland to improve effluent quality. Stringent environmental requirements for waste water effluent quality present a challenge as our ponds are still unable to polish the effluent to the required standard. Legislative compliance will be completed in the new financial year.

Efficiencies

Cost saving initiatives included the continuation of part in-sourcing of some maintenance functions in support of Simama 20-25 strategy, as well as renewed contracts to further improve cost effectiveness on ad hoc maintenance activities.

COVID-19

In response to the pandemic we introduced a number of measures. We provided isolation centres, installed hand-washing sinks, foot operated sanitising stations and temperature scanners across the business, while Mhlume and Simunye clinics created isolation wards. Regular sanitising of work stations, especially conference rooms, was introduced. An open meeting shelter was constructed on each estate and we monitored compliance with all COVID-19 guidelines.

The impact of COVID-19 has resulted in some businesses suspending operations and others closing, with 44 businesses and individuals negatively affected. The outcome of this is the loss of rental income amounting to more than E587 000.

Maintenance

We have targeted to reduce the maintenance backlog within the next three years. Supervision of maintenance has improved to around 90% after three certified handymen were engaged. We conducted maintenance on 1 046 residential houses (18.5% of commissioned stock) bringing the total number of maintained houses to 4 107 which is 72% of the total stock. We continue to work to improve the employee value proposition and to satisfy requirements for housing. The unavailability of a range of house types remains a challenge.

Security & crime control

The crime rate declined by 6.8% with a total of 41 criminal cases recorded compared to 44 last year. The recruitment of three security assistants has improved operational efficiencies and supervision. We increased visibility around villages with no criminal cases recorded in remote villages.

A CCTV policy has been implemented to address the issue of inadequate CCTV coverage and faulty cameras. The use of a drone programme is under consideration to prevent the injury of security officers while on duty.

Company and personal property to the value of E228 737 was lost during the period and property valued at E75 692 was recovered. The recovery rate of 33% is lower than the 77% in the prior year. Two hundred people were arrested compared to 199 last year.

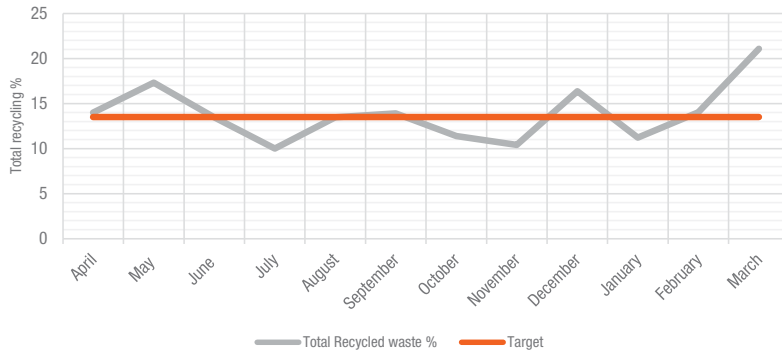


90%
improvement on
maintenance
supervision

FIGURE 15 - Crime trend



FIGURE 16 - Recycled waste/domestic waste 2020/21



5 548
Houses provided to employees and third parties

Strategic goals/targets

Goal/target	Performance
Implementation of the solid waste and waste water masterplan	<ul style="list-style-type: none"> See graph above on solid waste stream into the landfill and effluent monitoring for wastewater treatment
Improve oxidation ponds' infrastructure for better treatment of waste water to comply with applicable legislation and regulations	<ul style="list-style-type: none"> A new pond and a wetland have been constructed at Hambanathi to improve waste water treatment. The project was completed in March 2021
Disaster management plan	<ul style="list-style-type: none"> Procedure in place, consultations with the national disaster programme to be progressed Provision to purchase mattresses and blankets has been made, following cyclone Eloise experience
5% reduction in crime levels and recovery of 20% in value of property lost	<ul style="list-style-type: none"> Achieved 6.8% reduction in crime rate and 33% recovered in value of property lost Monthly raids on targeted houses Nine crime prevention awareness to all harvesting personnel and all contractors at the beginning of the harvesting season Three awareness sessions for all security offers conducted
Improve efficiency of animal control	<ul style="list-style-type: none"> 290 animals killed compared to a target of 300, (97% achieved). This played a role in minimising cane damage by wild animals and protected the harvest
Improve service level compliance	<ul style="list-style-type: none"> Monthly performance evaluation of security service provider

Outlook

The pandemic will continue to have an impact and business continuity will remain a priority. We will also focus on a number of key areas. Firstly, to improve service delivery we will implement customer survey baseline outputs. We will review house type entitlement considering the shortage of appropriate housing and will maximise the use of RES housing stock through rental review to attract occupancy, especially in remote villages. We aim to improve the security of villages without posts and farms through use of available technology. Finally, we will closely monitor service delivery by service providers and enforce penalties for non-performance.



ALTERNATIVE NORMAL: The advent of COVID-19 forced the adoption of unconventional ways of doing things in order to create barriers against transmission of infections.

STAKEHOLDER RELATIONS

Communications, stakeholder management and the realising of corporate social investment initiatives form an important part of our human, intellectual and social and relationship capitals. We are committed to fostering respectful and productive stakeholder relations, to our mutual benefit, to enable us to fulfil our mission of sustainably adding value for all our stakeholders in alignment with our values of integrity, delivery and respect.

COVID-19 presented new opportunities to showcase RES' brand through the provision of isolation units at the Country Club as well as the production and donation of sanitiser.

Community issues

We experienced a number of security challenges during harvest time due to the prohibition on alcohol sales under lockdown restrictions and loss of jobs. We addressed the attacks on security staff and citrus theft in conjunction with the Royal Eswatini Police. As a result of local businesses closing, we received requests for a moratorium on rental payments to the value of E200,000. We also provided assistance to schools to pay teachers.

External communications

News media coverage has been positive. We used social media to publish our support of COVID-19 measures and our donations of sanitiser and masks. Due to the pandemic, most interactions have been on a peer-to-peer basis or through strategic partners such as Standard Bank with whom we are investigating opportunities for job creation and the integration of our alleviation of poverty through entrepreneurship.

Internal communications

Due to COVID-19 lockdown restrictions we needed to change our internal communication channels. This was challenging as many employees had no access to digital platforms. We used SMS successfully to reach our employees with Covid and business messages. Internal communication content has had a particular emphasis on COVID-19 infection prevention awareness and updates on how management was steering the

ship to lower the rate of infections. Other communication content delivered to employees included strategy - Simama 20-25, Vision, Mission, Values, importance of recycling and the adoption of the new KRONOS time and attendance system.

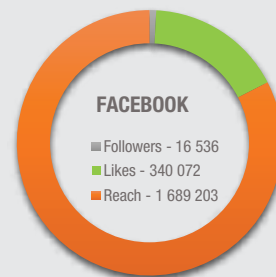
Employees participated enthusiastically and actively in the International Women's Day through the worldwide social media challenge.

Social media

Our social media tools continue to serve us well, with 1 757 903 people reached by our different story topics during the year. Our social media statistics for the year:

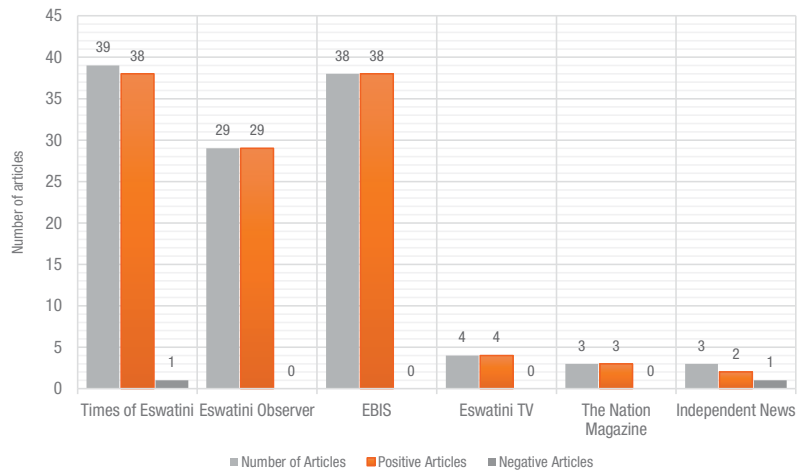


1.8m
people reached by
our social media
story topics



Platform	Published content	Areas	Reach	Campaigns
News boards	20 sets	21	All employees	7
Screens	4	12	All employees	1

FIGURE 17 - Media analysis 2020/2021

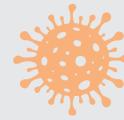


CSI and sustainability

In alignment with our values of integrity and respect, and with our mission to sustainably add value for all stakeholders, we continued to support a variety of initiatives designed to increase wellbeing, improve conditions and increase skills among our staff, the communities in which we operate, and the country as a whole. To this end, we undertook a number of programmes during the year under review.

RES Water Safety Programme

Despite the pandemic which caused disruptions to the programme, the partnership between Eswatini Swimming Association and RES continued. Coaches provided by the association offer free swimming lessons for preschool, primary and high school children and adults within the RES community.



E0.5m
hand sanitizers for
government schools

Donations/Sponsorships		
Initiative	Nature and outcome	Amount (E)
Incwala ceremony	60 X 25kg bags of Sugar	16 275
11 Charity Organisations	104 X 25kg Bags of Sugar (X-mas)	28 246
Standard Bank/RES CSI Partnership Beneficiaries: <ul style="list-style-type: none"> 7 Estate Govt. Schools School for the deaf Local entrepreneurs 	RES Contribution: <ul style="list-style-type: none"> Sewing material for production of face masks Welding equipment Sewing machine for production of face masks SB Contribution <ul style="list-style-type: none"> Brush Cutters Face Masks 	71 500
7 Estate Government Schools	<ul style="list-style-type: none"> 500L Hand Sanitizer per school Digital contactless thermometers 	442 750 25 200
Business Eswatini	16 X 25L Hand sanitizer	50 600
Local community clinics: <ul style="list-style-type: none"> Tsambokulu Vuvulane Maphiveni Mangweni 	4 X 25L hand sanitizer	12 650
Simunye Bus rank	Hand washing water basins	3 500
Simunye informal market	Stand water pipes	42 000
Khuphuka Primary School (Augusta Enterprises Donation)	School uniform supplies	10 000
Shewula Community	Dam excavation	17 800
Royal Eswatini Police	Herbicides & spray cans	10 000
Matsetsa Child Care Centre	Vegetable garden fencing	1 800

STAKEHOLDER RELATIONS - *continued*

- **Thembelisha** posted exceptional Grade 7 results once again, with students listed in the Top 5. We continue to deliver education through online methods, as supported by the IT department. Otherwise we kept our school ready to open as soon as regulations allowed. We paid an incentive bonus to government teachers in the schools on the Estate, following the exceptional pass rates averaging 97% in the national examinations.
- **Water projects** were facilitated by RES in partnership with the National Disaster Management Agency of Eswatini. Annual charity golf water projects were disrupted by COVID-19 but boreholes were eventually completed and these communities were given access to clean water.
- **Staff welfare**
We facilitated two cycles of sourcing and distribution of face masks and hand sanitisers for all employees, valued at approximately E846 775 per cycle.
- **Wellness centre activities**
 - o The annual Biggest Loser Challenge continued with participants granted free access to all RES gyms.
 - o Bi-monthly outdoor boot camps and aerobathons were hosted within COVID-19 guidelines and were well received, with an average of 50 people attending each event.

Annual cultural activities

- Incwala ceremony – due to restrictions at the time, the event was scaled down significantly in 2020 with RES sending only four regiments to attend the main event.
- In response to the Ludzidzini Royal residence authority’s request to assist with cattle byre logs and imbava to revamp the debilitated national assembly cattle byre, a seven tonne truck load of logs and imbava were contributed by RES.

Key stakeholder engagements

The development of the official stakeholder management framework for RES continued, with input from key internal players. The project is still underway and the framework should be in effect in the next financial year.

Pursuant to hosting an introductory session with local traditional leaders in 2019, RES proceeded to engage leadership committees of the surrounding communities. The purpose of the engagement is to strengthen relationships and share ideas which could foster positive relationships between both entities. Shewula, Lomahasha and Malindza were visited by the RES management team. RES highlighted one of the challenges the company faces in relation to neighbouring communities, being theft of equipment, materials and sugarcane. The communities agreed to collaborate with RES in activities to curb this illicit behaviour.



E1.7m
worth of face masks and sanitisers for all employees



E228 737

was lost through theft of company property. A total of E75 692 worth of items was recovered and 200 people arrested.

Tidbit



We continue to manage our water usage through restriction. We rationed the crop to 60% of water requirement in June and 50% in July

Tidbit



FORGING AHEAD: Work is under way to clear the path towards future sustainability of the business in line with Simama 20-25 through increasing land under cane.



We are grateful to RES for such a blessing in the community. We have been consuming dirty water and we would also share the water with livestock. We promise to take care of the borehole and ensure that it is operational for many years to come.

by LAMPHOFU - NZULENI COMMUNITY MEMBER

**Water is life.
No water
No life.**

Because we care

STAKEHOLDER RELATIONS - *continued*

Stakeholder	Internal/ External	Material Issue	Current Position	Desired Position
Sugar markets	External	Influence of global sugar markets influencing the business	<ul style="list-style-type: none"> Significant reduction in EU sugar prices EU cutting sugar imports from Africa 	Improve production volumes in order to compensate for market volatility
Eswatini Cane Growers Association (ECGA) Executive	External	Industry Vision	<ul style="list-style-type: none"> Misalignment between involved parties regarding expectations and subsequent voting interests to benefit all Industry has been static since 1967 E100m proposal offered by RES to growers to improve relations and help resolve the impasse 	Fruitful negotiation on sugar marketing and co-generation issues, thereby progressing industry vision
Ministry of Natural Resources and Energy Ministry of Agriculture	External	Water Security	As part of RES long term plan on water security continued efforts on reducing future exposure have to be pursued	Actively participate in assisting Government in the building of the two dams i.e. Silele and Silingane
Local media	External	Media Engagement	Media relations are stable and need to be proactively managed to remain favourable	Media partners to maintain positive open relations with RES and ultimately drive favourable reputation for the corporation to the national audience
Board/ Shareholders	Internal	Seek Board approval for the implementation of IGP Phase 3	<ul style="list-style-type: none"> IGP Phase III proposal drafted and tabled to the board. Currently on hold and due for review at next Board meeting 	<ul style="list-style-type: none"> Board approval to increase capacity of Mhlume factory converting shredder to be online, installing Kestner vessels at 2b and procure 330tch cane diffuser in preparation for Phase 4. New land development
				Phase 3 successfully implemented as per planned timelines
Employees	Internal	SAP embedding	Inability to fully adopt and use SAP interface to full functionality	<ul style="list-style-type: none"> Improved efficient decision-making through SAP Full realisation of ROI Standard system across the business
		COVID-19 pandemic	COVID-19 outbreak, state of emergency declared countrywide	Management of pandemic in workplace and business continuity
Local universities and professional institutions	External	Talent-tracking	Poor collaboration with local universities in developing demand driven programmes and tracking relevant talent to RES business	Demand driven programmes and effective human resource development through tracker studies in monitoring talent from training stages in collaboration with these institutions

	Ranking			Required Action	Frequency	Timeline	Accountability
	Level of Influence	Level of Power	PI Ranking				
	High	High	Manage closely	Continuous engagement at SACU through ESA and Government.	Ongoing	March 2021	GM Commercial
	High	High	Manage closely	<ul style="list-style-type: none"> Continuously engage parties in existing quarterly forums Resolve bagasse stand-off IRC to determine correct third-party allowances 	Ongoing	March 2021	MD GM Operations
	High	High	Manage closely	Continue positive engagements with ministries through senior officials and portfolio committees	Ongoing	March 2021	GM Operations
	Low	High	Keep satisfied	<ul style="list-style-type: none"> Host media day where RES openly invites and engages media on business updates. Prompt interactions 	Annual	February 2021	GPAM
	High	High	Manage closely	Table the plan for review and subsequent Board approval	Quarterly	July 2020	MD
	High	High	Manage closely	Increased capacity and better performance at Mhlume factory	Once-off	March 2021	MD
	High	Low	Keep informed	Expedite SAP training for transactional users; Implement SAP process embedding	Quarterly	March 2021	Group IT Group HR
	High	Low	Keep informed	<ul style="list-style-type: none"> Implement adequate sanitation and hygiene standards as advised by Govt & WHO in the workplace. Develop case management protocol within the business 	Ongoing	Ongoing	EXCO
	Low	Low	Monitor	Participation in curriculum development forums with UNISWA & other institutions.	As invited by UNISWA	July 2020	Group HR
				Annual meeting with Ministry of Labour & Social Security to share information on SD sponsored students in RSA universities	Annual	December 2020	

OUTGROWERS

As an important part of our human, social and relationship and natural capitals, the outgrowers who work with RES contribute to the quality and quantity of our crop yield, and ultimately to our production output in the factories.



42%
of all cane crushed
was contributed by
outgrowers

The main strategic objective of the outgrower department is to ensure sustainability of our outgrower partners who contributed about 42% of all cane was delivered and crushed at our two mills.

Various initiatives were undertaken for our outgrowers, including extension services, resuscitation of poor performing farms, assisting new entrants with quota applications, pump maintenance, transport subsidy for long distance growers and farm management services.

Land tenure at Vuvulane

This is an ongoing national issue that still requires resolution.

Outlook

The impact of COVID-19 on local, regional and global markets will continue until the vaccine roll outs have been substantially completed.

(For more on our operating environment, see page 11.)

South Africa's Sugarcane Value Chain Master Plan remains a key concern, both due to the uncertainty it brings as well as its objectives to curtail sugar imports into South Africa. As a result, many growers are considering product and revenue stream diversification which will impact our overall production.

In the medium term, the threat of pests and diseases, such as Aphids, will continue to be a risk to production for small growers, while their ability and resources to adopt replant programmes and to follow them will be tested.

In the long term, variable rainfall patterns that govern the operations of the entire industry will continue to be a major factor.

Outgrower performance – 2019/20 and 2020/21

Mill	2019/20		2020/21	
	Tonnes Cane	Tonnes Sucrose	Tonnes Cane	Tonnes Sucrose
Mhlume	879 785	126 204	888 396	126 977
Simunye	550 538	77 690	550 039	75 980
Total	1 430 323	203 894	1 438 435	202 957

Outgrowers numbers - area-number of schemes

Name of Grower	Area	Number of Growers
Malkerns	1 059.83	16
KDDP 1	2 258.94	18
KDDP 2	1 764.27	9
Hlane/Dvokolwako	1 147.30	12
Mhlume /VIF	1 766.86	265
Tambankulu	1 740.94	1
Umbuluzi	1 925.90	1
Managed farms	2 752.00	14
Total number of growers	14 416.04	336



PREVENTION IS KEY: A total 14 635 hectares of cane was attacked by Aphids

07 OUR PERFORMANCE

During the year under review, operations continued successfully despite the COVID-19 pandemic. Business continuity plans were implemented on a case by case basis and monitored to minimise the impacts of the lockdown restrictions. The performance of the sugar factories was better than 2019/20 season in respect of mill efficiencies, fuel usage and overall recoveries. Rains received towards the end of the season caused a slow crush resulting in the season completing a week later than the 2019/20 season. The Simunye and Mhlume factories stopped crushing for the season on 18 November 2020.



Our crop



Our factories



Engineering management services



Ethanol



Procurement



Stores



IYSIS




Mananga Sugar Packers

OUR CROP

Our crop constitutes a fundamental component of our natural capital, relating not only to the ultimate production output, but also to other aspects of our business such as energy, and is central to our strategic objective of lowering the unit cost of production.

Crop Performance Summary		
	2019/20	2020/21
Tonnes Estate Cane Crushed	2 061 605	2 025 819
Tonnes cane per ha	101.3	100.8
Hectares Cut	20 358.7	20 093.0
Tonnes Sucrose	291 006	285 939
Tonnes Sucrose/ha	14.3	14.2
Pol % Cane	14.12	14.11
Age	11.0	11.7
Hectares		
Under-cane	20 930.6	21 096.0
Replanted	2 014.0	2 042.4

**Excludes Managed Farms but includes IYSIS.*



3.6m
tonnes of cane crushed
at the end of the season

At the end of the season total Estate cane crushed of 2 025 819 tonnes, representing a 100.8TCH and sucrose of 285 939 tonnes was lower than expected due to lower cane yields (TCH) and low Pol%. Figure 18 shows a comparison of the cane quality (sucrose%) with the previous season.

The low yields were caused by various factors, including a severe outbreak of yellow Aphid and thrips over 14 635 hectares, reduced age as harvesting of younger cane was required to compensate for the shortfall in cane volume, and unfavourable climatic conditions. Figure 20 shows the crop age.

The 2020/21 harvesting season was completed during the week ended 19 November 2020. Figure 19 shows sucrose productivity (TSH) compared to the previous season, while Figure 21 shows summer radiation comparison.

FIGURE 18 - Cane quality comparison

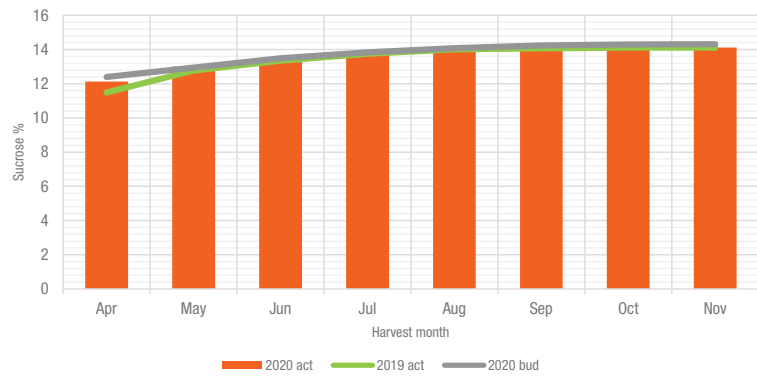
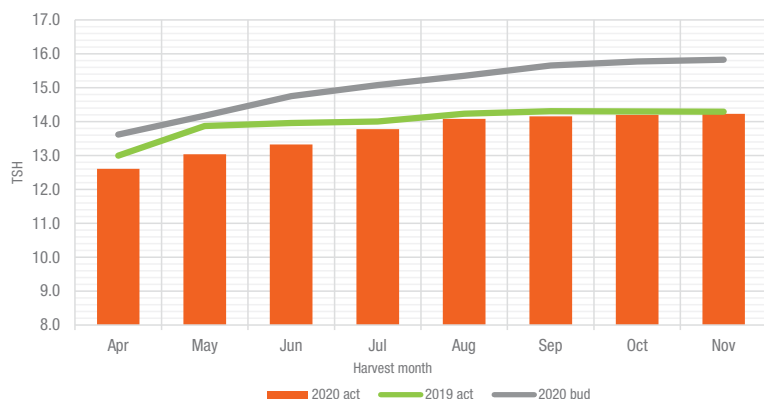


FIGURE 19 - Sucrose yield comparison



Irrigation Water Restrictions

As a result of the below normal rainfall received in the summer months, both Mnjoli and Maguga dam levels were significantly lower than the previous two seasons and comparable to the 2017/18 season. Mnjoli dam level dropped to 28,4% and Maguga dam to 36.7% in January 2021 before the cyclone, compared to last season's levels of 54.3% and 68.8% respectively, at the same time.

During the season, to sustain the available water until the next summer months, irrigation water restrictions had to be adopted. During April and May the irrigation water restriction was at 60% of crop water requirement and at 50% of crop water requirement in June and July.

Irrigation water usage to date was 167 000 megalitres compared to 210 524 megalitres in the previous year. The Mnjoli dam level of 105.7% compared well to 56.9% last year and Maguga at 99.9% compared well to 78.5% in March 2020.



14 635

hectares affected by a severe outbreak of yellow Aphid



FIGURE 20 - Age comparison

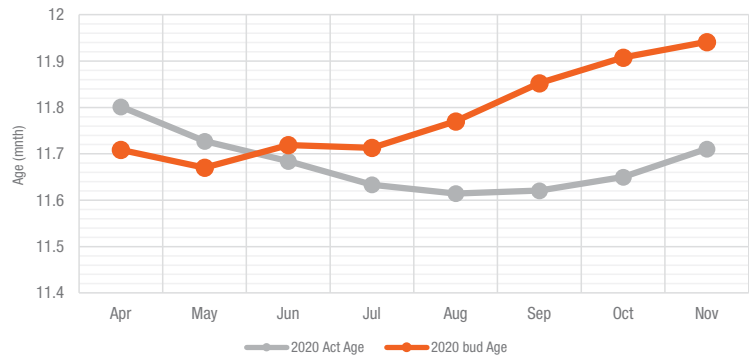


FIGURE 21 - Summer radiation comparison

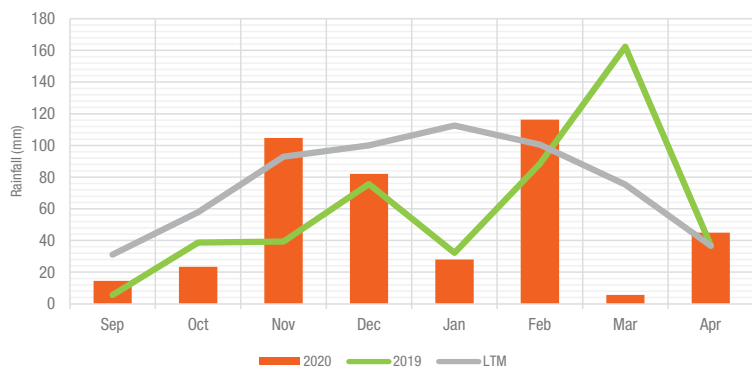
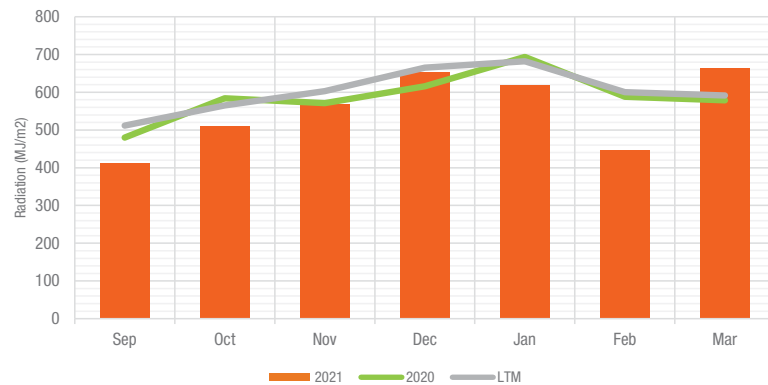


FIGURE 22 - Summer radiation comparison



OUR CROP - *continued*

Outlook

The areas affected by the Aphids' and thrips' outbreak will impact a greater area in the year ahead - 17 511ha compared to the 14 635ha in the year under review. As a result, the full yield benefits from the better climatic conditions and crop age may not be fully realised.

Cane Logistics

Cane logistics is a critical operation at RES as it constitutes one of the largest costs and is a key part of our business model. At the end of the 12 month growing period, when the crop is moved from the field to the factory for conversion to sugar, efficiency and cost effectiveness are crucial. One of the tenets of an effective cane logistics system is the minimisation of supply chain interruptions that lead to out-of-cane stoppages at the factory. Such stoppages are costly and can result in production of sub-standard product and increase the length of the milling season, which in turn reduces the cane quality.

The season under review was one of the best in the history of RES as it had the lowest logistical stoppages and was one of the two shortest crushing seasons (31 weeks) in history. This is depicted in the figure 24 and figure 25.

Outlook

In line with the strategic imperative of stringent cost management, the cane logistics' fundamentals of vehicle configurations (payloads and speeds) and field-to-mill distances are continuously and rigorously interrogated to find the right interfaces and interactions. For example, the right haulage rigs must be provided taking into account distances, irrigation systems and volumes. In the past year, operating trucks instead of tractors were introduced at Mhlume, resulting in the reduction of the unit cost of logistics as trucks are more efficient over distances in excess of 15 km. Tenders for the next five years were awarded to repackage the cane volumes to improve efficiency and reduce costs. All these efforts have culminated in RES achieving a unit cost of logistics below inflation.

FIGURE 23 - Summer rainfall comparison

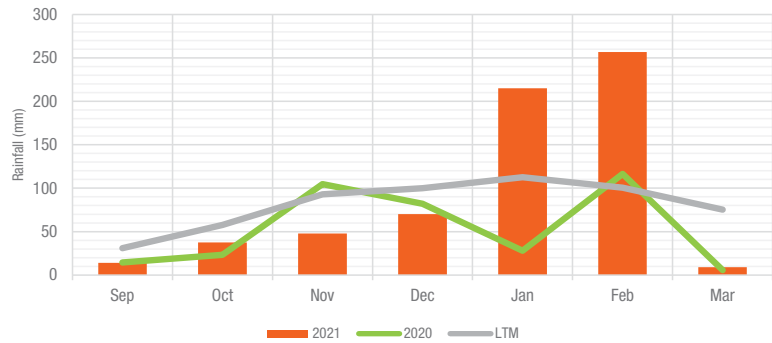


FIGURE 24 - Length of milling season

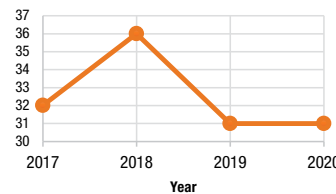


FIGURE 25 - No-cane stops - logistics

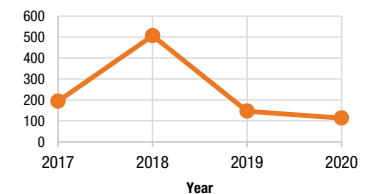
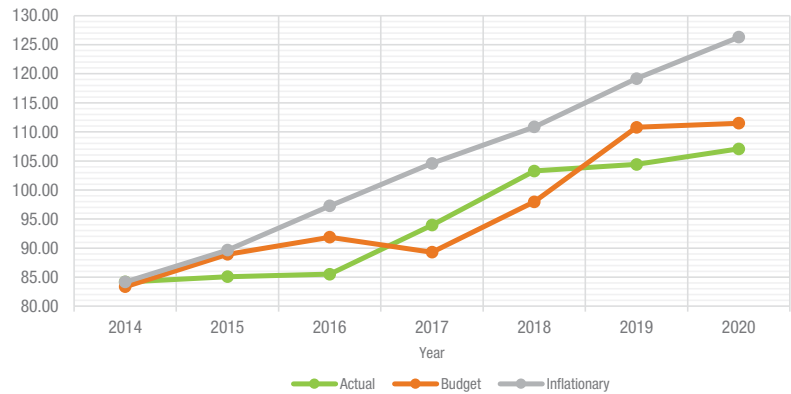


FIGURE 26 - Cane Logistics unit cost



WATER RESOURCES

The 2020/21 season was characterised by eight dry months and late heavy rainfall in January and February 2021. By the end of February 2021, the two major dams supplying water to the RES operations were overflowing. The uneven distribution of the rainfall meant that insufficient water was available for the crop for the major part of the season. The total cumulative rainfall received in the two RES estates was 118.9% and 109% of the long term average for Mhlume and Simunye respectively. In both cases, this is the highest rainfall received within the RES estates post the 2015/16 drought. Figures 27 and 28 indicate the rainfall trend for the two RES estates. A similar trend is expected at a catchment scale. Water availability going forward looks favourable.

Construction of a 20ML storage facility on the west main drain (Mananga dam) for capturing tail water and natural runoff was completed. In addition, a pump station and 1 km pipeline was installed to allow for the harvesting of more water into the dam and the recycling of the water back to citrus cluster house 2 in Area 3 where peak demand is 90 l/s. We also installed tops gates on the Ngomane spillway to increase capacity by 64ML. We also raised the Sand River dam spillway by 0.6 meters to allow for storage of an extra 4 000ML, 75% of which (3 000 ML) is for RES' benefit.

Our ongoing initiative to convert more area from less efficient to more efficient irrigation systems achieved 86.9Ha of furrow, 115Ha of sprinkler and 87.0Ha of surface drip during the 2020/21 spring replant programme.

FIGURE 27 - Simunye Estate rainfall

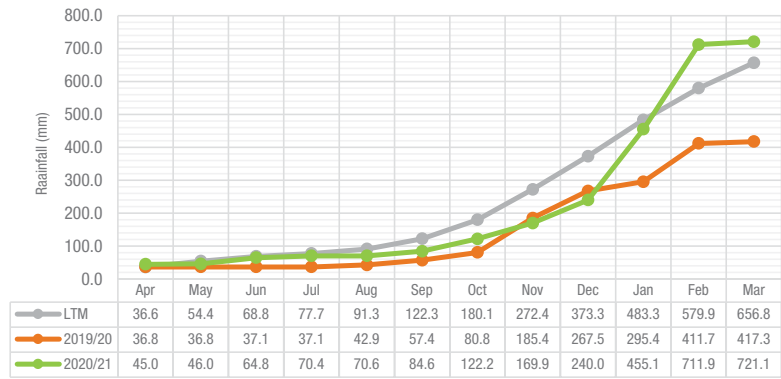
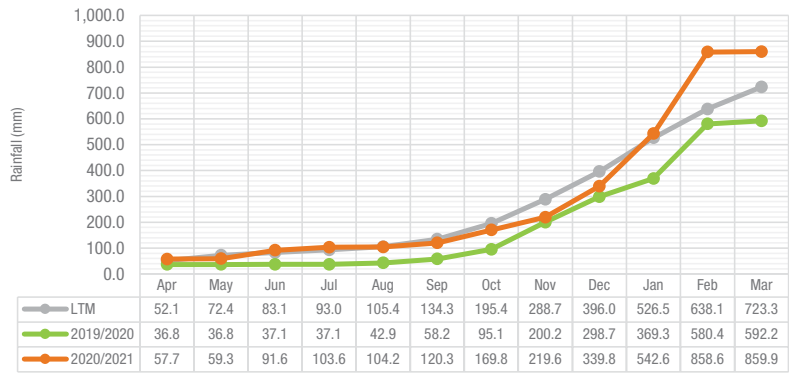


FIGURE 28 - Mhlume Estate cumulative rainfall



4bn Litres
extra at Sand River dam
after a 0.6m extension



To improve water sustainability, we completed the construction of a 20million litre storage on the west main drain (Mananga Dam)

Tidbit

WATER RESOURCES - continued

River Flow

The heavy rains received in January and February 2021 resulted in a significant improvement in river flows across the country and in the amount of water flowing into the two major dams supplying RES. Although the inflows increased far above the long term average during this period they have started declining, but a better ground water recharge is expected in the new financial year.

Starting Dam Storages

The dam storages at the beginning of the 2020/21 season were 81.25%, 59.21%, and 60.15% for Maguga, Mnjoli and Sand River Reservoir respectively which was less than the previous year.

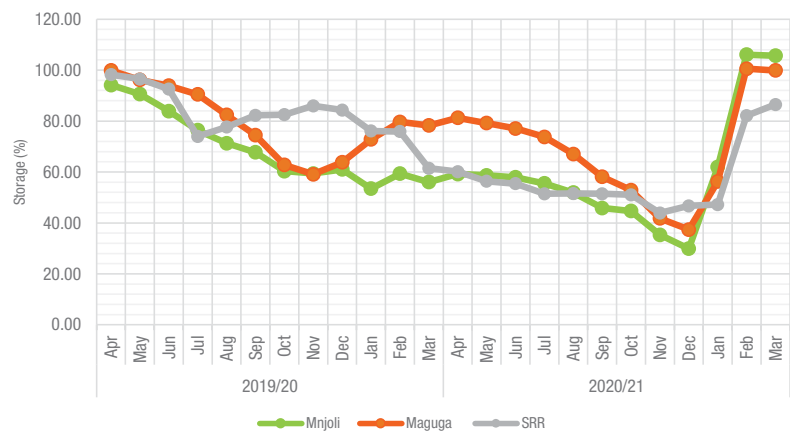
Water Conservation Efforts

In response to the poor water availability, due to the late rainfall, mitigation measures were implemented. KOBWA introduced 30% curtailment on normal water allocations in the Komati system from the beginning of October 2020 to the end of January 2021, which reduced the RES annual water allocation by 20%. RES implemented a strategy to minimise water consumption during the cool winter months, when the crop requirement was low, to conserve water.

Performance of Dams

The high inflows to the Mnjoli and Maguga dams in late January and February 2021 resulted in the two dams filling up and overflowing. The Sand River dam storage was increased due to pumping of excess water from the Komati system. The dam storages for Mnjoli, Maguga and Sand River Reservoir at end March 2021 were 105.65%, 99.97% and 86.03% respectively an improvement on 2020. (See Figure 29).

FIGURE 29 - Dam storage - season trend



Strategic Objectives for Water Management

Water Security

As water is a key input to the cane growing and sugar production processes, an important strategic objective is to pursue initiatives to improve water security. The following activities have been undertaken:

Sand River spillway raising project which entails the raising of the Sand River spillway by 0.6m to increase the storage by 4 000ML and upgrading the Sand River pump station by 3 000l/s. Authorisation for the project

has been received from the Eswatini Environment Authority following the completion of the Initial Environment Evaluation and Comprehensive Mitigation Plan.

Irrigation efficiencies have been increased through the conversion of 86.9Ha of furrow, 115Ha of sprinkler and 87Ha of surface drip to subsurface drip during the 2020/21 spring replant programme, which is more efficient. A programme continuing with 600Ha conversions will be completed in 2021/22.



WATER IS LIFE: Inter-ponds systems are important for ensuring that water is transferred and distributed where it is needed to ensure effective water security.

OUR FACTORIES

Our factories at Simunye and Mhlume form a fundamental part of our manufactured and financial capitals. Their efficient and optimised operations are key to our annual performance.

Consolidated factory output		
	FY2020	FY2021
Cane Milled (tonnes)	3 491 928	3 464 254
Sugar 96 pol (tonnes)	460 592	461 567
Sugar MTTQ	427 772	428 531
Refined Sugar MTTQ	131 737	132 848
VHP Sugar MTTQ	287 758	287 467
Demerara Sugar MTTQ	-	3 553

Factory operations

For the second year running, our sugar mills completed production in record time – 31 weeks – and were able to crush 80 500 tonnes of cane from Ubombo Sugar at the request of the industry. The total quota cane of 3 464 254 tonnes was 8% lower than the previous year due to drought and Aphid infestation.

The boilers and power stations performed well, resulting in stable, smooth and efficient factories: we reduced energy costs by 25% and our time efficiencies at 83.1% were above the industry norm. Mhlume recorded its lowest downtime in the history of the mill. Of the 27 Southern African sugar factories, for the third consecutive year, both mills were among the top six performers on efficiency and recoveries. Simunye mill was second and Mhlume mill in sixth position, which is exceptional for a factory with a back end refinery.

Challenges and risks

The COVID-19 pandemic led to short supply of key raw materials and spares as well as the liquidation of some key suppliers, while staff had to be rotated or staggered to avoid infections and possible stoppages. Unfortunately some staff members died as a result of COVID-19 related illnesses.

Due to the unavailability of spares and expertise during COVID-19 lockdown, we curtailed our maintenance plan and focused on corrective maintenance. Now that restrictions have been eased, we will catch up on preventative maintenance.

Factory risk resided mainly in the power generation capacity. Simunye relies on the 30 megawatt turbo alternator as a sole major generator, while at Mhlume the under-capacity of the power station resulted in the continued import of costly power.

The Aphid infestation reduced the crop yield.

Sugar

Refined sugar production improved from the previous season from 131 737 to 132 848 tonnes.

Outlook

As part of continuous improvement and to enhance our sustainability, we will continue to develop skills at both technical and management levels. Improving the plant performance by adding new equipment is critical to our Simama 20-25 strategy, in which sugar volumes are maximised while costs are minimised. In this regard our efforts to improve the LTA and overall recovery in our mills is a major priority.

Due to COVID-19 restrictions, we expect the continued shortage of key raw materials and spares, but on the positive side, our contractors are now willing to travel and to provide the services we require.

We will maintain our strategic focus on energy self-sufficiency and are considering a number of studies, including renewables and public/private partnerships, to improve the electricity network.

Other priorities include additional capacity expansions, improvements to maximise sugar recovery and volumes while minimising costs.



428 531
tonnes - total sugar
produced



The Simunye mill produces raw and VHP sugar

ETHANOL

Ethanol production is a key part of our manufactured and financial capitals, and during the year under review the distillery once again performed excellently, with 30.8 million litres of alcohol produced, and an alcohol recovery of 239 LAA/MT of molasses, our highest ever.

We produced 30.8million LAA (2019/20 – 35.7million LAA) at a recovery rate of 239L per metric tonne of molasses. The lower production was due to less feedstock being available.

Due to our strategy of agility in the market and quick response to market demand, we achieved an ethanol overall margin of E101million compared to E24million last year. Sales to Taiwan continued as we continue to grow this promising market. As part of our niche strategy, we exported 9.5million LAA rum to Europe

Ethanol marketing and logistics

Despite high market demand, sales had to be slowed down due to limited stock on hand as a result of less molasses available for ethanol production.

The EU market improved at the beginning of the campaign, mainly on the back of the COVID-19 pandemic which increased the demand for alcohol-based sanitiser. According to ICIS LOR, potable ethanol price in the EU market averaged €0.850 FD France whilst FD Germany averaged €0.830. As part of our niche strategy, we continued to export Rum to Europe.

Asia and EU markets have surpassed our targets for the year. Alcohol volume sales at 31.9million LAA were below the 37.2million LAA achieved in 2019/20. Sales to the EAC market have been negligible due to the unfavourable trading conditions and achievable margin in this market. Prices in this market have been dropping since 2013/14.

By products

There continues to be a dispute between the Eswatini Millers Association and the Eswatini Cane Growers association regarding the determination of beneficial use of bagasse. Millers still intend to have the matter determined by Arbitration as this disagreement remains counter productive for the Eswatini Sugar Industry. The current arrangement on bagasse is seen by Millers as penalizing them for making improvements in efficiencies in their factories. This remains a contentious issue.

Outlook

The programme to increase cane area will increase the volume of molasses to be produced by the sugar factories in the coming years. This, in turn, will mean a growing volume of ethanol to be produced as well as more compressed molasses stillage to come out of the pro-

cesses. This has made it necessary for the company to start investing in storage capacity to accommodate these developments. In the reporting period a project for the construction of a 10 000m³ capacity tank capable of storing molasses and CMS interchangeably. Proper storage of CMS is critical as part of our responsibility to protect the environment and utilize this substance as part of our green interventions.

The increase in molasses is expected to increase our production of ethanol in the different ethanol product segments. This will increase our ability to increase our footprint in the market.

The company is also working on introducing anhydrous ethanol to its product range. The intention is to support the introduction of a blending mandate in the country, which the Government of Eswatini is working on. The introduction of perfumery grade alcohol in our product line is expected to take place in the short to medium term.

The company will continue with its multi region marketing strategy for the ethanol business aimed at managing price and currency risk. The price is expected to remain volatile in some of our big markets such as Europe and may see steady increase in some of the regions such as SADC. The drive for the ethanol business unit will be to control costs so as to remain viable in the face of reducing prices in some of our markets. The introduction of new ethanol products in our product line is another intervention in the medium term, targeted at mitigating risk due to price volatility whilst gradually increasing profitability.



30.8M
litres of alcohol
produced this year



HIGH DEMAND:
There was an increase in demand for ethanol as COVID-19 persisted throughout the year.

ENGINEERING SERVICES AND PROJECTS (ES&P)

As the function of RES that oversees energy and supply chain management as well as process and technical services, ES&P is also responsible for overseeing large capex projects. As such it is a key part of our financial and manufactured capitals, and together with energy management and development, is an important service division within the Corporation.

The engineering services and projects department (ES&P) was formed at the end of the 2019/20 season. It comprises sub departments, namely Engineering Management Services (EMS), Energy, Process Optimisation and Technical Services. It is also responsible to oversee large capex projects from conception to commissioning, for estate wide electricity transmission, distribution and monitoring, renewable and sustainable energy management and generation, optimising sugar production processes, performing predictive maintenance and is also involved in reducing unit cost of production and product diversification.

ES&P evaluated, costed and ranked a number of energy efficiency projects based on their impact on the reduction of the unit cost of production and increase in throughput capacity. The assessments form part of the Simama 20-25 strategy.

EMS

EMS completed the installation of the new dryer and cyclone system at Simunye which has doubled the drying capacity. The previous dryer was moved to the Mhlume factory.

EMS has launched Phase 3 of the Mhlume Expansion project following board approval. The Engineering Design and Construction Management (ECM) consultant is already developing the engineering designs for integrating the new lead equipment.

In addition, the EMS team are assisting the Simunye factory with the supply and installation of two new Clear Juice Heaters (CJH) and one A-Centrifugal.

FIDIC or Custom-built contracts as well as Performance securities are being established with the consultants and suppliers to ensure RES's security of financial commitment and quality control. The risks however do extend beyond this and include the existing COVID pandemic and recent political unrest in Eswatini and South Africa. RES is keeping a close eye on developments locally, regionally and abroad in order to make any adjustments.

Energy

The power system showed significant improvement in reliability during the year, with the average interruption duration dropping from above four hours to below three hours per month due to interventions to stabilise the power system. Despite lockdown regulations presenting challenges, a number of interventions were completed. These included the installation of minisubs, sectionalisers, isolators/ganglinks, earth mats at pump stations and an auto recloser; a section of the Mhlume factory export line and small transformers for both villages and pump station. New electricity meters were installed; the 11KV switch room at Simunye was completed and commissioned. The changes enabled the network faults to be reduced largely through containment to the area of origin without impacting the whole network, as was the case previously.

Process

The process department is the chair of the colloquium platform on which various topics relevant to the vision of the company are introduced to middle and senior management for discussion and action.

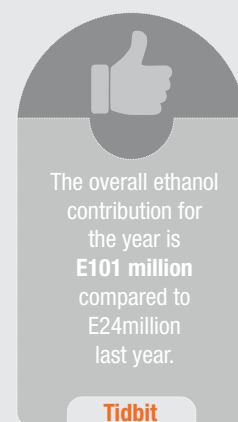
We have been actively involved in developing a potential solution for the maximisation of power generation through the optimal utilisation of the available steam in both the Simunye factory and distillery. The new batch pan at Simunye was commissioned and operators trained during the year.

Outlook

Leading into the 2021/22 season the expansion project work will resume with the main project elements consisting of increasing capacity of the crystalliser, centrifuge and masse-cuite reheating.

At Simunye, to address the throughput bottlenecks, a batch centrifugal and clear juice heater will be installed. We will study the overall state of the network and identify areas of improvement taking into account the potential incorporation of renewable generation such as solar and battery storage technologies.

In depth investigations into and assessments of low-cost distributed generation in the form of PV solar plants, hydro and wind potential and battery storage will be carried out during the course of the year. The power factor status improvement on lines supplying pump stations and the implementation of VSD controls will continue as part of the drive to save electricity costs.



SUPPLY CHAIN

Our supply chain is an integral part of our manufactured and financial capitals and we are continually seeking ways to improve the efficiency of these process.

Procurement

Tenders and Vendor Application

During the financial year, 67 applications for vendor registration were received and only 38 were approved. 137 tenders were awarded for the supply of various goods and services. 40% of the awarded tenders were long term contracts for the supply of stock items and also for various maintenance services.

Supplier Interface Project

The planned strategic initiatives of establishing a fully integrated an electronic platform for vendor application was partially completed. The web-based platform will be progressed in the following year. The vendor assessment criteria and submission channels have been included on the RES Website in order to assist potential vendors to understand how their applications will be assessed. The provision of information on the website has improved the quality of

application and reduced the number of queries for declined application. The internal part of the project which is the intranet based-vendor application process was completed during the year. This will ensure that vendor application forms are routed through workflow between the relevant players within the organization in order to improve efficiencies and traceability in the vendor application approval process as well as improve turn around for vendors.

COVID-19 Impact

The COVID-19 pandemic had a negative impact in the supply chain in that many suppliers who were operating during the various lockdown stages started to engage in price gouging practices. Various goods and services had to be procured on emergency basis which affected our ability to source competitive prices. Suppliers from SA were assisted with letters from the Ministry of Commerce

declaring RES as an essential service. These letters allowed many suppliers passage of way in cross-province and cross-border regulations.

In an effort to curb the spread of COVID-19 infections due to the multiple handling of tender documents, the physical tender box was removed. Only electronic tenders were received using a web-based virtual tender box and an email virtual tender box as a contingency. The removal of the physical tender box was a challenge for some tenderers, especially those who were not used to this process. This was however important to ensure that we could maintain our tendering process whilst managing the risk of increasing infections.

Material Requirements Planning (MRP) optimisation Project

The project which began in the previous period was successfully completed. A standard naming convention for stock items was established and the required training provided to the Planning teams. It now possible to analyse inventory investment by department. This will assist in reducing stock holding.



IYSIS

IYSIS represents an important part of our financial and natural capitals, dependent to a large extent on natural conditions.

IYSIS, previously a 50/50 joint venture with the Ingwenyama, was purchased outright with effect from December 1, 2021, which coincides with the fulfilment of the conditions precedent of the conclusion of a new long lease and water rights agreement between the Ingwenyama and Mhlume Sugar Company. RES paid E58 million in two tranches. A medium term loan for E30 million was secured and drawn down once all the conditions precedent were met. This strategic acquisition, now fully managed by RES, encompasses lease extensions crucial for RES' future cane expansion programme.

We harvested 4 216 hectares of cane, 0.8% less than in the previous year and produced 97.9 tonnes per hectare compared to 101.2 in 2019 due to the Aphid infestation. We used 46 590 megalitres of water.

The annual game census reflects a significant increase of 978 head, from 8 745 to 9 723 animals, with Impala being the most abundant at

7 000 head, followed by Nyala at 1 000 head and Kudu at 800 head. The increase is due to the inability of the game capture operators and hunters to travel to the country. The additional game added pressure to grazing which further resulted in a disappointing cattle conception rate of 66%.

Mananga Country Lodge was quieter due to COVID-19 but maintained a 27% occupancy, which was good compared to the rest of the hospitality industry. The golf course remained open during lockdown and achieved a record number of rounds.

Cattle

We introduced a new breed – East African Boran – to our herd during the year

Butchery

We sold 64 480kg beef compared to 68 065kg in the prior year. The butcheries remain a small component of activities, sustained by our vertically-integrated business, with the ranch selling to the feedlot, the feedlot to the abattoir, and the abattoir to the butcheries.

The purchase by RES of the balance of 50% of IYSIS required a dissolution of the 50/50 partnership. This entailed the retrenchment of all the IYSIS employees who were then re-employed by RES.

Outlook

RES plans to expand the planting of cane in earmarked areas in the short and medium term.

Hunting and fishing will remain popular and we see continued benefit deriving from these pastimes once travel again becomes possible and visitors will return for breaks in the bush. Our new “booze cruiser” had only managed to make four commercial trips before the pandemic close-down.

In the long term, lantana – a plant poisonous to cattle – will have to be monitored and eradicated, as was done during the year under review.

From a biodiversity perspective, our property remains very healthy. Our surveys have shown that we sustain 356 species of vertebrates – 28 frog, 48 reptile, 224 bird - and 56 mammal species. This is a well-balanced ecosystem that we will continue to maintain in the long term.



We meet our
Targets
and deadlines

Standing true to our values

MANANGA SUGAR PACKERS (MSP)

Mananga Sugar Packers (MSP) is a joint venture entity in which RES has a 50% interest. The company specialises in pre-packing sugar, castor and icing in a state of the art packaging facility at Mhlume. MSP has approximately 150 employees including seasonal and casual labourers and operates 24 hours a day, packing brands such as PnP, Selati, Spar, First value, Great value, South bakels and First sugar. Pack sizes range from 500g to 25kg for both refined and brown sugar. MSP's current sugar quota is 123 447 tonnes. About 99% of sugar packed at MSP is sold in South Africa and the balance is sold in Eswatini.

As a 50% subsidiary of RES, MSP forms part of our financial and manufactured capitals. The year began with strong sales ahead of expectations which continued in the face of the pandemic.

MSP achieved a contribution margin of E1 006 per tonne and a net margin of E614 per tonne, resulting in an EBIT of E80million for the year.

Outlook

It is our strategic imperative to expand the business to achieve economies of scale to ensure sustainability. As our chief market – South Africa – is under threat due to the Sugarcane Value Chain Master Plan being developed. We are considering other markets and product diversification. As unit cost reduction is key to accessing other markets, this will be a priority for the year ahead.

	2020	2021
Contribution Margin (E/Tonne)	669	1 006
Fixed Cost (E/Tonne)	367	392
Net Margin (E/Tonne)	302	614
EBIT('000)	40 684	79 994



Production

Mananga Sugar Packers' performance in 2021 showed improvement, with production of 135 002 tonnes compared to 121 748 tonnes in 2020.



Sales & Marketing

MSP's sales decreased in 2021 from 135 409 tonnes to 130 241 tonnes.

THEMBELISHA PREPARATORY SCHOOL



The 2020 academic year was a challenging year on the learning front. Right from the beginning of the first term we had to proactively close the school as the COVID-19 wave raged on. Even though this was the last time that learners were in class and learning the conventional way, our school staff's resilience, commitment and creativity ensured that we produced phenomenal results.

08

SECURING VALUE

RES is committed to and subscribes to best corporate governance practices. We are guided in this regard by, among others, the code of corporate practice and conduct contained in King IV and other international guidelines on corporate governance.



Our Board of
Directors



Governance
overview



Board committees



Our Executive
Management



Our approach to
governance

OUR BOARD OF DIRECTORS

RES Subcommittees are:

Risk, Social and Ethics Committee

Remuneration Committee

Audit Committee

Committee On Non-Executive Remuneration

Technical & Support Services Committee



Dr AT Dlamini - Chairman

Absalom Themba Dlamini is the RES Board 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 on Taiwan.

MBA, Bcom



Ms Busangani Mkhalihi
Member

Busangani G Mkhalihi is employed by the Ministry of Finance as Director of the 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 Post and Telecommunications Corporation as well as on the Remuneration and Audit Committees.

IMBA, BCom, Dip. Accounting and Business Studies



Chief Zibuse Ndlangamandla
Member

Chief Zibuse Ndlangamandla is the traditional leader of Manyandzeni community in the Shiselweni Region, Eswatini and a businessman and farmer. He is responsible for providing strategic direction on economic and social development matters of the community. He is also a member of His Majesty the King's Advisory Board.

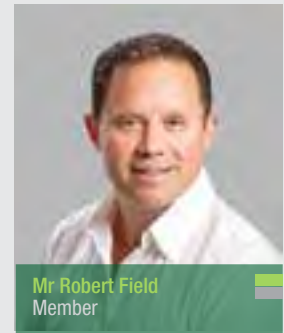
Dip Accounting



Mr Jameson Gule
Member

Jameson Gule 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, Tisuka TakaNgwane, Eswatini Cane Growers Executive Committee, SSA Finance and the Eswatini Sugar Industry Board.

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

B Com (Hons), Chartered Accountant SA



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 has 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 Andrew Westermeyer
Member

Mr 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.

B Com (Hons), Chartered Accountant SA



Mr Gerhard van der Walt
Member

Gerhard van der Walt is the Financial Director of Rainbow Chickens. He has more than 30 years' 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.

BCom (Hons), Chartered Accountant SA



Mr Zombodze Robert Magagula
Member

Zombodze Robert Magagula is a Consultant for Oracle Health Insurance (MHI). He previously worked as Crown Counsel and Prosecutor under the Eswatini Government's Ministry of Justice and Constitutional Affairs. He is President of the Eswatini Olympic and Commonwealth Games Association and the Confederation of Olympic Committees of Southern Africa. Mr Magagula also serves as an executive board member of the Association of Olympic Committees of Africa.

LLB, LLM (Insurance Law) Masters Sports Organisation Management; Post-grad. Dip (International Law)



Mr Idris Alhaji Ahmed
Member

Idris Alhaji Ahmed is the Accountant-General of the Federation in Nigeria and serves on several boards. He has held various executive positions in the federal Civil Service such as Director (Finance and Accounts) at the Nigeria Security and Civil Defence Corps (NSCDC) Wuse Zone 5, Abuja and at the Ministry of Mines and Steel Development Wuse II, Abuja. He is a member of a number of financial institutions in Nigeria. He has presented various papers on many topical issues including Reform in the Nigeria Capital Market, Fraud in the Banking Services Delivery and Supervisory Skills in Banking Service Delivery.

MIAD, MBA, BSc (Accountancy)



Nick Jackson is the only executive Board member. He is chairman of NERCHA Board of Directors and he also serves on several other boards including 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 Mike Shongwe
Member

Mike Shongwe is a former career banker, he 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.

MDP, Dip Creation and Development of SMEs

BOARD SUB COMMITTEES

Risk, Social and Ethics Committee

ZR Magagula - *Chairman*
Chief ZN Ndlangamandla
N Jackson
MSM Shongwe
Rob Field

Remuneration Committee

AT Dlamini - *Chairman*
Rob Field
ZR Magagula

Audit Committee

IG van der Walt - *Chairman*
B Mkhaliphi
JN Gule
A Westermeyer

Committee on non Executive Directors

AT Dlamini - *Chairman*
NM Jackson
LS Masango

Technical & Support Services Committee

HRH Princess Lomajuba - *Chairman*
JN Gule
AT Dlamini
NM Jackson

GOVERNANCE OVERVIEW

The RES Board has a unitary structure, comprising 11 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. The Board is, however, of the view that this does not affect its independence, as all non-executive directors exercise independent judgment in all Board deliberations and decisions at all times. Furthermore, there are policies in place 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 in order to implement appropriate and applicable recommendations on good governance that are suitable for the Corporation's circumstances. Our aim is to incorporate recommendations that are key to delivering sustainable growth in the interest of all stakeholders.

We see corporate governance as the responsibility of both the Board and executive management, with a culture of good governance embedded throughout the organisation.

The Board endorses the principles of fairness, responsibility, transparency and accountability articulated in the King Reports. The focus at RES remains on demonstrating and disclosing how its practices fulfil the principles and contribute to the achievement of governance outcomes set out in King IV.

The Board applies a stakeholder-inclusive approach in its decision-making processes, having due regard to the interests of shareholders and other stakeholders, while demonstrating concern for sustainability as a business opportunity that guides the formulation of strategy.

In line with the "apply and explain" principle, where application of the recommended King IV principles has been identified as unsuitable for the Group's circumstances, this is clearly explained and where appropriate, other controls are put in place to ensure good governance.

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

Board Responsibilities

The Board functions in terms of a Board Charter, which records the Board's continued objective of providing ethical business leadership. It regulates and addresses 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.

Whilst there is no formal evaluation of the performance of Board members, 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 as described in the Board Charter.

The Board meets quarterly and special meetings are convened from time to time when considered necessary. To facilitate a meaningful decision-making process, Board papers are circulated timeously to the directors to allow them to thoroughly peruse the content and raise appropriate issues. Members of the Executive Committee attend Board meetings to ensure comprehensive reporting to directors.

Through monthly reports and regular briefings by management on material issues, the Board is able to monitor, among others, operational and financial performance of the business, key risk matters and major Corporation initiatives.

The governance practices of RES are clearly set out in the Corporation's Annual Reports which are circulated to all shareholders and key stakeholders. Our website also refers to our corporate governance practices.

We would like to record the death of our director, John du Plessis, who passed away in January 2021 due to COVID-19. We also welcomed our new director, Rob Field. There were no other changes to the Board during

the year, a factor in providing continuity of leadership as Board members provided significant guidance around COVID-19 measures and restrictions.

Induction

On appointment, new 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 legislation, regulatory requirements and best practice (King Reports on Corporate Governance). This programme includes, inter alia, information and guidance on Group structure and long-term business plan/business strategy, financial and non-financial performance, reciprocal expectations, familiarisation through site visits and consultation with senior management, as well as corporate policies and procedures.

Remuneration

Directors' emoluments are contained in the financial statements, with that disclosure deemed adequate.

Board – Key focus areas in FY2021

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

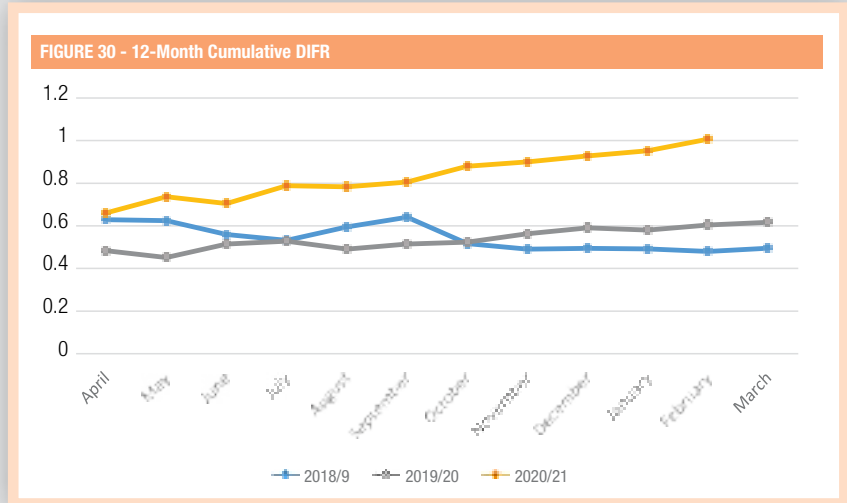
Among the most important activities undertaken by the Board during the year were:

- Strategic scrutiny of the long term business plan, which replaced the 7-phase Integrated Growth Programme, focussing on increased cane production and Mhlume mill expansion. This business plan aims to ensure the sustainability of the business in the long term under uncertain circumstances and is subject to regular updates and amendments in response to the ever-changing environment.

- Updated RES’s strategy and re-affirmed the previously defined strategic themes, being cost optimisation, new products/markets and organisational culture.
- Monitored implementation of the company’s strategy amidst the COVID-19 pandemic which resulted in a delay in aggressively pursuing identified strategic objectives. Due to the pandemic three out of eight initiatives were put on hold.
- Approved and provided oversight of major capital investments: IY-SIS acquisition and the construction of CMS/molasses storage tank.
- Reviewed and approved the Board Charter, Code of Ethics, Directors’ Code of Conduct.
- Ensured directors’ continuing professional development –training aimed at enhancing their understanding of the sugar manufacturing process.
- Ensured that the company created value for RES stakeholders: generated significant profits which enabled payment of a substantial dividend to shareholders, whilst maintaining a robust financial position, being a responsible corporate citizen (investing in infrastructure to curb negative environmental impact at the distillery, empowering and supporting local businesses through local procurement wherever possible), rewarding employees for their contribution towards sustainable growth and profitability of the business and ensuring the health and safety of company employees and other social partners.
- Stakeholder engagement, especially with industry players, Government and neighbouring communities, particularly on actions to mitigate the impact of the pandemic.
- Oversight of business continuity throughout the COVID-19 pandemic.

In 2020 the Board oversaw RES’s strategic decisions, risk mitigation plans, which include responses relating to the pandemic and actions to ensure the health and safety of our employees and stakeholders. The Board also received updates on suppliers’ responses and management of the pandemic. Board subcommittees remained actively involved in over-

seeing and monitoring the management of business, operational risks and implementation of business continuity plans to ensure the provision of critical services. Measures were put in place to ensure sufficiency of critical stock and, where necessary, alternative sources of supply were investigated.



STRATEGIC PARTNERSHIPS: Our success is very much linked to the partnerships that we maintain as we create value for all our stakeholders.

Risk Management

For RES risk represents both threats and opportunities which can positively and negatively impact achievement of our business objectives. We continuously monitor internal and external developments likely to impact the achievement of our strategic objectives and ensure implementation of appropriate risk mitigation actions.

GOVERNANCE OVERVIEW - *continued*

Health and Safety, Environment and Quality

Sustainability, which is closely related to issues of safety and health, environment and quality, is an integral part of the RES business operations and it is underpinned by a well-developed SHEQ management system based on ISO.

Occupational Health and Safety

Our 2020/21 occupational health and safety performance was somewhat disappointing, with the disabling injury frequency rate (DIFR) at an unprecedented 0.99 which was above the corporate threshold of 0.6 and the prior year's 0.62. Most of the disabling injuries were not life-threatening, as they were one day absences. On the upside we continued with our fatality free record, which we seek to maintain as we strive to reverse the concerning DIFR trend.

Quality Report

Our quality management system is designed to ensure that all products meet customer requirements and comply with regulatory obligations. A total of 11 complaints were received from sugar customers compared to 4 recorded in 2019/20 and there were no complaints received from ethanol customers.

Environmental Report

RES's approach to environmental management is based on best practice, legal compliance and maintaining our environmental and social licence to operate. As part of our continual improvement of the company's environmental performance, our 2020/21 focus was on rehabilitating some of our ponds to meet the effluent discharge compliance requirements stipulated in the Water Pollution Regulations, a project, which is still in progress and ensuring proper disposal of hazardous waste, that we sent to an approved recycling facility in South Africa. Challenges that

we continue to battle with in environmental management include fully complying with air quality and treated wastewater requirements, and these remain the company's focus areas for 2021/22.

One major environmental incident occurred during the year. Stillage contaminated water was erroneously released into the environment. The incident was reported to the Eswatini Environment Authority (EEA) and RES's investigation report, and accompanying corrective action plan was submitted to and accepted by the regulator.

During the year, the existing ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 were maintained following a surveillance audit which raised only one non-conformity, thereby illustrating the management systems' maturity. The company also scooped several awards during the Eswatini's Temvelo Awards organized by the Ministry of Tourism and Environmental Affairs.

Standing true
to our values

BOARD AND SUB-COMMITTEE MEETING ATTENDANCE

Board and sub-committee meeting attendance – FY2021								
Board Member	Nature of Meeting							
	Board		Audit		Risk		RemCo	
	SM	AM	SM	AM	SM	AM	SM	AM
Dr AT Dlamini ¹	4	4	-	-	-	-	3	3
Chief ZN Ndlangamandla	4	4	-	-	3	3	-	-
IG van der Walt ²	4	4	3	3	-	-	-	-
ZR Magagula ³	4	4	-	-	3	3	3	3
MSM Shongwe	4	3	-	-	3	2	-	-
JN Gule	4	4	3	3	-	-	-	-
NM Jackson ⁴	4	4	3	3	3	3	3	3
J du Plessis ⁵	4	4	-	-	-	-	3	2
R Field ⁶	1	-	-	-	-	-	-	-
B Mkhaliphi	4	4	3	3	-	-	-	-
I Ahmed	4	-	-	-	-	-	-	-
HRH Princess Lomajuba	4	4	-	-	-	-	-	-
A Westermeyer	4	4	3	3	-	-	-	-
A Adeyemi ⁷	-	4	-	-	-	-	-	-

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 members of the Board and /or subcommittees – Not applicable to alternate directors

1. Board and Remuneration Committee Chairman
2. Audit Committee Chairman
3. Risk, Social and Ethics Committee Chairman
4. Managing Director
5. Passed on – January 2021
6. Replaced J du Plessis – March 2021
7. Alternate to I Ahmed; attended four meetings in his stead

Of Integrity.
Of Respect.
Of Delivery.

BOARD COMMITTEES

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

COMMITTEE MANDATE	FY2020 FOCUS AND DELIVERING VALUE
<p>AUDIT COMMITTEE</p> <p>Mandate To assist the Board in exercising its oversight role of: 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</p>	<ul style="list-style-type: none"> • Considered and recommended Board approval of Interim and Annual Financial Statements for the reporting period; • Following a formal tender process, recommended the appointment of Thornton Chartered Accountants (Eswatini) as RES' external auditors for 2020/21; • Monitored effectiveness, objectivity, independence and quality of external auditor; • Approved Thornton Chartered Accountants (Eswatini)'s 2020/21 external audit plan and satisfied itself as to the appropriateness of key audit risks identified; • Reviewed and approved RES's Internal Audit Charter; • 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 regarding adverse internal and/or external audit findings; • Ongoing monitoring of financial risks identified in the Enterprise Wide Risk Register and compliance with company approved financial risk management policies, i.e. Treasury and Hedging Policy; • Monitored compliance with legal requirements, with particular focus on tax legislation, Company law as well as adherence to International Financial Reporting Standards and reports on good corporate governance, particularly the King Reports. Closely monitored management's close out of observations made by a tax health audit carried out by KPMG; • Received reports on new and/or proposed legislation which has an impact on the company as well as a litigation status report; • Satisfied 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; • Satisfied itself as to the adequacy of expertise, resources and experience of the Finance function; • Approved policy on related party transactions
<p>RISK AND SOCIAL ETHICS COMMITTEE</p> <p>Mandate To assist the Board in creating an ethical organisational culture and overseeing risk management. To ensure that management has implemented policies, processes and procedures to manage the significant risks to which the company is exposed, exercising oversight on safety, health, environmental and quality issues.</p>	<ul style="list-style-type: none"> • Reviewed the top risks and considered management's action plans to mitigate the top 10 risks contained in the enterprise-wide risk register; • Monitored RES's practices and manner in which the company protects and 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 and quality management; • Oversight of the management of technology and information and monitored the company's digitilisation programme, which saw the successful implementation of BPC. • Oversight and review of the management of risks facing RES, especially in respect of the COVID-19 pandemic • Oversight of management's efforts to implement new ways of working developed during COVID-19.
<p>REMUNERATION COMMITTEE</p> <p>Mandate To assist the Board by recommending remuneration strategies that ensure a proper balance in attracting, rewarding and motivating human capital to drive the Group's long term strategy and sustainable performance, whilst creating shareholder value.</p>	<ul style="list-style-type: none"> • Implementation of amendments to the short term and long term incentive schemes in line with PWC recommendations; • Approved cost of living adjustments for executives; • Succession planning.
<p>COMMITTEE ON NON-EXECUTIVE DIRECTORS' REMUNERATION</p> <p>Mandate To consider and review non-executive directors' remuneration.</p>	<ul style="list-style-type: none"> • Reviewed non-executive directors' remuneration, which was adjusted based on benchmarks with peer companies and inflationary considerations.

FY2021 FOCUS	MEMBERS
<ul style="list-style-type: none"> Continue to ensure 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 new IFRS standards which impact RES, prepare to implement and ensure that all material risks are addressed; Monitor the organisation's control environment; Monitor legislative and regulatory developments with a risk impact on RES; Continue to review relevant submissions and reports issued by internal and external assurance providers. 	<ul style="list-style-type: none"> IG van der Walt - Chairman B Mkhaliphi JN Gule A Westermeyer
<ul style="list-style-type: none"> Continue monitoring risks to achievement of RES's strategic objectives; Specific attention will be given to continued mitigation of the impact of COVID-19, focussing on health and safety and business continuity; Improve our corporate reporting on environmental matters; Ongoing monitoring of fraud and corruption reports; Ongoing monitoring of ethical conduct and whistle blowing reports; Improvement of safety performance and implementation of initiatives to improve safety statistics; Application of technology to improve efficiencies and ability to cope with the fourth industrial revolution; Ensure appropriateness of IT spend and realisation of benefits in line with the P3M framework; Link risk management to the year's business plan; Keep abreast of changes in environmental and sustainability legislation; Leverage technology and digitalisation in achieving strategic objectives; Embed an ethical culture across the business; Monitor ongoing impact of the pandemic on our business and stakeholders; Continue to provide oversight on investments in technology and digitilisation and ensure that these add value, increase efficiencies and sustainability of the business. 	<ul style="list-style-type: none"> ZR Magagula - Chairman Chief ZN Ndlangamandla N Jackson
<ul style="list-style-type: none"> Executing our responsibilities set out in the REMCO Terms of Reference; Oversight of succession planning at executive level. 	<ul style="list-style-type: none"> AT Dlamini - Chairman J du Plessis (<i>up to January 2021</i>) ZR Magagula R Field (<i>effective March 2021</i>)
<ul style="list-style-type: none"> Ensuring non-executive directors' remuneration is fair and reasonable and suitable for RES's circumstances; Non-executive directors' succession planning. 	<ul style="list-style-type: none"> AT Dlamini - Chairman NM Jackson LS Masango

OUR EXECUTIVE MANAGEMENT

Executive Management

Below the level of the Board, 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. Ad hoc management committees are put in place to focus on and moni-

tor 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, in order to, amongst others:

- 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
- Ensure that appropriate IT systems exist to support business operations and to provide useful management information to facilitate effective decision-making.

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

OUR EXECUTIVE MANAGEMENT TEAM



Mr Nick Jackson
Managing Director

Nick Jackson is the RES Managing Director. He is also chairman of NERCHA Board of Directors and serves on several other boards including 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



Mrs Bonisiwe Masuku
Group Human Resources Manager

Bonisiwe Masuku is currently the Group HRM at RES since July 1, 2020. Prior to which she was GM HR & Administration at Central Bank of Eswatini since 2017 after having been Head Human Capital at Standard Bank Eswatini for almost 6 years. She has almost 20 years HR experience and has worked for FSE&CC (now Business Eswatini), EPTC, Peak Timbers, ENPF, ESWADE. She is currently a Board Member for ENPC and was a part time lecturer for UNESWA from 2015 - 2019

MBA, PDM HR, PGCE, BA



Mr Muhawu Maziya
General Manager Commercial

Advocate Muhawu Maziya, a Fulbright alumnus, was Head of Law at UNESWA and subsequently, Deputy Executive Director of the FSE&CC (now Business Eswatini) before joining RES. He is currently the General Manager – Commercial at RES. He has served as Director in various companies and organizations including Nedbank (Eswatini) and as Chairman of Eswatini Royal Insurance Corporation. He serves in various structures of the Eswatini Sugar Industry.

Dip. J, Dip. IR, BA Law, LLB, LLM, Advocate



Mr Patrick Myeni
General Manager Operations

Patrick Myeni joined RES as a Trainee in 1981, was appointed Section Manager in 1987 and moved up the ranks to General Manager Agriculture in 2007. He is currently General Manager Operations at RES. He serves on a number of committees including The Eswatini Fuel Pricing, National Adaptation Strategy and the Eswatini Sugar Association Council.

BSc, MBL, MSc Agric Mechanisation



Mr Stephen Potts
General Manager Special Projects

Stephen Potts has over thirty years of experience as an Executive and is the General Manager Special Projects at RES. He is a member of the Council and the Marketing and Executive Committee of the Eswatini Sugar Association. He is a Director of Mananga Sugar Packers (Pty) Ltd, chairman of the Audit and Risk Committee, a Director of Quality Sugars (Pty) Ltd. He is also a director of the Central Bank of Eswatini and chairman of the Audit Committee. He has attended executive education programmes at the London Business School, Henley Business School and the University of Cape Town Business School.

B.COM, CA(SD), CA(Z)



Mr Dumisani V. Dhlwayo
General Manager Finance

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

B Com (Hons), CA(Z), CA(SA), MBA

OUR APPROACH TO GOVERNANCE

With a view to improving our governance processes, enhancing operational effectiveness and ensuring process optimisation and improved capital allocation, the Corporation follows an integrated approach to governance, risk and compliance. This integrated approach entails an ongoing consolidation of the governance and compliance function with the risk control and IMS department.

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 char-

ter. 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 includes fieldwork and validation of SAP basis infrastructure and IT General Controls' (ITGC) review findings, audit of MSP and IYSIS ITGCs, quarterly reports, investigation of serious allegations, reviews of IYSIS, Mananga Sugar Packers, procurement and fixed assets and Team-Mate support, as well as consulting engagements, fraud prevention, awareness workshops and special requests.

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

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.

Shareholder Engagement

The Corporation is committed to communicating and engaging with shareholders, and pursues this interaction in line with the King IV 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.

OUR APPROACH TO GOVERNANCE - *continued*

The Corporation also undertakes proactive engagement with institutional shareholders on a continuous basis and we employ a variety of 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 deci-

sion-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 upon to the Risk 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.



BENEFITING COMMUNITIES: Our strategic partnerships with our business counterparts give us a mutual ability to create and transfer some value to our communities. RES Corporation and Standard Bank donated masks to 7 schools and industrial equipment to entrepreneurs and the school for the deaf.

09

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2021

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The Directors have pleasure in presenting their report together with the abridged financial statements for the year ended 31 March 2021.

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 attached financial statements.

The financial performance for the financial year ended 31 March 2021 reflects trade conducted under COVID-19 conditions. Early in the financial year, the sugar industry was classified as an essential services industry and the Group, has therefore, been able to continue its operations, exercising the strict COVID-19 guidelines issued by Government. These guidelines have been complemented by a host of awareness and preventative measures that are monitored continuously. A proactive response has ensured the continuity of operations. Management and employees remained vigilant, cognisant of the negative ramifications that arise from complacency.

Demand for sugar and ethanol during the pandemic has been unpredictably higher than normal hence the Group has been spared from some of the difficulties that have befallen other entities during the pandemic.

Business acquisition

On 30 November 2020, the Inyoni YaseSwatini Irrigation Scheme (IYSIS) Partnership, where the Group had 50% interest held through the "Company" was dissolved.

The Group, through Mhlume Sugar Company (100% subsidiary), acquired the remaining 50% of assets and liabilities of the dissolved IYSIS Partnership at E58 million, effective 01 December 2020. On the same date, the "Company" further sold to Mhlume Sugar Company, assets and liabilities which were previously held through the IYSIS Partnership also at E58 million.

Following the dissolution of the IYSIS Partnership, a related entity, IYSIS/MSCo Sugar Joint Operation, where the IYSIS Partnership had 80% interest and the Group had 20% interest through Mhlume Sugar Company, was also dissolved. This has resulted in Mhlume Sugar Company owning 100% of IYSIS assets and liabilities.

Business outlook under COVID-19

The COVID-19 outbreak has continued to affect lives and negatively impact the economic activities worldwide with some sectors and regions being more severely affected than others.

As the sugar industry was classified as an essential service by the Eswatini Government in the 2020 partial lockdown regulations, the Group and its Companies have been able to continue with its normal operations. To mitigate the risk of business closure due to employees being infected, the group has implemented a best practice COVID-19 risk avoidance strategy. Management actively monitors and responds to the constant changes with determined effort to ensure that the Group emerges as a going concern post the COVID-19 era.

Dividends

The following dividends have been declared:

- A first interim dividend for the year ended 31 March 2021 of 84.4 cents per share which was paid in November 2020;
- A second interim dividend for the year ended 31 March 2021 of 61.5 cents per share which was paid in February 2021; and
- A final dividend for the year ended 31 March 2021 of 108.6 cents per share which will be paid in June 2021.

Board structure

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

Directorate

The directors of the Company during the year were:

Directors

A T Dlamini	(Chairman)
N M Jackson	(Managing Director)
J M du Plessis	(Deceased - January 2021)
R Field	(Appointed - March 2021)
HRH Princess Lomajuba	
J N Gule	
I Ahmed	
Z R Magagula	
B Mkhalihi	
Chief Z N Ndlangamandla	
M S M Shongwe	
I G van der Walt	
A Westermeyer	

Alternates

A Adeyemi	(to I Ahmed)
M Ndlela	(to J N Gule)
A Ngcobo	(to A T Dlamini)

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

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

ABRIDGED DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Management structure

Managing Director

N M Jackson*

Commercial

M I Maziya* General Manager Commercial
S Kunene Stores Manager
S Saxena Head of Distillery Operations and Projects
J Shiba Purchasing Manager
Z Zulu Logistics and Marketing Manager

Operations

P J Myeni* General Manager - Operations
C Crick Head of Agriculture
M Gama Agricultural Manager - Production
B Shongwe Agricultural Manager - Water Resources
M Tshawuka Agricultural Manager - Services
V Malubane Agronomy Manager
J Tfwala Factories Manager
O Marais Engineering Services & Projects Manager

Special Projects

S G Potts* General Manager - Special Projects

Finance

D V Dhlwayo* General Manager - Finance
A B Hlatshwayo Finance Manager – Tax and Projects
M Zwane Finance Manager - Business Planning & Reporting
T Sifundza Finance Manager – Financial Management

Human Resources

B Masuku* Group Human Resources Manager
B A Maziya Head of Human Resources Operations
A Mdluli Employee Relations Manager
S Shiba Human Resources Manager - Learning and Talent
Dr R Shoshore Human Resources Manager - Health and Wellness

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

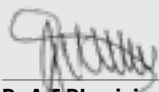
Public Affairs

S Nyembe Group Public Affairs Manager
I Fakudze Property Services Manager

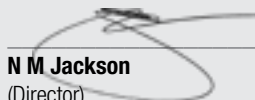
*Members of the Executive Committee (Exco)

Material events after year-end

No matter, which 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)



N M Jackson
(Director)

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

The Group auditors, Grant Thornton Chartered Accountants (Eswatini), have issued an unmodified audit report on the consolidated financial statements for the year ended 31 March 2021 from which this information has been extracted.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	GROUP	
	2021 E'000	2020 E'000
Assets		
Property, plant and equipment	1 882 171	1 736 529
Goodwill	286 481	286 481
Intangible assets	72 723	83 829
Equity accounted investees	183 806	163 372
Deferred tax assets	60	89
<i>Total non-current assets</i>	2 425 241	2 270 300
Inventories	156 878	158 306
Biological asset - growing cane	747 915	599 124
Biological asset - livestock	19 178	9 620
Trade and other receivables	253 503	266 795
Taxation prepaid	5 297	863
Cash and cash equivalents	354 244	187 356
<i>Total current assets</i>	1 537 015	1 222 064
Total assets	3 962 256	3 492 364
Equity		
Share capital	128 639	128 639
Share premium	632 379	632 379
Preference share redemption reserve	78 104	78 104
Retained earnings	1 646 473	1 384 107
<i>Total equity</i>	2 485 595	2 223 229
Liabilities		
Deferred tax liabilities	487 127	417 599
Loans and borrowings	228 314	249 464
Employee benefits	108 270	95 645
<i>Total non-current liabilities</i>	823 711	762 708
Trade and other payables	320 015	305 512
Short term employee benefits	141 567	83 216
Current portion of loans and borrowings	57 103	49 700
Current tax liabilities	29 633	1 799
Dividends payable	104 632	66 200
<i>Total current liabilities</i>	652 950	506 427
Total liabilities	1 476 661	1 269 135
Total equity and liabilities	3 962 256	3 492 364

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	GROUP	
	2021 E'000	2020 E'000
Revenue	3 776 873	3 371 636
Cost of sales	(2 836 926)	(2 691 578)
Change in fair value of biological assets	110 848	72 198
Gross profit	1 050 795	752 256
Other income	69 676	70 873
Distribution expenses	(8 508)	(6 935)
Administration expenses	(473 574)	(433 979)
Impairment loss on trade receivables	(988)	(1 092)
Gain on bargain purchase	7 476	-
Operating profit	644 877	381 123
Finance income	31 607	35 709
Finance costs	(18 872)	(29 937)
Net finance income	12 735	5 772
Share of profit of equity accounted associate companies (net of income tax)	33 524	20 485
Profit before taxation	691 136	407 380
Income tax expense	(185 433)	(109 217)
Profit attributable to owners of the Company	505 703	298 163
Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit liabilities	2 571	1 928
Related deferred tax	(707)	(530)
Other comprehensive income, net of tax	1 864	1 398
Total comprehensive income for the year attributable to owners of the Company	507 567	299 561
Basic and diluted earnings per share (cents)	524.9	309.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
GROUP					
2021					
Balance at 1 April 2020	128 639	632 379	78 104	1 384 107	2 223 229
Profit	-	-	-	505 703	505 703
Other comprehensive income	-	-	-	1 864	1 864
Total comprehensive income for the year	-	-	-	507 567	507 567
Transactions with owners recorded directly in equity - Dividends	-	-	-	(245 201)	(245 201)
Balance at 31 March 2021	128 639	632 379	78 104	1 646 473	2 485 595
2020					
Balance at 1 April 2019	128 639	632 379	78 104	1 214 238	2 053 360
Profit	-	-	-	298 163	298 163
Other comprehensive income	-	-	-	1 398	1 398
Total comprehensive income for the year	-	-	-	299 561	299 561
Transactions with owners recorded directly in equity - Dividends	-	-	-	(129 692)	(129 692)
Balance at 31 March 2020	128 639	632 379	78 104	1 384 107	2 223 229

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	GROUP	
	2021 E'000	2020 E'000
Cash flows from operating activities		
Profit before taxation	691 136	407 380
<i>Adjusted for:</i>		
Depreciation	193 719	184 601
Amortisation of intangible assets	18 252	19 054
Impairment of intangible assets	8 782	-
Increase in fair value of biological assets - growing cane	(111 735)	(70 480)
Increase in fair value of biological assets - livestock	888	(1 718)
Increase in non-current employee benefits	15 196	14 401
(Profit)/ loss on disposal of property, plant and equipment	(1 288)	43
Dividend income	-	-
Finance income	(31 376)	(32 142)
Finance costs	18 872	29 937
Gain on bargain purchase	(7 476)	-
Unrealised currency loss/(gain)	2 202	(915)
Share of associated company net profit	(33 524)	(20 485)
Operating cash flows before movement in working capital	763 648	529 676
<i>Movement in working capital</i>		
Decrease in inventory	1 651	12 731
Decrease in trade and other receivables	38 652	24 664
(Decrease)/increase in trade and other payables	(524)	318
Increase in short term employee benefits	56 210	8 106
Cash generated from operations	859 637	575 495
Interest paid	(18 872)	(29 937)
Taxation paid	(128 030)	(49 207)
Net cash generated by operating activities	712 735	496 351
Cash flows from investing activities		
Finance income	31 376	32 142
Dividends received	13 090	3 294
Proceeds from sale of property, plant and equipment	1 668	234
Acquisition of property, plant and equipment	(293 288)	(319 357)
Acquisition of intangible assets	(16 928)	(10 559)
Acquisition of Partnership net of cash	(55 936)	-
<i>Net cash utilised in investing activities</i>	(320 018)	(294 246)
Cash flows from financing activities		
Proceeds from loans and borrowings	35 000	200 000
Repayment of borrowings	(47 946)	(47 946)
Repayment of Lease Liability	(3 912)	(1 948)
Dividends paid	(206 769)	(156 156)
<i>Net cash utilised in generated by financing activities</i>	(223 627)	(6 050)
Net increase in cash and cash equivalents	169 090	196 055
Cash and cash equivalents at beginning of year	187 356	(9 614)
Effect of exchange rate fluctuations on cash held	(2 202)	915
Cash and cash equivalents at year end	354 244	187 356



For detailed financial results, visit
www.res.co.sz

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 Investment
CXL	An EU import duty on sugar
DIFR	Disabling Injury Frequency Rate
EAP	Employee Assistance Programme
EIA	Environmental Impact Assessment
EIT	Engineers-in-Training
ENA	Extra Neutral Alcohol
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
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
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
PHC	Primary Health Care
PMS	Performance Management System
PoI	Polarity
PPP	Public Private Partnership
PSD	Property Services Department
SACU	Southern African Customs Union
ECGA	Eswatini Cane Growers Association
EEA	Eswatini Environmental Authority
EEC	Eswatini Electricity Company
SIA	Sugar Industry Agreement
SRA	Eswatini Revenue Authority
ESA	Eswatini Sugar Association
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

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