



INTEGRATED REPORT 2022

*Standing
true to
our
values*

02 page 5

RES AT A GLANCE

04 page 16

MESSAGE FROM THE CHAIRMAN

06 page 37 - 54

OUR BUSINESS

Human Capital (HC)	38
Employee Health and Wellness	43
Information Technology (IT)	46
Property Services	47
Stakeholder Relations	49
Outgrowers	54

08 page 67 - 75

SECURING VALUE

Our Board of Directors	68
Governance overview	70
Board and Sub-committee meeting attendance	71
Board Committees	72
Our Executive Management	74
Our approach to governance	75

01 page 4

ABOUT THIS REPORT

03 page 7 - 15

WHO WE ARE

8	Our story - Six decades of growth
10	Our vision, mission and values
10	Our capitals
10	Our investment portfolio
11	Our operating environment
13	Five year review
14	Our value-creating business model

05 page 19 - 36

CREATING VALUE

20	Message from the Managing Director
24	Financial Report
26	Our Strategy
31	Material matters
32	Enterprise-Wide Risk Register - FY2022

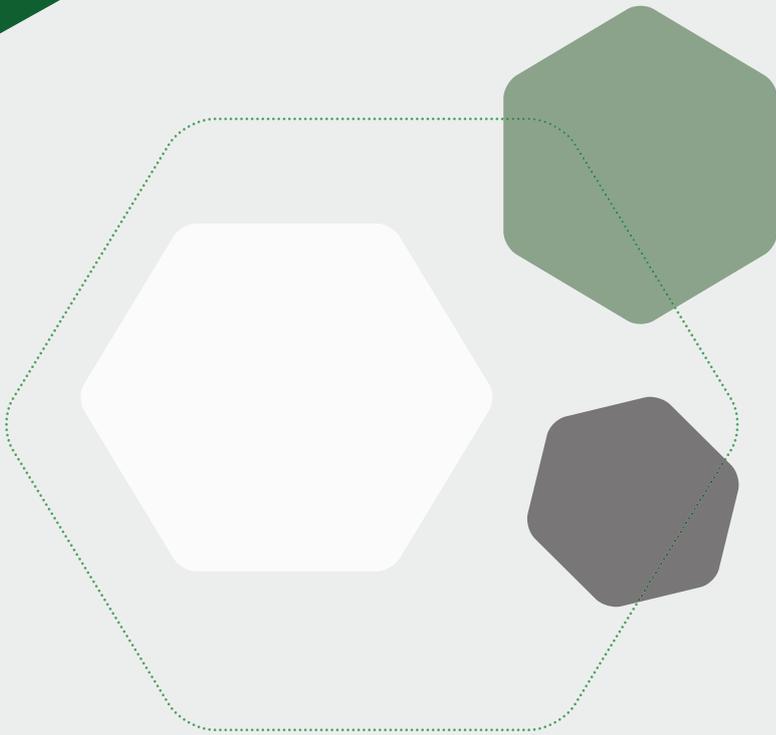
07 page 55 - 66

OUR PERFORMANCE

56	Our crop
58	Water Resources
60	Our factories
62	Ethanol
64	Supply Chain
65	Engineering Management Services
65	YSIS
66	Mananga Sugar Packers

09 page 77

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS



OUR NEW BUSINESS AS USUAL

As seen in the recent global, climatic and geo-political events, the business landscape is never certain, and the changes are marked by complexity and rapidity. It is more and more imperative that we improve our control of the internal environment in which we are able to influence the rate, quality and efficiency of production. The Simama journey is so far the best way to ensure a sustainable creation of value for all our stakeholders.

03

ABOUT THIS REPORT

The RES Corporation has published 10 Integrated Reports in as many years. This is the 11th report in which the Corporation places in context the issues, activities, relationships, engagements and the performance of the past year, from April 1, 2021 to March 31, 2022. The report provides stakeholders with a balanced and integrated view of the Corporation's ongoing abilities and challenges in the creation of value in the short, medium and long term.

Reporting Boundary

The scope and boundary of the report remain unchanged from the previous year, and the material issues have been identified and reported on with regard to, and taking cognisance of, the six capitals – financial, manufactured, intellectual, human, social and relationship, and natural – outlined in the Value Reporting Foundation (VRF) Integrated Reporting 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 relation to the impact on strategy, capital expenditure (capex) and operational processes in the context of global and regional markets and economic trends. These statements are necessary, not only for the completeness of reporting, but because this impact will be materially felt, not just

in the short term, but in the medium and long term as well, with significant implications for strategy implementation and value-creation.

(For more on strategy and operations please see pages 26 and 55)

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.

Materiality and material matters

A 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 matters previously identified remain largely unchanged. In addition, climate and the dynamics of social

relations were material issues during the year. For details on the impacts of these matters, see pages 31-36. Further, materiality issues as they pertain to ongoing stakeholder management, are discussed in our Stakeholder Relations section of this report on page 49-53.

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 2022 Integrated Report on the recommendation of the Audit and Risk Committees. The Group Financial Statements were audited by SNG Grant Thornton.

Navigation

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.



02

HIGHLIGHTS

RES CORPORATION AT A GLANCE

Despite an extremely tough year of lower yields as a result of a mixture of adverse climate, pest and disease, we have achieved a good performance. Effective control of the internal environment yielded a good result despite the Russia/Ukraine upheaval that resulted in a sharp rise in input costs.



E3.63bn

Revenue

Due to adverse climatic conditions, cane arson, and stronger local currency revenue was 4% lower than the prior year

2021: E3.78bn



E292m

Cane-growing margin

Poor climate affected yields, cane arson and cost increases due to the Russia/Ukraine conflict, reduced margin by 31%

2021: E422m

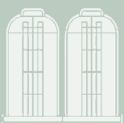


E475m

Sugar-milling margin

Tonnes cane milled 7% lower, combined with inherently high wet mill processing costs resulted in margin being 11% lower

2021: E535m



E64m

Ethanol margin

Lower cane volumes equals lower molasses feedstock. Consequently, ethanol production was 6% down on prior year, while prices retreated

2021: E101m



E303m

Attributable to shareholders

The sum total of the business environment resulted in a 40% reduction against a record year comparative

2021: E508m

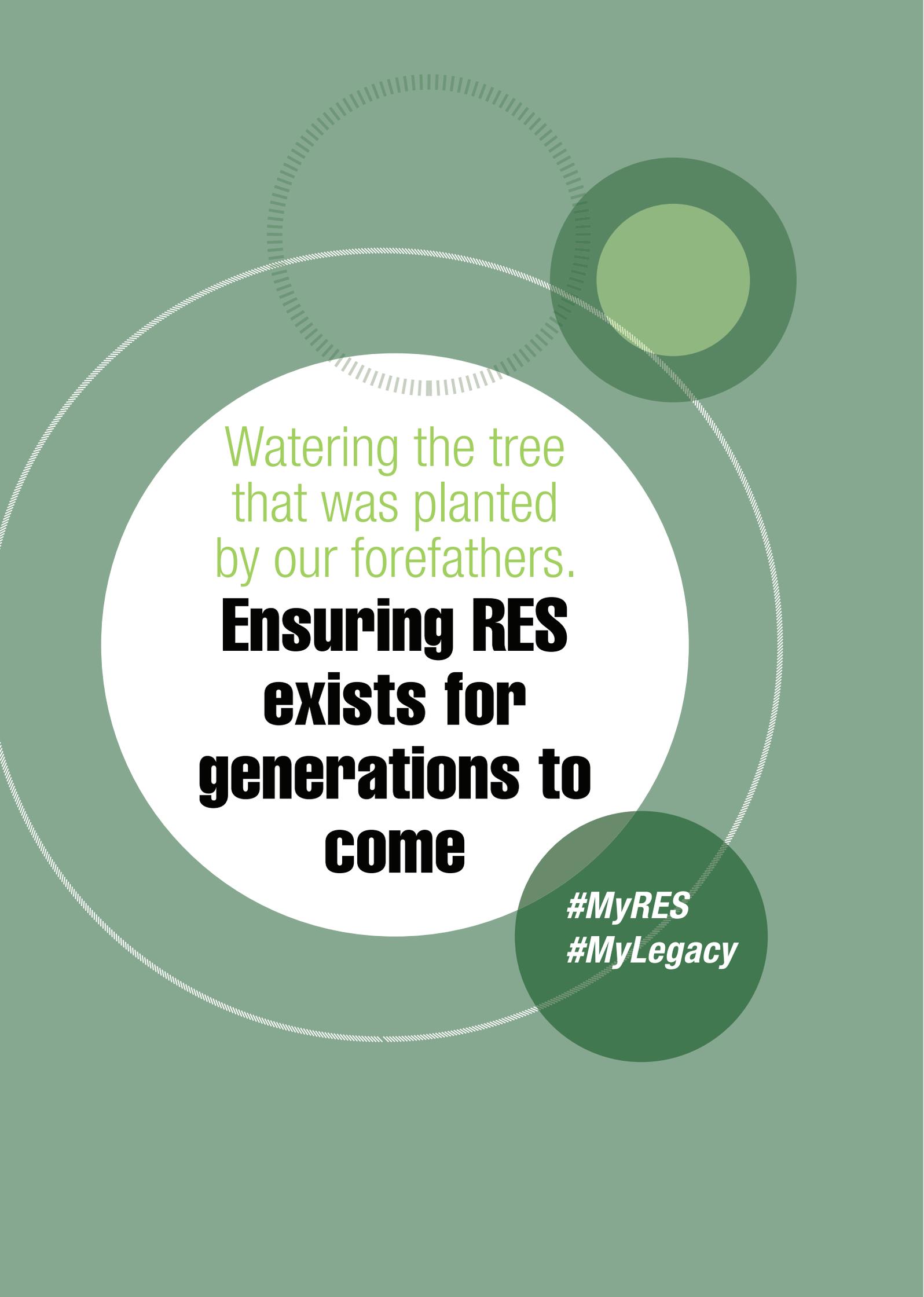


E186m

Dividend declared

Dividend lower by 24%. Top up dividend of E47m on 2020/21 final profit was included

2021: E245m



Watering the tree
that was planted
by our forefathers.

**Ensuring RES
exists for
generations to
come**

*#MyRES
#MyLegacy*

WHO WE ARE

03



The Royal Eswatini Sugar Corporation is the largest listed company in Eswatini with interests in sugar cane farming and manufacturing refined sugar products and ethanol for regional consumption and export to the rest of Africa, Europe and Asia.

It is also involved in cattle and game farming, as well as ecotourism. We provide beverage-grade ethanol for use in alcoholic beverages as well as pharmaceuticals and water treatment products. The company produces feints used to manufacture methylated spirits and bio gels.

It also produces concentrated molasses stillage used to produce liquid fertilisers.

RES manages approximately 21 700 hectares of irrigated sugar cane on three estates leased from the Swazi nation and manages an additional 2 750 hectares on behalf of third parties.

It has the potential to produce 2.4 million tonnes of cane per season and when combined with cane from growers, about 470 000 metric tonnes of sugar per season. RES is listed on the Eswatini Stock Exchange.



Our operating environment



Our story - 6 decades of growth



Our capitals and investment portfolio



Our Mission, Vision and Values



5 year review



Our value-creating business model

OUR STORY

6 DECADES OF GROWTH

1992

RSSC is listed on the Swaziland stock exchange

1995

Distillery is commissioned



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 (YSIS).

1958

Mhlume Sugar Estate incorporated



1980

1980

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



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

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

1977

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



1990



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

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.



2010



2020



1970

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

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

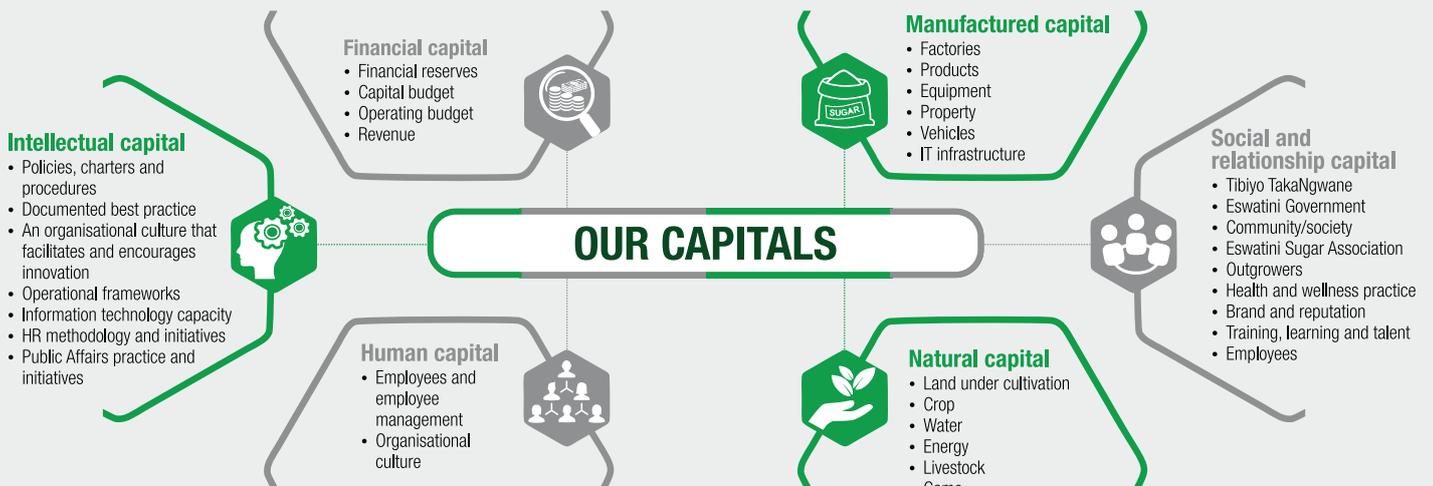
Mhlume factory expansion Phase 1 was completed and Phase 2 began. The new equipment was already in operation, and aligned to crush the additional Outgrower cane.

2019

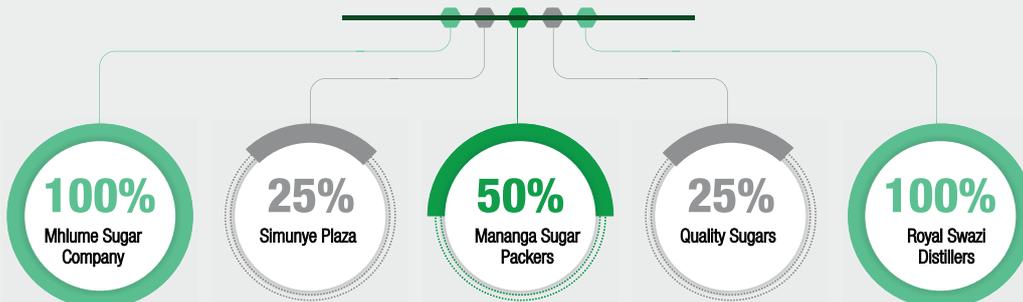
Phase 2 of the Integrated Growth Plan was completed during the off-crop (April)

OUR VISION, MISSION AND VALUES

Our purpose, our aim to be a leader on the continent and the resolve to expand our business and diversify our products are all captured in our vision and mission.



INVESTMENT PORTFOLIO



OUR OPERATING ENVIRONMENT

The international picture

The global sugar market was hard hit by the spill over effects of Covid-19 and was expected to recover and expand at a Compound Annual Growth Rate (CAGR) of 2.1% during 2021/22 as the situation normalised. The global market had been generally upbeat until recently, with global fundamentals improving on the back of good rains in Brazil, a record crop in India and good production in Thailand and the EU.

With Russia's invasion of Ukraine in February 2022 supply chains were shackled and commodity and energy prices skyrocketed. Russia is the world's foremost producer and exporter of fertiliser, and global prices for nitrogen fertilisers, such as urea and LAN, have increased by 32% since the start of the war.

Price

Sugar started 2022 under significant pressure, with March futures falling below 18 cents/lb for the first time since July last year, in response to fund selling. The rally has little to do with sugar fundamentals and reflects instead spiralling energy and grain prices.

Sugar prices commonly move between a floor (the ethanol parity price in Brazil plus a premium) and a ceiling (the price sufficient to attract the required quantity of Indian export sugar onto the market). With high competing crop prices it remains to be seen whether sugar prices can keep up. The extent of Brazilian Government/Petrobras intervention in re-aligning domestic petroleum prices in Brazil with high global oil prices is a point to watch as it impacts significantly on sugar prices.

Industry analyst LMC has consequently increased its price forecasts in the medium term to US cents 19.7/lb for 2022, and 18.3 cents and 17.5 cents respectively for 2023 and 2024.

Global deficit

A fourth consecutive year of global deficit looks likely, while high prices for competing crops and the increased fertiliser costs could impact beet and cane production in the short term as well. The Thai sugar industry is recovering, India is completing a large crop and uncertainty

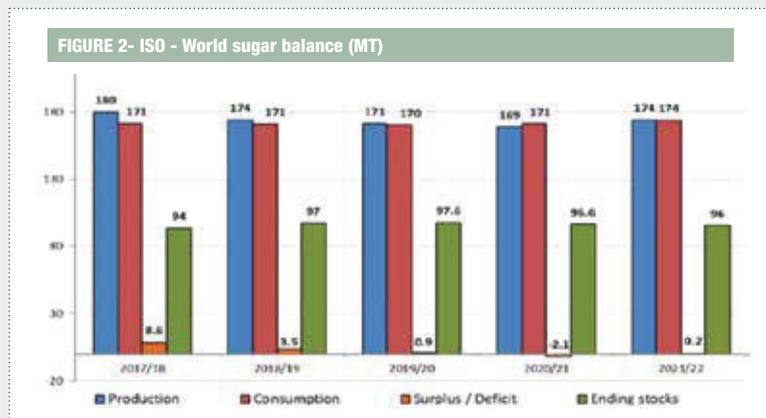
over both Ukraine and Russian production is profound.

World sugar production was estimated at 184.4 million tonnes for 2020/21, and consumption at 187.6 million tonnes (LMC, January 2022). This implies insufficient global capacity to meet demand and that prices

are likely to be tied to ethanol for the short term, unless adverse weather conditions disrupt global production or higher alternative crop prices prompt farmers to switch crops. In the long run, world sugar prices will be driven by producers' costs to stimulate investment and expansion.



Source: LMC International



Source: LMC International



OUR OPERATING ENVIRONMENT - (continued)

Despite a Covid-related dip, sugar consumption is expected to increase by around 1% per year, broadly in line with global population growth and equivalent to a total of 22 million tonnes by 2030. However, these projections are uncertain for many reasons including public health concerns around sugar consumption. Consumption in Europe and the US is expected to be flat or fall; while it is touted to increase in Africa, China, Indonesia and India.

Outlook

New capacity will be needed to meet LMC's estimated 1% growth in global sugar consumption. While an increase in the price of sugar will be needed to stimulate investment, factors such as Brazil's expanding use of ethanol (via its Renovabio initiative) could potentially open the door for others, such as Eswatini, to produce sugar for the world market. This is an attractive option, particularly when EU demand for imported sugar and EU prices are both low. Moreover, Eswatini can enjoy a modest regional/location premium on these world market sales.

Prospects for the Eswatini sugar market

Eswatini will be hard hit as the industry grapples with escalating input costs and commodity prices attributed to the Russia-Ukraine war on the fertiliser supply chain. Nevertheless, the country is well-placed to supply future markets at competitive prices.

The costs of sugar production in the EU in 2021/22 increased, and the future outcome could be a need for more imports than usual in the short term and higher than usual prices. Given Eswatini's good reputation with EU off-takers we anticipate continued access to this market.

In addition and despite being small, the US tariff rate quota (TRQ) provides good price prospects. However, the exceptional prices seen in 2021/22 were expected to decline once other TRQ holders return to normal export supply levels.

In Africa, the sugar market is driven by a growing population, higher than world average sugar consumption growth, and the transition from direct to indirect consumption of sugar in manufactured products as economies develop.

Prices in these markets are at a premium against world market values and Eswatini is fortunate to have access into regional markets. Kenya is the preferred outlet as it offers a good premium over world market prices.

Marketing strategy

Eswatini's strategy is to maximise sales to the highest priced markets, subject to quotas or other restrictions, with the focus on direct consumption sugars. The markets for Eswatini Sugar continue to be SACU, US under the tariff rate quota and East Africa. DC bagged sugar is sold to the EU and African regional markets. Any further (bulk) sales are made into the EU or World markets.

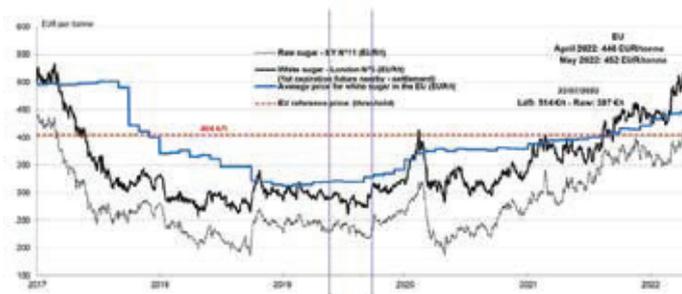
The South African Sugarcane Value Chain Master Plan is one of the major threats to future sales by the Eswatini Sugar Industry, and the Eswatini Sugar Industry continues to regard the SACU market as its domestic market.

FIGURE 3 - Global sugar supply/demand balance



Source: LMC International

FIGURE 4 - EU and Sugar world market prices since 1 April 2017 (EUR/t)



Source: <https://agriculture.ec.europa.eu>

FIVE-YEAR REVIEW

	March 2018	March 2019	March 2020	March 2021	March 2022
Production					
Sugar (96° tonnes)	435 763	505 575	460 659	461 567	424 294
Ethanol ('000 Litres)	25 468	29 844	35 701	30 812	28 870
Financial Results (E M's)					
Revenue (RES)	2 962	3 047	3 372	3 777	3 628
Profit attributable to shareholders	301	218	300	508	303
Balance sheet & cash flow (E M's)					
Total assets	2 939	3 130	3 492	3 962	4 194
Shareholders' funds	1 982	2 053	2 223	2 486	2 602
Net borrowings	-	145	112	-	292
Net cash from operating activities	391	75	496	713	399
Financial ratios					
Operating Margin %	11.1	8.0	11.3	17.1	10.6
Return on Net Assets (%)	16.7	11.6	14.7	21.5	12.3
Return on shareholders equity (%)	15.2	10.6	13.1	20.4	11.6
Interest cover (times)	173.5	21.1	13.9	35.8	15.6



Modernising our factories is one of the major enablers of our Simama strategy of increasing production and efficiency, and reducing the cost of production.

OUR VALUE-CREATING BUSINESS MODEL

INPUTS

FINANCIAL CAPITAL



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

SOCIAL & RELATIONSHIP CAPITAL



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

MANUFACTURED CAPITAL



- Simunye Sugar Mill
- Mhlume Sugar Mill
- Refinery
- Ethanol plant
- 26 700Ha of cane
- 14 600Ha of growers' cane

HUMAN CAPITAL



- 1 822 loyal, skilled and motivated permanent employees
- Experienced management team

NATURAL CAPITAL



- 43 000Ha of land
- Energy
- Water

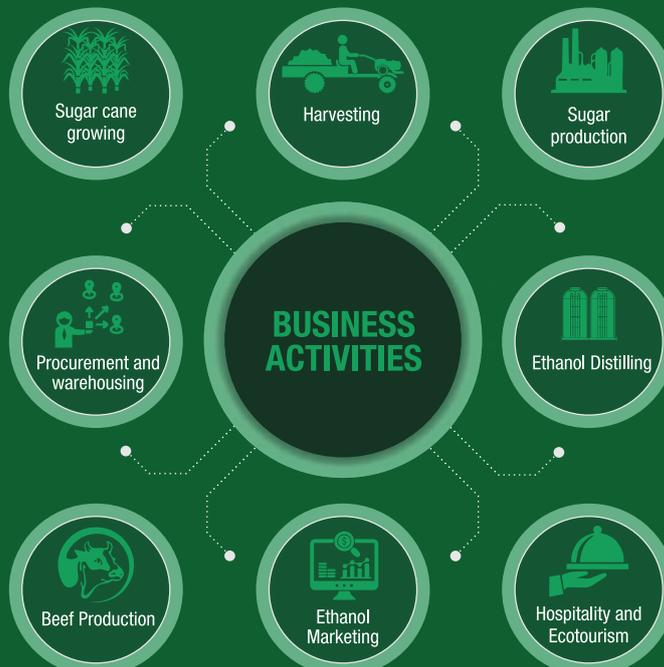
INTELLECTUAL CAPITAL



- Processes and systems
- Brand equity

STRATEGY

For more information on how our Strategy enables value creation for our stakeholders, please refer to pages 26 to 29



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.

RISKS

For more information on the Risks that may impact our value creation, please refer to pages 32 to 36



OUTCOMES

4 593
jobs sustained

Salaries and wages of
E893m

E68m
corporate tax paid to government

E416m
approval for expansion projects

Housing provided to
26 997
people

Assistance to Government during pandemic
Testing facility Isolation facility Sanitizer and masks donations

Healthcare services to the value of
E28m

E547m
other tax remitted to government

Staff development spend
E28m

2022 OUTPUTS

E3.63bn
revenue

28 870 175
litres of ethanol

56 021
kilograms of beef

424 294
tonnes of sugar

132 189
tonnes of stilage
(recycled for liquid fertilizer)

E298m
profit after tax

967 279
tonnes of bagasse
(recycled for co-generation)



DR AT DLAMINI - Chairman

MESSAGE FROM THE CHAIRMAN

“The oak fought the wind and was broken, the willow bent when it must and survived.”

- Robert Jordan, The Fires of Heaven

This quote, which draws on Lao Tzu, encapsulates the essence of RES. We have been buffeted by the storm of the past several years, but like the willow tree, with its flexible branches and strong root system the company’s resilience, perseverance and agility have allowed us to not just survive, but thrive.

7%

the increase in cane extraction costs due to wet weather

I am delighted to report that the performance of the business was robust given the extremely tough operating environment, characterised by unprecedented social unrest both in Eswatini and in South Africa, resulting in logistical constraints, and compounded by unfavourable climatic conditions, a stronger Lilangeni relative to the prior year and the ongoing negative effects of Covid-19, and at the tail end of the financial year - the cost escalations attributed to the emergence of the Russia/Ukraine conflict.

Our financial performance was understandably significantly lower than last year, with total comprehensive income shedding 40% and dropping to E303 million (2021: 508 million). Nevertheless, the business added marginal growth to the bottom line and we continued to add value to its shareholders, with a total dividend payment of 192.9 cents per share (2021:254.5 cents per share).

(For more on our financial performance see page 24)

Unit production costs remained under pressure driven by the impact of the Russia-Ukraine war on fertiliser and fuel prices. At the same time, year-on-year sugar production declined due to lower yields caused by cane arson, pests and climatic conditions.

Although still below target, our safety performance improved during the year and no fatalities were recorded.

Optimisation of assets

Capital allocation was directed at expanding existing business operations and investing in value-creating growth opportunities such as the growth projects in Agriculture, the Mhlume factory and the Distillery. In addition, the integration of IYSIS, previously a 50/50 joint venture with Tibiyo Taka Ngwane, was completed.

(Read more about our operations on page 55)

In addition, RES continued with the rehabilitation of our sewer ponds as part of our commitment to responsible environmental management and compliance with regulations. The company retained its ISO certification on the 9001, 18001 and 45001 standards.

Board performance

The Board continued to execute its duties in line with the principles of King IV and other governance best practice and it is pleasing to note how these efforts have delivered value not

only to shareholders but to our broad range of stakeholders as well.

The recently launched Eswatini Stock Exchange Guidelines on environmental, social and governance (ESG) reporting emphasise the Board's crucial oversight role with regards to sustainability matters and integrated reporting, and I am pleased to note the valuable role our Board has played in supporting the strategic direction of RES, providing oversight and insight on strategy implementation, cost containment and capital allocations for much-needed investments in value-creating growth opportunities.

(Read more on governance on pages 70)

The Risk, Social and Ethics Committee continued to monitor the management of ethics, fraud, corruption, safety and health within the workplace. The emphasis on risk management arose from the social unrest and supply chain challenges. In addition, the committee focused on IT governance, and on activities pertaining to RES meeting its obligations and responsibilities to society and the natural environment.

The Remuneration Committee concentrated on building a talent pipeline to attract and retain key talent, while considerable attention was given to financial risk management by the Audit Committee.

(Read more about the activities of our committees, on page 71)

Highlights

- During the year under review, the Board worked diligently to support the strategic direction of the organisation, providing oversight and insight on strategy implementation, while assuming accountability.
- Costs were proactively managed and encompassed investments in volume growth and improvements in operational efficiencies.
- Significant attention was given to talent management and the importance of succession planning and retention of critical expatriate skills essential for implementing our strategy.
- Successful oversight of corporate social citizenship through RES's investment in education, health, sports and cultural activities for the benefit of our surrounding communities and society at large.

A safe and healthy work environment

As part of maintaining a safe and healthy working environment, management, on behalf of the Board took proactive steps to reduce the spread of Covid-19 and leverage strategic partnerships to rollout the vaccination programme on our estates and neighbouring communities.



The building of a 4 000m³ capacity dam at Homestead is part of the drive to improve water security as part of long term sustainability plan.

Empowered leaders

This is an exciting time for business globally, and RES is cognisant of the need to keep in step. The RES Leadership Academy programmes are empowering our leaders, enabling them to adapt to and meet the demands of this disruptive, technologically-driven world and, in so doing, to increase productivity and growth.

(Read more about the RES Leadership Academy on page 40-41)

Stakeholders

I am pleased with the Board's continued success in mitigating the economic and social impact of the pandemic on our stakeholders, in conjunction with all stakeholders.

One example is the extensive support provided to rural communities, especially women and the youth, through initiatives to safeguard sustainability, such as the provision of water and sanitation, infrastructure and education.

Technology

Eswatini has not been unaffected by the unparalleled technological advancements of the fourth industrial revolution (4IR) and the country has developed cyber-security legislation in response. Our operating environment too is evolving and, coupled with the need to hold virtual meetings

due to Covid-19 restrictions and our own digital transformation initiatives, RES has ramped up the use of technology in our business commensurately, while remaining cognisant of cyber security risks.

Future outlook

The growing number of natural disasters such as floods and droughts experienced across the globe have highlighted that climate change is probably one of the most critical global challenges that will have a long-term and lasting impact on businesses and humankind.

In our environment, high rainfall, strong winds that resulted in cane lodging, and above normal cloud cover that negatively affected radiation, were the order of the day during the financial year. RES has consequently committed to integrating ESG matters into our business decisions, company strategy, reporting and operations going forward, and this will be an area we will expand on in future reports.

RES embarked on numerous initiatives to ensure we remain globally competitive. Projects include investigating new products and markets, growth projects, exploring energy efficiency and digital transformation in response to the many challenges

brought about by social unrest, the Russia/Ukraine crisis, volatile global sugar and oil markets and increasing production costs.

Acknowledgements

My sincere appreciation goes to my fellow Board members and RES management and employees for their unwavering commitment and manner in which they have handled the hardships the company has faced at both the macro and micro level. Together, we have weathered the storm.

Special thanks go to Mr Stephen Potts, General Manager of Special Projects and former General Manager of the finance division, who retired at the end of the financial year. Your valuable contributions will be sorely missed.

As a company, RES remains committed to creating and maintaining sustainable and mutually beneficial relationships with all our stakeholders. Thank you to our shareholders, suppliers, the Government, and all other stakeholders for your continuing belief in and commitment to RES. It is deeply appreciated.

Dr AT Dlamini
Chairman



Healthy communities are sustainable communities. RES continues to enrich partnerships that promote community health.

CREATING VALUE

05



Message from the
Managing Director



Financial Report



Our Strategy



Managing Risk

NIM JACKSON - Managing Director

MESSAGE FROM THE MANAGING DIRECTOR

2021/22 was a tough year for RES, characterised by low yields due to the drought in the previous season, followed by substantial rainfall and a cyclone in the latter half of the year. Added to the mix was the persistent Covid-19 pandemic, pests that affected the cane, and the socio-political unrest in June-July which saw 1 350 hectares of our cane subject to arson and resulted in an estimated loss of E15.2 million profit after tax.



E513.6m

provision for growth and efficiency projects in 2022/3 financial year

Our factories were impacted by more rain than normal towards the end of the crushing season, resulting in extended periods of slow crush and the season finishing five weeks later than planned. Our performance was consequently disappointing, with profits of just E303 million, coming off the record E508 million reported in the previous year. A stronger-than-expected exchange rate served to worsen a difficult situation.

I am nevertheless delighted that both our mills were rated among the top six on efficiency and overall recoveries for the third year running, out of the 27 Southern African sugar factories.

(Read more about our factories on page 60)

The market outlook has remained positive overall. With a general deficit against consumption and other market dynamics, world market prices have remained buoyant, fluctuating between 18 and 20 US cents a pound. In addition the Russia-Ukraine conflict and the oil price have also pushed up the price of sugar.

Diversification to mitigate risk

One of major risks facing the Eswatini sugar industry is the South African Sugar Chain Master Plan with its goal of optimising the South African market. The Master Plan could threaten future sales of Eswatini sugar into South Africa should buyers move to exclude sugar from Eswatini from the supply chain.

We will be evaluating alternative potential revenue streams such as becoming a low-cost producer of a substrate that is ultimately a high-value renewable product. One option is to turn sugar into polylactic acid which can be turned into bioplastics. Bioplastics can then be converted into products such as cell phone covers, dashboards for cars and cups.

Liquor market business initiative

A feasibility study is under way to ascertain alcohol consumption patterns in the sub-Saharan Africa market. This is a growing market and an excellent opportunity to augment downstream revenue. This would be good platform for quick turnover products that can fund our longer term vision of producing top quality aged rum.

Expansion strategy

The rollout of our expansion strategy to drive down unit costs is on track and another 500 hectares of land was put under cane, with an additional 1 000 hectares approved for expansion in 2022/23.

Estate cane yield fell by 8.4% to 93.7 tonnes per hectare against a budget of 102.3 tonnes per hectare due to carryover drought effects, pests, and cane arson associated with social unrest. Combined with poor yields from our growers too, sugar production was 46 905 tonnes lower than budget. We therefore did not achieve our unit cost targets this year.

Harvesting for the 2022/23 season has started, however, unprecedented high winter rains have curtailed harvesting operations and thus mill throughput. Yields are again lower than potential due to the impact of climate associated cane lodging, pest and diseases, and off synchronisation of cane ripening and harvesting activities due to the aforementioned winter rains.

The expansion of land area under cane is progressing smoothly. All new cane is under GPS-guided drip and we will continue to convert other irrigation systems to drip at about 600 hectares a year until 2030, by which time all cane should be under GPS-guided drip. At that stage we will be able to introduce mechanised harvesting into the field.

Energy self-sufficiency

Becoming a large scale electricity producer in the next few years is very much in our sights. Although the existing Eswatini's power purchase agreement with South Africa will be renewed in 2025, Eswatini's power supply will no longer be secured. This risk impacts directly on the sustainability of the RES business.

Against the backdrop of the power purchase agreement with South Africa coming up for renewal in 2025, RES is proactively formulating a comprehensive energy master plan to ultimately become energy self-sufficient. We are assessing the feasibility of renewable energy generation, such as solar plants and new biomass boilers

for high pressure steam and maximum electricity production so that we can be self-sufficient by 2026.

We also hope to become a net exporter of power to the national grid in the longer term.

Eswatini currently imports in the order of 70% of its electricity from Eskom.

There are also several opportunities for enhancing energy efficiency across RES's operations. Some form an integral part of the factory projects at Mhlume and Simunye, while others could potentially form part of a wider energy master plan.

(Read more about our projects on page 65)

IYSIS

RES concluded the purchase of the remaining 50% of IYSIS in the 2020/21 financial year and integration of the business has gone reasonably well. An extensive consolidation plan was developed to support the integration of IYSIS into RES and by the end of the current financial year 95% of items had been addressed. Apart from a small number of outstanding processes on the systems side, which were scheduled for completion in July, IYSIS has been successfully onboarded.

Our growers

I feel that we are trading water with regard to our growers and am disappointed at the lack of progress. RES needs to consider doing things differently in the year ahead if we want to move the needle. The current Industry Agreement was signed in 1968. While this agreement has served our industry well for the last 54 years, a lot has changed – the world has moved on in a variety of ways. It's time for the industry to transform and be reflective of the needs and business challenges of the future.

There is massive value to be derived by both millers and growers if we would begin to do things differently not only to face the uncertain future as an alliance, but to also to benefit together as a result of close cooperation. Millers and growers need to get together and not sit at opposite ends of the table.

MESSAGE FROM THE MANAGING DIRECTOR *(continued)*

Health and safety

Safety statistics are poorer than I would like, although we have turned the corner, and our injuries on duty (IODs) are dropping. However, a more concerted effort in respect of safety is required.

(Read more about health on page 43)

Health and wellness remains high on our list of priorities and our team did an excellent job of defining wellness for RES in terms of the 10 domains, which have informed the various strategies for dealing with Covid-19 and other related issues, such as mental health and stress management.

(Read more about health on page 43)

Stakeholder relations

Employee relations are sound although our interactions with the staff association could be better.

Salary increases were negotiated with the unions quite swiftly and our relationship is healthy.

RES enjoys a good overall relationship with the Government who have been supportive over the South African Sugar Masterplan. We have, however, battled to renew work permits for imported skills, despite our expatriate workforce consisting less than 0.5% of the total number of employees. Of the six permits submitted in the last quarter, four were approved,

one has been declined and one has been put on hold pending review by the Localisation Committee. We continue to update the committee on our business and talent strategies, with the hope that there will be better understanding and cooperation.

Community relations

Historical land issues and value creation are coming to the fore once again, stemming in part from the wider contemporary socio-political issues at play. We are compelled to bring the Government on board to address these matters, which are largely outside of our remit.

The company's social investment strategy is being periodically reassessed to remain relevant, and we have taken steps to inculcate integrated thinking into stakeholder relations. We also realise the need to improve on our social investment activities and we are addressing some of these issues. We have commissioned a study to understand how we can partner with our fence-line communities for better socio-economic outcomes.

A constrained economy and mounting unemployment has deepened socio-economic pressures and we are looking to develop a sound, local and fit-for-purpose local empowerment strategy.

(Read more about community development on page 51)



453 140
tonnes sold into the
SACU market by
the Eswatini Sugar
Industry

95%

of items addressed
in the integration of
YSIS in 2021/22



Sustainable and smart water usage is one of our ways to contribute to the mitigation of the reality of climate change. We are currently the world's biggest sugar estate under drip irrigation.

Outlook

It has been a roller coaster of a year, yet despite the many ups and downs we are making headway and much of our efforts last year will be felt in the year to come.

Sadly the non-resolution of social issues remains a dark cloud. I do not foresee an end to the social unrest in the immediate future, and the risk of damage to cane and property persists.

It is not all doom and gloom, however. I expect the general market price of sugar to be buoyant over the next few years and a weaker Lilangeni will benefit us.

Excellent rains during the year sustained dam levels at their maximum storage capacity and the 2022/23 season is likely to see a return to normal production levels. Good crop practices will contribute to normalised production in the ensuing seasons.

RES plans to improve efficiencies to retain our position as one of the lowest-cost producers of sugar in the world, and we have earmarked E513.6 million for growth and efficiency projects to ensure sustainability in the 2022/23 financial year.

The Eswatini sugar industry, and RES in particular, have sound fundamentals in place, high levels of technical performance and low unit costs relative to several other regional players.

We are well placed for exports, have access to a protected domestic market, enjoy membership of multiple regional trade agreements and have built a good reputation as a consistently reliable supplier to the EU. RES also has the ability to competitively add value and switch markets in pursuit of value and margin.

In adversity lie opportunities, and as individuals we are called on to consider what we can learn from any given situation and how we might grow. To quote Viktor Frankl, "When we are no longer able to change a situation, we are challenged to change ourselves." I would assert that RES has learnt a great deal in the past year about our ability to face challenges and evolve.

RES is in a strong position and with Simama 20-25 to guide our journey, we are well placed to take advantage of future opportunities, while remaining robust and sustainable even in difficult times.

Acknowledgments

I would like to thank the Chairman, Dr AT Dlamini, and the Board for your guidance, support and wisdom as we chart our way through stormy waters.

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

To all our stakeholders, your role in fostering productive and mutually respectful relationships remains central to our ability to create value – my sincere appreciation.

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

Siyabonga kakhulu.


NM Jackson
Managing Director

FINANCIAL REPORT

2022 was not plain sailing. Although the drought had broken and the dams were full by February/March, the rains came too late for the optimal period of growth for the crop, while pest and disease caused havoc not only for RES, but for Millers and Growers across the region too. We closed with total comprehensive income of just over E302 million, down on last year's E507.6 million.

Social unrest in June halted production for several days and culminated in arson of 1 350ha of cane and an estimated loss on profit after tax of E15.2 million. Next, Russia's invasion of Ukraine in February 2022 pushed up fertiliser and fuel costs, significantly impacting group costs.

With all that has happened this year, we are satisfied to have posted a profit that we believe is still among the leading results for sugar producers in the region.

Ongoing expansion

Our expansion projects are ongoing and RES developed 534 hectares of cane and invested E128 million to upgrade the distillery and boost efficiency. At Mhlume we continued with a staggered upgrade that will tie in with the main expenditure commencing in 2023/24 when we initiate the diffuser installation that will ramp up the mill throughput.

The total outlay on growth projects for 2021/22 amounted to E450 million. Our 60-40 debit equity policy required us to finance 40% of this amount, which was not easy given our financial performance. The negative volume impact obliterated E290 million pre-tax profits against potential for the 2021/22 financial year. Nevertheless, our healthy opening

cash position of E354 million sustained us. Once production bounces back and prices improve we will be able to scale up the business once again.

Investigations into the Enterprise Resource Planning (ERP) upgrade will not attract major capital expenditure this year and will feed into the 2023/24 budget instead. Substantial amounts have been set aside for Research and Development and feasibility studies on the ethanol diversification and marketing for the upcoming financial year.

Numerous external factors have derailed performance, resulting in the crop being 9.4% lower than budget and 7.5% lower than the previous year. This is the third year in a row that RES has seen below average production, despite an increase in the area under cane. Climate change, pests and disease, and to a lesser extent, social unrest, have been the chief architects of this reduction. On the costs side, the effects of the war in Ukraine on oil linked commodities such as fuel and agrochemicals, spiraling steel prices, and the lingering effects of Covid-19 mitigation strategies all served to escalate our operating and capital costs. With these volume and price developments our cost per tonne target is appreciably off track.

The acquisition of IYSIS means that value remains within the RES business and we have been working to integrate its non-cane and property operations at minimal cost as those operations were running at a loss.

Down the track, we foresee opportunities to grow the beef business and game hunting once the prevailing ban has been lifted.

Our business model – to lower costs per tonne through increased volumes – remained unchanged and we continued with land expansion. Cash constraints compelled us to suspend drip conversion for the time being, and this will be reassessed as the year progresses.

Traditionally, the more you replant, the better the yield. This methodology has not delivered in recent years, but we anticipate that things will return to normal now that the drought has broken.

Fortunately, this is a business where things can turn around rapidly. An

increase in production is anticipated from new lands, a healthier water situation and better management of pest and disease, and we hope to see a bounce back in the year to come. However, the cost of staying in business is increasing and security has become a material risk that will require increased expenditure in order to mitigate substantial operating losses.

(Read more about security and risk on page 48 and page 32-36, respectively)

New product and services initiatives

Historically, with drip tape installation the tape is destroyed when fields are ploughed out after 10 years and our Agriculture teams are currently exploring methods of ploughing such that the tape can be reused. The costs of replacing the drip tape are astronomical and, if successful, this could be a game changer for RES and will unlock value down the track. Some experimental fields have already been ploughed.

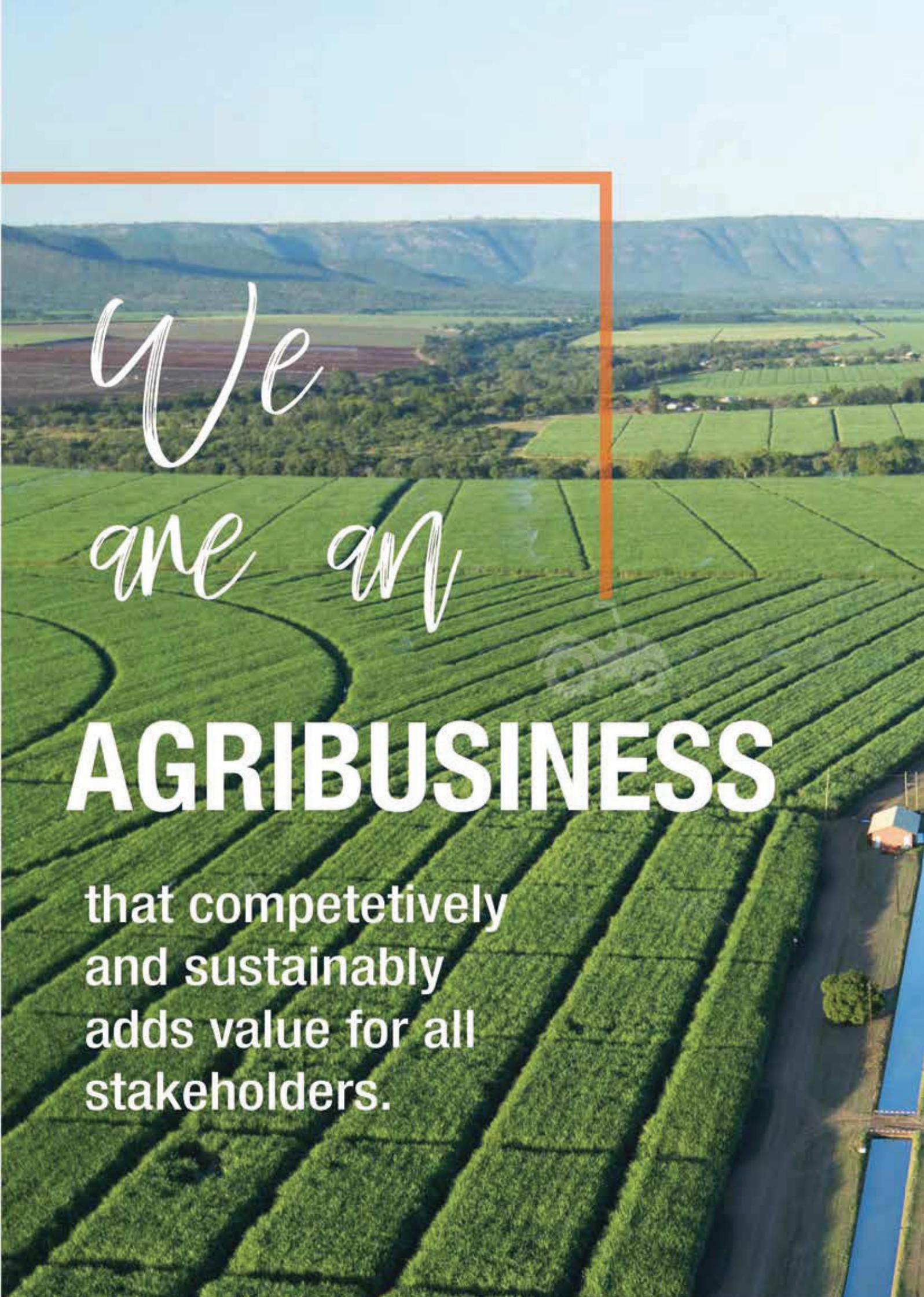
Outlook

The outlook is positive, but we are going to have to work to derive the benefit. Ukraine was a curve ball that has caused a fair amount of disruption. Hopefully the war will come to an end soon.

We believe that sugar consumption will continue to grow as the world population grows and quality of life and incomes increase. Eswatini's good rainfall, climate and soil give us a competitive advantage in terms of our cost structure.

The South African sugar industry is in decline and it is companies like RES that have been deliberate in their strategies and positioning who will survive. If uncompetitive producers in South Africa exit the sugar industry, a smaller South Africa industry may not be as protected, and we may be forced to compete at world market prices which will dilute profitability. Nevertheless, our low-cost strategy will ensure the sustainability of our business, as well as jobs and economic growth for Eswatini, even during the times when prices are depressed.

Efficient, low-cost operations will be crucial in this equation and RES is well-positioned to fill the gaps as other players exit the market for alternative revenue sources.



*We
are an*

AGRIBUSINESS

**that competetively
and sustainably
adds value for all
stakeholders.**

OUR STRATEGY



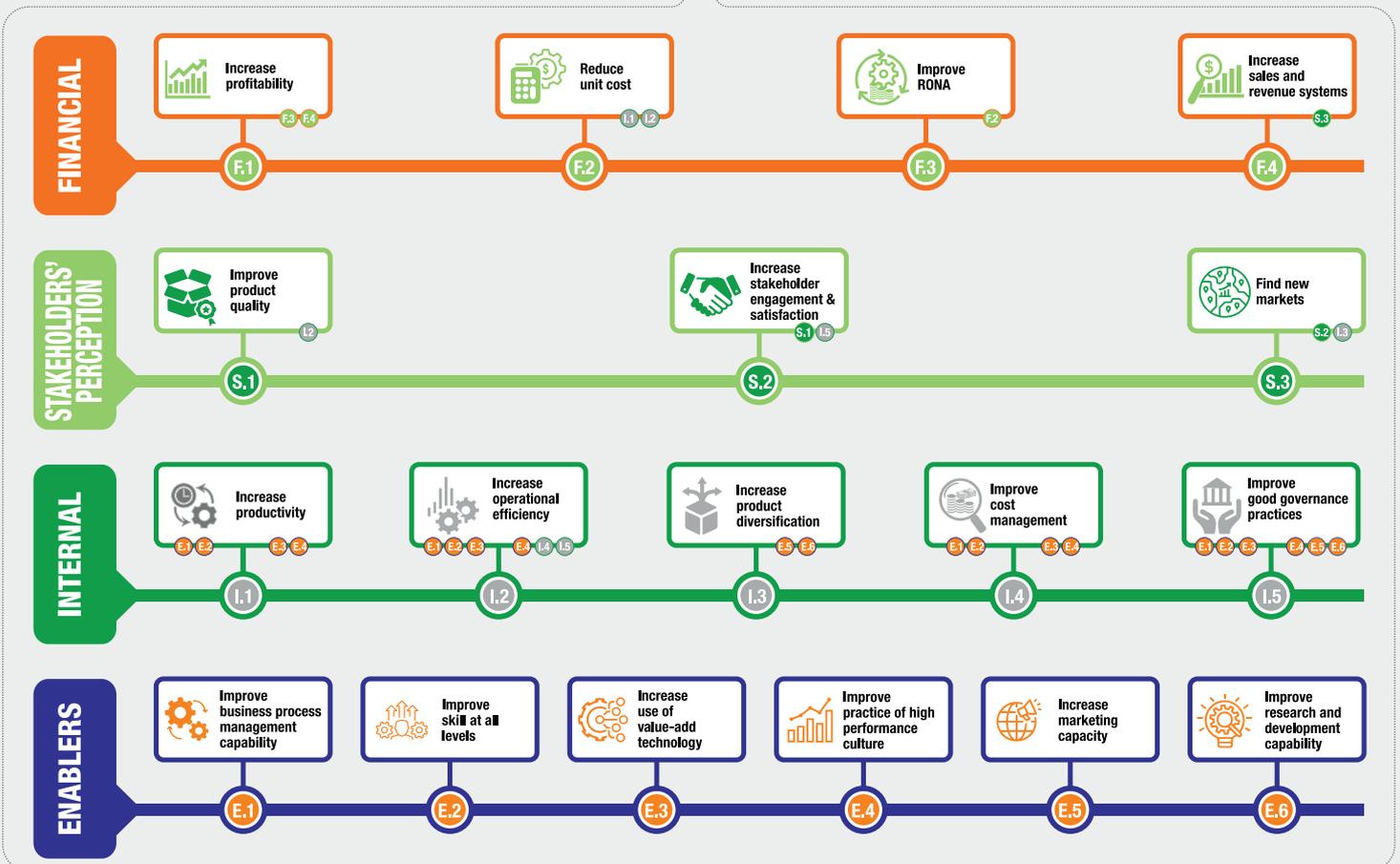
Reducing the unit cost of producing one tonne of sugar **by 20% by 2025**

Our Strategy is the bedrock of our intellectual capital. RES has formulated the Simama 20-25 Strategic Aspiration, targeted at delivering a 20% reduction in total unit costs of production by 2025. Simama 20-25 is centred on three key themes, namely

- Cost Optimisation;
- New Products/Markets; and
- Organisational Culture

We continue to review our strategy and re-align it to reflect the impact of emerging trends and changing market dynamics. There were no changes to the strategy in this reporting period, and we will continue to emphasise delivery of our strategic objectives in the year ahead.

CORPORATE STRATEGY MAP



Achievements against strategy

Despite the many challenges, we have made progress on a number of fronts:

- In terms of optimising costs through increasing the area under-cane, our strategy is going according to plan, although we were caught up by the rainy season and compelled to extend the planting timelines. This pushed costs up but we were able to plant the intended 534 hectares of cane.
- Capacity building at Mhlume and efficiency projects at Simunye progressed well, while the upgrade of the D1 distillery is scheduled for completion in August 2022. This will bring about efficiencies in the conversion of molasses to ethanol and boost our capacity to produce anhydrous ethanol.
- We are gaining more clarity in respect of new products such as ethanol, and our evaluation of more bankable solutions are ongoing.
- We allocated funds to establish energy self-sufficiency, which also has implications for our factories.
- We are looking at bringing in new land of just over 1 000 hectares during the 2022/23 financial year and continuing the expansion and mill efficiency projects at the Mhlume Mill.

- We launched The Big Picture, as part of our communication strategy to help employees understand and align behaviour with Simama 20-25.

(Read more about The Big Picture on page 28)

Looking forward

Simply put, we're sticking to the plan, which is producing sugar and related energy products which beat the world market price. All our efforts and focus should be on surviving every adversity and being able to benefit when ever the cycle is on the upswing.



We know where we are going and what we need to do to make the business more sustainable into the future. We keep our eyes on The Big Picture, which is an imagery that tells the story of our past, present and future.

The Big

Simama 20-20

We reached the summit of our Simama 20-20 journey with many achieved successes in the past 5 years and a few challenges.

1

Celebration

We did it! While we celebrate our victories, we mustn't forget the risks around us. We must expand, be modern and practice a high-performance culture to achieve 20% unit cost reduction by 2025.

2

Current Agricultural Situation

We need to optimise our agricultural efficiencies in tonnes of cane per hectare. Expand our land under cane, improve our irrigation systems, improve our crop growth and reduce power costs.

3

Current Factories Situation

Our journey for optimisation has not ended for sugar and ethanol. We can do more to be more efficient.

4

Current Commercial Situation

More hyenas surround our SACU market which represents a significant part of our profits. Alternatively, we can run to EU which has less attractive prices.

5

Crossing the Efficiency River

This transformation will happen only if we agree to cross over the "efficiency river" together. We need to get below the World Market prices to survive, which is why we need to continue our unit cost reduction.

6



Picture



Agriculture Transformation

We can optimise our sucrose production through land expansion, conversion of irrigation to drip, use solar for irrigation, new efficient fertilisers, working with agile teams.

7

Factories Transformation

We can optimise our sugar and ethanol production through increasing factories' capacity, installing new evaporators, and upgrading the distillation plant to revise steam and energy processes. Agility remains a key component for our teams

8

Commercial Transformation

We also want to explore new markets and new products which will allow us to sell our sugar and ethanol at a better price and reduce our exposure to the SACU market.

9

Build Awareness and Consensus

We will triumph these challenges and risks by engaging in collaborative change conversations with each other and with our external stakeholders.

10

Crossing the Comfort Zone Border

Once we create the consensus, we can embark on a long and deep transformation and cross the comfort zone.

11

Launching Rockets to Diversification Planets

We need to start a diversification process by analysing new market and product opportunities, building new skills and capabilities, exploring and launching to new diversification planets.

12



Employee wellness has a direct impact on productivity



Supporting sport is to promote the development of our society



Pumping funding to ensure that clean water continues to flow to our communities



Taking care of our girls' needs is key to promoting equal opportunity



Preserving healthy teeth for the young ones.



Every child deserves a chance for a better life through access to education



Activating partnerships to improve business conditions for our women.

Because we care for our people

MATERIAL MATTERS

Material matters for RES are those concerns and good prospects that have a substantial impact on the sustainable capacity of the Corporation to create benefit for stakeholders and influence strategy. The management of risk forms a key component of our intellectual capital.

A risk profile is drawn up at the RES annual strategic planning session usually held in November. These risks are cascaded through the organisation and mitigated at either a corporate or operational level.

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.

There were no changes in our approach to enterprise risk management during the year, although we are focusing more on business continuity management to standardise how we respond to events that may negatively impact the business at a corporate level.

Although statistics have declined, Covid-19 remained a material matter which we continue to monitor closely to ensure business continuity, manage our supply chain and ensure employee health. Around E7 million was spent on pandemic-related items such as the production of sanitisers, providing masks and isolation facilities and ensuring that employees were able to work remotely.

Safety and security was a primary risk due to the current social unrest which threatens the business, as well as the safety and security of employees. The loss of internet access in June 2021 also caused considerable disruption, particularly as the busi-

ness has become more technologically-driven. This is part of our business continuity strategy but because internet access is a regulated space, there is only so much we can do.

Agriculture is heavily reliant on rainfall, and climate change is a major risk for RES. Water being our major input, we are hard hit by any deviation from the norm, be it in the form of flood or drought.

We are also observing that strong winds are becoming more recurrent, with devastating consequences in the form of cane lodging. More frequent cloud cover that affects crop radiation, has also been an emerging climate change impact on the business.

About E260 million was lost in revenue as a result of lower than expected yields. In addition, arson of our fields forced us to harvest some cane before it reached maturity, which also resulted in a financial loss.

As far as IYSIS is concerned, onboarding in respect of the ISO standards applied at RES, specifically ISO 9001 (quality management) ISO 45001 (occupational health and safety), and ISO 14001 (environmental management) has taken place.



Massive investment continues to be made towards upgrading the equipment in our factories to ensure a sustained ability to produce and create value for all our stakeholders.

ENTERPRISE-WIDE RISK REGISTER – 2022

Risk Ranking 2021/2022	Risk NAME	Risk Description	Causes
1	Safety and Security of People, Infrastructure and Cane Fields	RES is concerned about the safety of people, cane fields and infrastructure	<ul style="list-style-type: none"> • Social instability • The manufacturing nature of the business • Industrial action, arson attacks, vandalism and other illegal activities
2	Extreme weather conditions	Impact of extreme and adverse weather conditions resulting in operational interruption.	<ul style="list-style-type: none"> • Climatic changes, such as droughts, floods, cyclones, hailstorm and windstorm
3	Pests upsurges and outbreaks	Impact of pest and disease outbreaks on business operations.	<ul style="list-style-type: none"> • Climate change • Susceptibility of varieties to diseases and pests
4	Unreliable Energy Supply	Lack of reliable, available and acceptable power supply (own-generation and third-party) for production.	<ul style="list-style-type: none"> • Increasing cost of fuel • Lack of diversity in generation plants • Eswatini's heavy dependence on ESKOM supply. • Over-reliance on Eswatini Electricity Company (EEC) • Potential malfunctioning of equipment • Lack of own-generation and 'imported' capacity • Failure of equipment due to age resulting in increased off-take and maintenance
5	Water security & storage	Lack of reliable, available and acceptable quantity and quality of water for production.	<ul style="list-style-type: none"> • Changing climatic conditions (drought, El Nino effect, etc) resulting in below average storage of water • Disputes and strained relations with downstream users • Changes to the tripartite agreement on water resources
6	Industry Structure Set-Up	Under capacitated and outdated industry structure, Acts and standards.	<ul style="list-style-type: none"> • Outdated industry agreements • Inflexibility, which restricts efficiencies • Difficult market conditions due to low sugar prices
7	Compliance with Regulations	Non-compliance in accordance to legislation, regulations and industry standards.	<ul style="list-style-type: none"> • Accountability of non-compliance • Increased cost, as a result of compliance • Limited scope of compliance monitoring • Unfavourable agreements impacting RES • Misinterpretation of King IV requirements • Lack of awareness of regulatory requirements • Failure to recognise when to involve Legal or Compliance • Non-compliance to international reporting standards and legislations
8	Cyber Attacks	Compromised information security and data privacy caused by theft of data, loss of data, data in transit, data at rest, source and output.	<ul style="list-style-type: none"> • Human error and negligence • Cybersecurity breaches (ingesting of viruses) • New normal way of working from home, outside of the corporate network

Potential Consequences	Current Mitigating Controls	Inherent Risk Rating 2021/2022
<ul style="list-style-type: none"> Major production stoppages Business interruptions leading to going concern issues Compromised health safety and fatalities of employees Damage to infrastructure resulting in repairs costs implications Sustained injuries and emotional trauma 	<ul style="list-style-type: none"> Maintaining ISO 45001 certification Regular risk assessments to monitor emerging safety issues Proactive engagements with stakeholders Business continuity policies, processes and plans Heightened security presence and support 	81
<ul style="list-style-type: none"> Reduced cane yields Water contamination Loss of revenue Loss of life and injuries to workmen Damage to company assets and infrastructure 	<ul style="list-style-type: none"> Improve surface drainage Conversion to drip irrigation system Finishing harvest season by end of November to avoid wet season Implementation of drought Management Strategy 	56
<ul style="list-style-type: none"> Reduced yields Loss of revenue Loss of assets (cane) Increased costs to control and monitor 	<ul style="list-style-type: none"> Sampling and analyses in partnership with ESA Correct selection of varieties Usage of less toxic herbicides Monitoring by Agronomy in liaison with ESA and SASTRI More stock holding of pesticides to contain outbreaks Earlier intervention through a more proactive stance, including scouting for pests 	56
<ul style="list-style-type: none"> Increase in production costs Business interruption insurance claim Opportunity cost in terms of saving 'imported' power Impact on IT, production and manufacturing equipment Distillery and factories downtime, resulting in loss of production Negative impact on productivity, morale and sustainability 	<ul style="list-style-type: none"> Ongoing Capital Replacement process in place for equipment Maintenance Programme in place, including machine condition monitoring Energy Strategy for co-generation 	64
<ul style="list-style-type: none"> Reduced cane yields Increase in unit production costs Low level of stored water in dams 	<ul style="list-style-type: none"> Efficient irrigation systems Construction of holding dams Implementation of drought management strategy Implementation of real time monitoring river-flows Partnership and lobbying government to invest in water solutions 	56
<ul style="list-style-type: none"> Strained miller/grower relations Non-identification of lucrative opportunities Reduced profitability and sustainability of RES Slow decision making, leading to lost opportunities 	<ul style="list-style-type: none"> RES continues engagements at ESA Council and millers/growers meetings 	42
<ul style="list-style-type: none"> Civil litigation Criminal sanctions Loss of market share Business Interruption Reputational damage Fines, penalties, loss of licence to operate 	<ul style="list-style-type: none"> Ensure all colleagues complete compulsory compliance training Institute business practices that detect and prevent violations of regulation Ensure disciplinary procedures are enforced for non-compliance Compliance with ISO 14001 and 45001 Certifications Reporting financials according to international standards 	48
<ul style="list-style-type: none"> Data theft Financial loss Civil litigation Operational loss Business interruption Reputational damage Systems interruptions caused by downtime 	<ul style="list-style-type: none"> Relevant policies in place Training conducted for users Disaster recovery plans in place Annual general control auditing Targeted threat protection (e.g. phishing) Upgraded anti-virus solutions. Users have the ability to get updates in their own private network Scheduled vulnerability assessments and penetration testing annually and remediation Engineering controls in place (i.e. anti-virus software, firewalls) 	42

ENTERPRISE-WIDE RISK REGISTER – 2022 - *continued*

Risk Ranking 2021/2022	Risk NAME	Risk Description	Causes
9	Impact of Infectious Diseases	Interruption to business and impact on employee health and safety.	<ul style="list-style-type: none"> • Global pandemic (Covid-19) • Other infectious diseases
10	Sugar Markets	Influence of global sugar markets and trends impacting the business.	<ul style="list-style-type: none"> • Significant price decreases in SACU • Import tariff protection triggered by ITAC but not at desired level • Threat of imports into SACU (sugar dumps) • Implementation of South African sugar tax • Significant reduction in EU sugar prices • EU cutting sugar imports from Africa • Trade wars between developed nations • Change in South African sentiment of the Eswatini people (linked to the signing of the South African Sugarcane Value Chain Master Plan) • Changing consumer preference for alternative sweeteners (e.g. Xylitol) in beverages • Tariff and non-tariff barriers from key export countries (e.g. Kenya)
11	Ageing infrastructure and production assets	Decline in production assets capabilities over time or with use due to production process.	<ul style="list-style-type: none"> • Limited Capex (and Opex) spending in line with business needs and priorities • Capex spending typically in line with maintenance rather than replacement • Previous focus on sweating the assets beyond their economic value
12	Succession Planning	Risk of skills retention and talent management.	<ul style="list-style-type: none"> • Scarcity of critical skills • Staff turnover and retirement • Competition for scarce skills/poaching of staff
13	Sustainability of Growers	Growers contribute around 30% of the total cane that is milled by RES. The instability of the relationship between Millers and Growers poses a risk to RES Corporation.	<ul style="list-style-type: none"> • Pests and diseases • High input costs (fertilizer, herbicides, etc). • High energy costs (35% of production costs). • Climate change (drought, hailstorms, floods). • High transport costs for long distance growers. • High cost of finance (development and maintenance). • Initial irrigation infrastructure installation challenges • Initial irrigation infrastructure installation challenges. • Insufficient suitable service providers (machinery for land prep and planting)

Potential Consequences	Current Mitigating Controls	Inherent Risk Rating 2021/2022
<ul style="list-style-type: none"> Loss of life Financial losses Business Interruption Threat to business sustainability Increase in operating costs (i.e. PPE, sanitisers, transportation costs, accommodation costs, fogging/treatment, nursing staff increase, donations of sanitisers, etc.) Increase in capital costs (i.e. upgrade of emergency facilities, purchasing of ventilators) 	<ul style="list-style-type: none"> Continuous testing of Business Continuity Plans Enforcing regulations Infection prevention methods including: <ul style="list-style-type: none"> Work-from-home policy Provision of PPE and sanitisers Transporting vehicles operating at half capacity to ensure social distancing Restructure of operations (i.e. implementation of shifts) Strategic separation of staff with critical skills Isolation facilities in place Upgrading medical facilities Extending measures to the community as a proactive risk management tool Constant communication with all affected parties Employee assistance programme in place (i.e. mental health counselling) 	49
<ul style="list-style-type: none"> Loss of market share Decreased profitability Negative impact on sustainability (including possible job losses) 	<ul style="list-style-type: none"> Currency hedging Forward contracts Lobbying and influencing Product differentiation through improved quality Investigation into alternative sugar products/markets Expansion leading to improved productivity and efficiencies 	56
<ul style="list-style-type: none"> Reduced productivity Business Interruptions High cost of maintenance Higher unit cost of production Increase in insurance premium Forced technology adoption due to suppliers no longer supporting certain assets 	<ul style="list-style-type: none"> Business Cases and IRRs Conditioned-based maintenance Annual Budget Review (Capital Allocation) Factory audit through RCL Technical Support Agreement Review of current process to identify areas of improvement Progressing implementation of a value-add technology framework 	42
<ul style="list-style-type: none"> Failure to meet strategic objectives Threat to health and safety of staff Compromised production standards Inability to meet/deliver on new projects Increased unit costs leading to reduced international competitiveness 	<ul style="list-style-type: none"> Talent management strategy Leadership academy within RES Formalized and documented succession plan Co-creation of relevant course content for the academy Engagements with, and lobbying the Training and Localization Board 	49
<ul style="list-style-type: none"> Reduced crop yields. Failure to meet crop water demand. Switch to high value alternative produce (by Growers). Low appetite for potential new entrants due to high cost of finance from commercial sources of finance. 	<ul style="list-style-type: none"> Drought relief strategy Revolving fund confined to Vuvulane for now. Provision of Extension Services to the Growers RES provides farm management services to Growers. Provision of limited services for harvesting and replanting to Growers. Provision of irrigation infrastructure maintenance services, correcting installation challenges at replant (financial relief for Growers). 	49

RISK RANKING

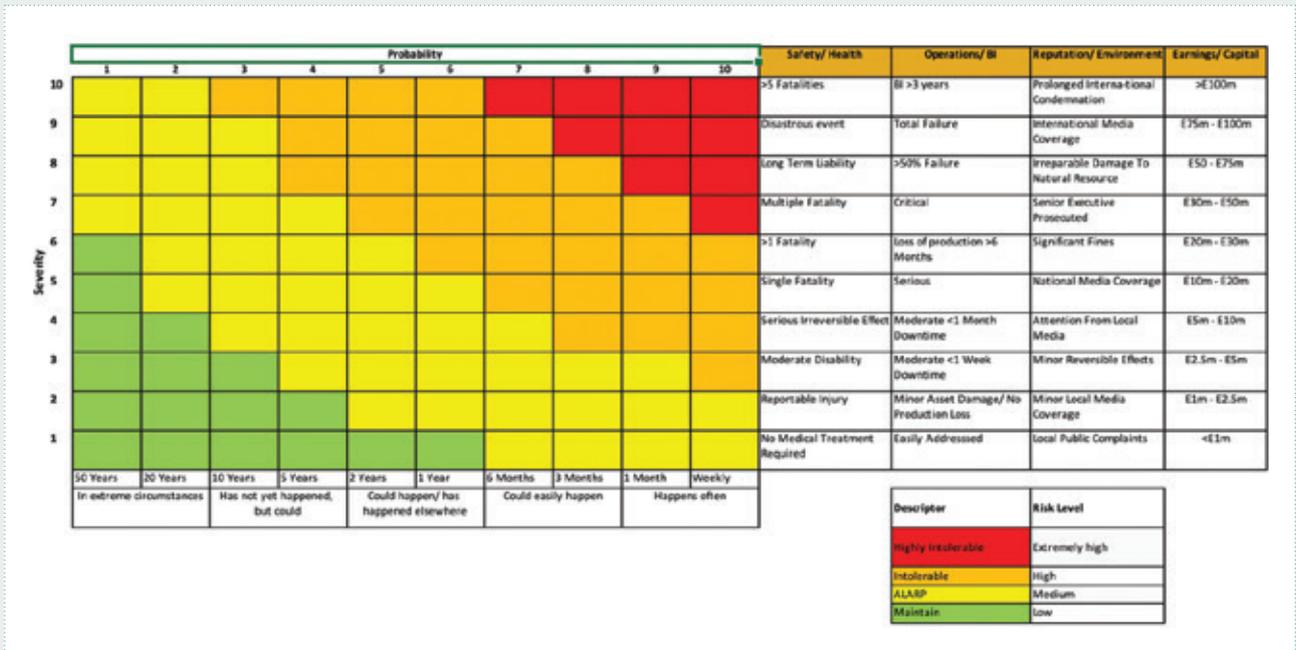
RES's top 13 risks for 2021/22 in comparison to 2020/21 are summarized as follows:

2020/2021 Ranking	Movement	2021/2022 Ranking	Risk Name	Residual Rating		Residual Risk Score
				Probability	Severity	
6	↑	1	Safety and Security	6	7	42
1	↓	2	Extreme Weather Conditions	6	7	42
10	↑	3	Pests Upsurges and Outbreaks	7	6	42
4	→	4	Water Security & Storage	6	6	36
5	→	5	Industry Structure Set-Up	5	6	30
11	↑	6	Compliance with Regulations	5	6	30
8	↑	7	Ageing Production Assets	5	6	30
3	↓	8	Sugar Markets	5	6	30
2	↓	9	Impact of Infectious Diseases	5	6	30
7	↓	10	Unreliable Energy Supply	5	6	30
15	↑	11	Cyber Attacks	5	6	30
New		12	Succession Planning	5	6	30
New		13	Sustainability of Outgrowers	5	6	30

Note:

- Our top five risks are dominated by environmental risks which is a global condition for most entities as the impact of climate change plays out.
- Residual ranking reflects effectiveness of current mitigation controls.

RISK AND OPPORTUNITIES RATING MATRIX – 2021/22



OUR BUSINESS

06



Human Capital



Health & Wellness



Information
Technology



Property services



Stakeholder
relations



Outgrowers

HUMAN CAPITAL

Our human capital efforts rest on five pillars and underpin the RES Corporate Strategy. A process to rebrand and reposition the department to better reflect its role as a strategic partner focused on customer centricity and responsiveness began last year.

During the year under review, Human Capital concentrated largely on closing out issues carried forward from the prior year, governance issues and the review of processes and procedures in the human capital management space.



Organisational culture

Research shows that the culture of an organisation is a key driver in delivering on its business strategy and future business performance, and an organisational culture that supports our vision of leading Africa's future in sustainable and renewable products will assure RES of staying ahead of the competition and providing security for all employees.



2 833

employees attended sessions to help define our desired culture

An organisational culture survey was consequently launched to support the business in achieving Simama 20-25. This project is an extension of work done to date on strategy implementation, particularly with regards to building a high-performance culture designed to enable RES to live out its values of integrity, respect and delivery.

Other interventions to attain our organisational culture objectives are business process improvements, boosting management capability and increasing our use of value-add technology.

(Read more about leadership development and technology on pages 40 and 46, respectively)

As part of the data collection process, 2 833 employees attended Listening Sessions, contributing to defining RES's existing culture and our desired culture. The outcome was a clear culture blueprint that defined the requisite behaviours to enhance and reshape our organisational culture.

This culture blueprint was then workshopped with 2 684 employees across the organisation and we further outlined what is needed to shift employees perceptions, mindsets and behaviours. A plan to embed this new culture will be formulated and rolled out across the organisation in the new financial year.

It is worth noting here that the RES whistle blowing mechanism is not fully utilised as people prefer to report issues physically to either the Managing Director or the Internal Auditor. This is commendable and signifies a strong foundation of trust to build on.

(Read more about ethics on page 70)

Size of workforce

RES had 4 593 employees at 30 March 2022 compared to 3 708 last year. Of these, 1 864 (2021: 1 822) were permanent employees (local + fixed term) and 2 729 (2021: 1 886) were seasonal employees. Although the number of seasonal employees fluctuates according to operational requirements, this year the ongoing expansion of area-under-cane at Homestead saw a spike in the number of seasonal employees.

A total of 240 Seasonals were engaged on the expansion project against 10 permanents, which included a Crop Production Manager.

FIGURE 5 - Number Of Permanent & Seasonal Employees - 2021/22



FIGURE 6 - Number of Employees at RES per month - 2021/22



The total staff complement of 4 717 at year-end includes two non-RES employees, eight trainees, 26 apprentices, seven interns, and 66 casual staff, compared to 3 827 recorded at the same time last year. Unfortunately, 15 employees were put on permanent disability at year end.

Staff turnover

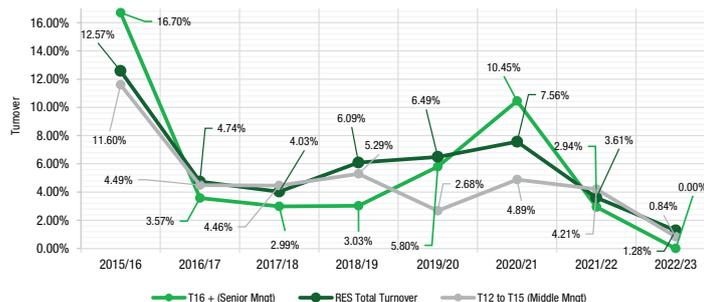
Staff turnover has remained stable since the 2016/17 financial year following the two rounds of Voluntary Exits. Other than natural attrition, this stability is expected to continue. Seasonal workers' man days vary according to production requirements but remain within budget on average.

We have now turned our efforts towards monitoring recruitment, establishing austerity measures and overall costs control. We will expand on this section in future reports to track movement in these key parameters.

Senior management turnover remains very sensitive at 2.94% with the retirement of Estate Production Manager and the Head of Agriculture.

Three middle managers retired and four resigned during the year, equating to turnover of 4.21% at this level of management.

FIGURE 7 - RES Staff Turnover - 2021/22



HUMAN CAPITAL - *continued*

FIGURE 8 - T16 : T22 only - Senior Management Roles Turnover

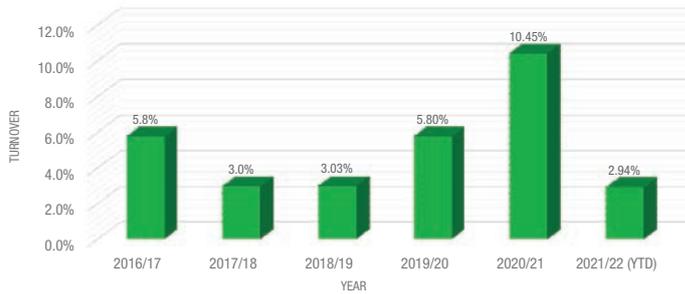
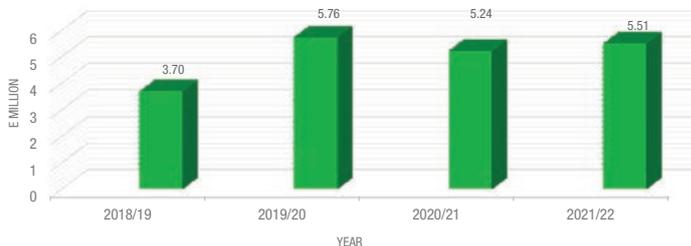


FIGURE 9 - Sick Leave Costs



Manpower costs

Total manpower costs stood at E883 million at year-end against a budgeted E890 million. The E7 million saving is attributed to vacant positions. The average monthly wage bill for RES was E69.17 million last financial year. As part of managing overall operational costs, we have elected to stagger the filling of some of the vacant positions.

A total of E98 million was spent on overtime at year-end compared with a budget of E80.5 million. This E18 million over expenditure, following the E10.3 million overspent on overtime last financial year, raises a red flag. The introduction of the KRONOS, a biometric time and attendance system in 2021 is expected to help us manage overtime costs more diligently in future. While this has made a huge difference in managing time and attendance, the long-term benefits have yet to be realised.

Sick leave

The significant number of 10 362 sick leave days (E5.51 million) taken by 2 336 employee is concerning. Although RES anticipated an increase in sick leave due to Covid-

19, overall sick leave accounts for a large percentage of absenteeism. This is a worrying trend that we will need to manage closely. Covid-19 related sick leave was absorbed by the organisation.

Building capability Skills development

We continued to drive organisational change through the RES Leadership Academy and are proud to have expanded the academy's offering through the addition of two new partners: the University of Cape Town (UCT) and the Gordon Institute of Business (GIBS). These institutions bring a wealth of expertise to the table and will enhance our efforts to empower future RES leaders and create high performing teams.

Considerable work was done to develop programmes that we believe are relevant to Eswatini and, although the pandemic has hampered uptake, relationships have been cemented and we anticipate enrolment in programmes to ramp up in the year ahead.

Several new programmes were launched during the year including: Executive Coaching, Design Thinking in Practice, Strategic Thinking & Executive for Growth (STEG), Digital Leadership, Leading from the Future, Managing for Results, and Coaching for Exceptional Performance.

Self-sustaining technical academy

Research to determine the viability of an apprenticeship programme for external companies was concluded during 2021 and the establishment of a technical wing of the academy is moving ahead. An MoU with Barloworld, who already have a stand-alone technical academy, is under discussion. We have fallen short on our technical training in the past and a partnership of this nature will enable RES to upgrade our technical skills training. The initiative is expected to transform the RES Leadership Academy into a self-sustaining entity in the long term.

Training and development

The improvement of skills at all levels is crucial to the ongoing success of RES and a total of 2 584 employees attended training.

	Expenditure
Leadership Development	3 823 651
Business Skills	10 200 149
Technical / Skills development	14 710 486
TOTAL	28 734 285

Skills of the future

With the support of management consultancy firm Korn Ferry, RES articulated six critical future skills per division that are needed to deliver on Simama 20-25. In-depth interviews were conducted with executive and senior leadership teams to review existing competencies and future requirements.



Key outcomes of this project were the review of the current technical skills catalogue, prioritized six top skills per functional area and thematic analysis to identify key emerging themes.

The scope also extended to analysing emerging trends aligned to the RES Corporation strategic requirements.

The way forward following presentation of the final report and its validation, RES will now have to determine future investment in critical future skills/capability/emergent talent need areas, which will support the organization to advance, diversify, adapt and be sustainable.

Attracting and retaining talent

A talent pipeline to meet emerging global and sector specific skills and trends in the sugar industry is a priority and, over and above our formal recruitment process, we are also

head hunting to attract suitable prospective candidates to our business.

Talent reviews were introduced for the first time and the performance and potential of around 680 employees were evaluated. Based on the outcomes, RES is able to formulate development plans and targeted training according to individual needs.

We are now in the process of quantifying the investment needed in critical future talent, skills and capabilities to support RES to advance, diversify, adapt and remain sustainable.

Reward and recognition

Remuneration

A remuneration survey was conducted to inform our positioning with the aim of ensuring the right balance to attract, reward and motivate employees. A few minor issues were identified for some of the lower

grades, and all the impacted salaries were adjusted. Assisted by Deloitte, a remuneration policy was developed to guide us on better managing competitive salary benchmarks against the job market we operate in.

Short-term incentive bonus

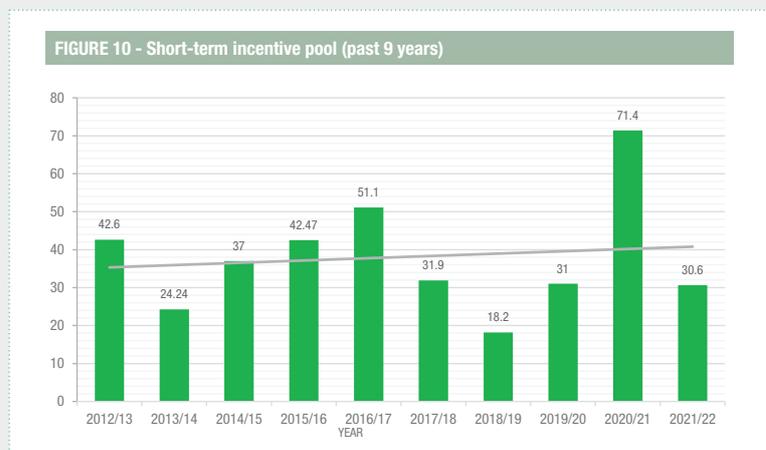
RES met the requirements for its short-term incentive (STI) scheme, recording a total comprehensive income of €302.6 million. A bonus pool of €30.6million was created and payment was to be made to eligible employees in July 2022.

The STI bonus is a key component of our employee value proposition, in line with our efforts to attract, develop and retain critical roles.

(Read more about strategy on page 26)

A total of 4 168 people were vaccinated across the estate. More than 450 have taken booster shots.

TITBIT



HUMAN CAPITAL - *continued*

Labour relations

The annual cost of living negotiations were successfully completed in March 2022, and increases implemented timeously on 1 April 2022. We also engaged extensively with the unions and staff association to address issues outstanding from the previous financial year.

A total of 162 new managers were trained during 2021, and a consultant was appointed to provide industrial relations (IR) skills training to support these managers in their new roles.

Total guaranteed package

RES introduced a total guaranteed package (TGP) last year to drive engagement and boost our employee value proposition. The objective was to reduce payroll wage types, minimise payroll errors, have one negotiated cost of living increase and allowances that were covered under one basic amount. This initiative goes hand in hand with our endeavours to attract and retain critical skills and the education process of embedding TGP across the organisation is now complete.

Despite teething problems, TGP was cascaded to the Swaziland Agricultural Manufacturing and Allied Staff Association (SAMASA). It will now be introduced for the Swaziland Agriculture and Plantations Workers Union (SAPWU) in the upcoming financial year.

Harassment policy expanded

In consultation with organised labour, the RES harassment policy was expanded to incorporate all forms of harassment, in addition to sexual harassment. Once approved, roadshows were held across the business to communicate the revisions.

Employees were educated through online, and physical sessions were held to reach out to the workforce in the different work areas. Of note is that wellness champions played a crucial role in empowering employees to report on encounters of issues related to harassment.

Online and physical access by employees to education, dialogue, psychological care and support forums contribute to employee well-being, growth and engagement. All these enable a successful and psychologically safe environment.



The majority of our employees spend a long time with the company, and we strive to return the favour through long service awards, as part of the rewards and recognition initiative.



More than 240 seasonal and 10 permanent jobs were created by the expansion project.

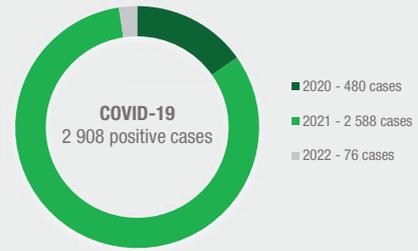
TITBIT



We achieve all our targets, and keep harmony among the company's employees through active and sustained engagement.

EMPLOYEE ENGAGEMENT

The Health and Wellness Department takes care of the primary healthcare needs of employees. Our objective is to prevent and manage Covid-19 infections at the workplace and in the community, safeguard the wellbeing of employees, and minimise the impact of absenteeism to ensure uninterrupted business operations.



6 500
tests done since Covid-19 outbreak

Health and Wellness forms an important component of our human, intellectual, social and relationship capitals.

A number of medical and wellness challenges exist in terms of infectious diseases, epidemics, new drugs and medical technology, supply chain disruptions, the increasing costs of acquiring and maintaining equipment and the aging clinic infrastructure.

Our business continuity plans have assisted the Medical and Wellness Department to identify ways to improve and ensure the sustainable provision of medical and wellness services at RES. Building agility will be key in adapting to this constantly changing environment.

Health and wellness

Covid-19 remained a major challenge, causing lost production time and increasing the cost of providing healthcare services. Unlike other entities, we were responsible for our own isolation and treatment. This increased the cost of providing services for Covid-19 because each patient had to be isolated for about 10 days. Costs were on accommodation, meals, medication, human resource and waste management. The supply chain of drugs was also negatively impacted by the pandemic although alternatives were sourced to cover the gaps.

RES partnered with the Ministry of Health and the Eswatini Business Health (EBH), formerly SWABCHA, to provide Covid-19 vaccination services, and a total of 4 168 people were vaccinated across the estate. Many of our employees are now fully vaccinated, although only about 450 received their booster shots.

(Read more about our vaccination efforts on page 43)

FIGURE 11 - Covid-19 new cases

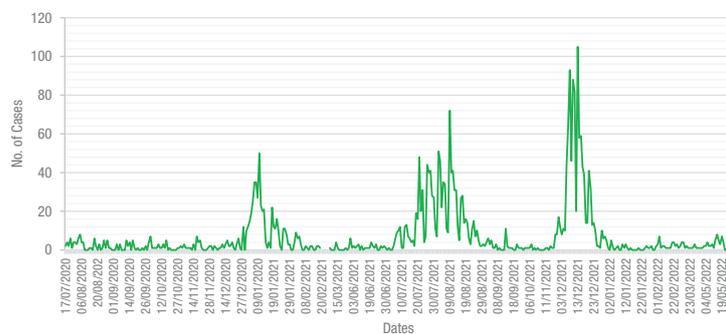
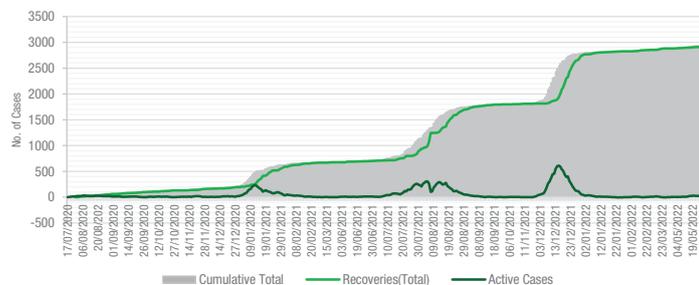


FIGURE 12 - Covid-19 cases time trend



EMPLOYEE ENGAGEMENT - continued

Mental health issues on the rise

Mental health issues understandably came to the fore as employees and communities grappled with the effects and consequences of Covid-19 on themselves and their families. Our mental health plan and charter developed last year, was implemented and mental health counselling was provided for a total of 74 employees who were provided with psychosocial services to support their mental wellbeing.

The wellness team did a commendable job of defining wellness dimensions for RES. There are 10 medical and wellness dimensions that were identified for key focus. Three of these domains, namely the financial, physical and emotional are deemed critical. This then necessitated mental health as it is determined by a range of socioeconomic, biological, and environmental factors. Over and above this, training to help build resilience is being run, considering Covid-19 fatigue. Resilient employees will be in a far better position to become empowered to take charge of their own mental health and overall health and needing less from the specialized mental health care level, such as hospitalization (which is far more costly).

Furthermore, training of wellness champions facilitated peer wellness support in the workplace particularly in times of crisis such as right now and post-Covid. Peer wellness champion workers help address the mental health needs of our workers and help alleviate the gap in human capital and unnecessary suffering in the workplace settings where holistic care, support and Employee Assistance Programme therapies set the platform for recovery. The cadre of peer wellness champions offer encouragement, practical assistance, guidance, and understanding to support an individual on their journey of recovery. At RES workplace, peer wellness support gives workers an opportunity to be offered support & motivation to address personal troubles.

Occupational health management

The provision of occupational health services were constrained by the pandemic and routine medical examinations could not be conducted. Pre-employment and exit medical



FIGURE 13 - YTD : Type of Wellness cases attended to

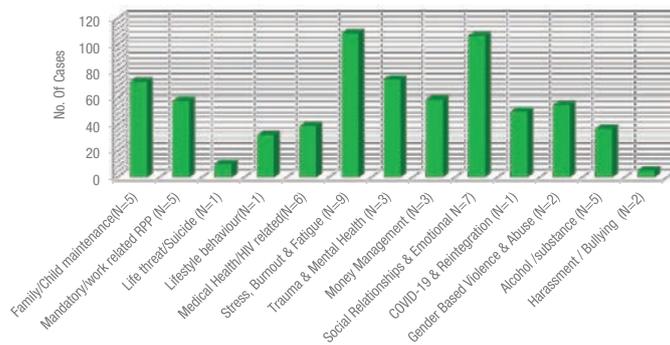
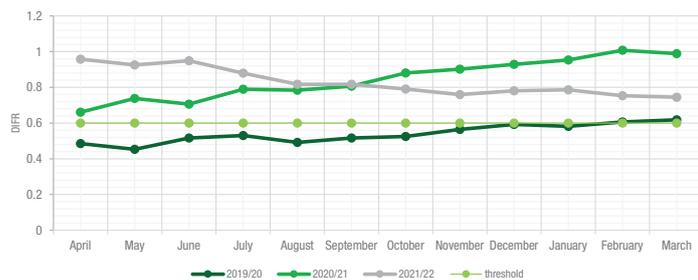


FIGURE 14 - DIFR three-year comparison



examinations were, however, held for all employees concerned.

Workplace visits to identify specific job risks were carried out predominantly for IYSIS employees as were the occupational risk profile review of jobs.

Our 12-month cumulative disabling injury frequency rate (DIFR) decreased from 0.79 to 0.78 during the period and while this is an improvement on last year's unprecedented high of 1.0, our safety standards are not at the level we would like. Concerted efforts have been made to raise safety awareness and improve safety behaviour across the company.

Health quality management

Our doctors endeavoured to define health quality management from a medical perspective for RES. This is key to treating our employees and helps to manage sick leave trends.

HIV management

There were no changes or developments in terms of HIV management, other than the introduction of Covid-19 vaccines, which has had a positive impact in terms of reducing hospitalisations and deaths.

We continue to make sure that all employees and community members living with HIV know their status and receive antiretroviral treatment.

A total of 3 313 clients were tested for HIV, this is about 4% increase when compared to those tested in 2020/21. 47 of the clients tested positive for HIV and all of them were linked into care and treatment. At the end of the year, there were 2 674 clients receiving HIV treatment and care from RES Clinics, of these – 1 092 were RES employees.

The clinics reported 12 541 cases of Upper respiratory tract infections, this is a significant increase of over 100% when compared to 5 917 reported in 2020/21. This is mostly due to increased clinic visits in 2021/22, in 2020/21 community members shunned the clinics in fear of being infected with Covid-19 at the clinics.

A total of 37 new Tuberculosis (TB) cases were reported when compared to 21 in 2020/21. 14 of the new cases were employees. This could be due to intensified TB and Covid-19 screening at the Clinics and the Workplace, thus increasing chances of detecting more TB cases. There were 24 active TB cases as of 31 March 2022.

The Clinics attended to 646 cases of diarrhoea when compared to 483 cases in the last financial year. The increase in the number of cases could be a reflection of reduced hand hygiene in 2021/22 as people got used to Covid-19.

FIGURE 15 - Total RES Employees On Art 2021/2022

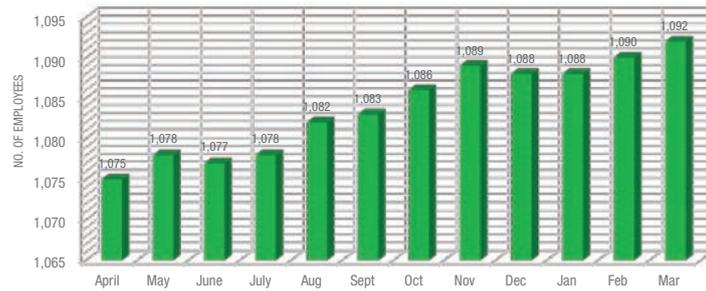


FIGURE 16 - Clinic Revenue Collection 2021/22



Clinics

Renovations of Mhlume Clinic began in the latter part of the financial year and are ongoing.

The draft framework on improving the quality of services offered at the clinics was completed and presented to key stakeholders and a gap audit is scheduled in the upcoming financial year.

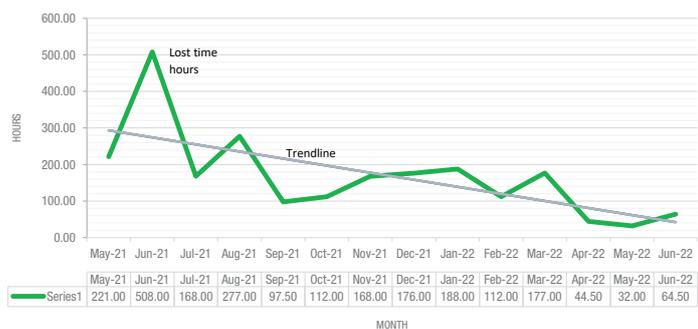
The main focus is on three pillars of health care service quality, i.e effectiveness, customer centricity and time efficiencies. The main objec-

tive is to ensure that employees are treated timeously while their needs are being addressed in an effective manner. This will significantly reduce productive time lost while employees are being attended at the clinic.

Injuries on duty

There was a reduction in the number of injuries-on-duty (IOD) cases and lost-time-hours. This is reflected in the decreased disabling injury statistics. In 2021/22, there were 73 IOD cases when compared to 89 cases recorded in 2020/21.

FIGURE 17 - Lost Time Hours



INFORMATION TECHNOLOGY (IT)

Information Technology (IT) forms a fundamental part of RES's intellectual and human capitals, and the department continues to add value, driving system and process improvements and innovation.

Next ERP

The current SAP ECC system was implemented in 2014, and a number of factors have led RES to plan and prepare for an upgrade to the next SAP ERP solution SAP S/4HANA. A project was kicked off in the latter half of the year, including the conducting of 360° business process reviews, change management initiatives and technical planning in preparation for the migration. This project will run until December 2022, with the presentation of a paper to the Board.



The new, cloud-based SAP S/4HANA system will provide RES with ready access to reliable, real-time data, quality information for enhanced decision-making and greater integration between departments. Implementation is expected to start in the next financial year.

Projects

We unfortunately could not deliver on all our projects and carried over quite a large Capex. The main cause was an increase in the planning stages and these projects have now kicked off. The roll out of new policies and procedures into a single unified system was complete. These included new security and cyber-security procedures.

A warehouse management system was successfully implemented in Mhlume and CanePro, our comprehensive cane growing solution was integrated into SAP, reducing costs and improving efficiencies.

Infrastructure projects such as network and computer upgrades as well as a roll out of Microsoft 365 took place across the business.

The future for IT at RES is bright with plans to migrate our systems to the cloud including SAP, this will bring opportunities for efficiency, agility and new business processes and capabilities. As a team we are continuously upgrading our skills in preparation for the future because it is our people who will deliver it.



The key ingredient for the success of our Simama strategy is the people. In the past year we have spent more than E28m in building the skills capacity of our people.

PROPERTY SERVICES

Facilities and maintenance

Property services are a support function that mainly provides housing for employees and third parties, including contractors. It also attends to the maintenance of buildings and other related infrastructure as well as delivers security and municipal services to the business.

Capital expenditure projects

This year capital expenditure was allocated to improve waste water infrastructure at the Ngomane sewer ponds by introducing a polishing wetland plant to manage and improve effluent quality. This goes a long way to helping RES become environmentally compliant and is in line with our Wastewater Management Master Plan.

We have numerous sewer ponds over the 23 000ha estate but focus has been on the 10 ponds servicing densely populated areas.

We also improved access of both potable and raw water to the villages. Lastly, road infrastructure in the main villages was upgraded and most of the main roads have now been paved.

Operational expenditure

Cost saving initiatives remained high on the agenda in line with Simama 20-25, and this year we saved E4.5 million simply because of better collaboration with business partners such as Agriculture Engineering Services.

We are happy to report a sizeable reduction in our housing and maintenance backlog from 3 000 houses three years ago down to 1 200. In the next two years we will further reduce the maintenance cycle from seven to five years – the standard we set ourselves.

Employee accommodation has become somewhat of a challenge due to RES's expansion projects and we are seeking to restructure how this benefit is applied. Housing occupancy across the estates is 92% of the usable housing stock, compared to 89% last year.

In order to free up housing we are encouraging employees who are on the car scheme or have private residences nearby to rather take up the housing allowance option and to free up accommodation for the expansion.

Occupancy of all infrastructure, including commercial properties, is at 91% and we are glad to have seen a gradual improvement in the overall distribution of property.

In addition, demolishing some previously identified properties have been put on hold in light of horizontal expansion, particularly around Ngomane where a decision was made to rather reroof the houses than start afresh in order not to waste resources.

Finally, Property Services' area of responsibility grew during the year with the acquisition of IYSIS. We added 114 houses spread over a 10km radius to our portfolio and thus had to increase headcount to provide maintenance, and monitor and assess the structures.

Nursery expansion

After benchmarking with others in the region we decided to expand the variety of plants at our nursery to enable people to improve the aesthetics of their villages and residential areas.

Security and crime

Arson attacks to the cane fields prompted RES to rethink our approach to security, which has become a material risk that cuts across the business.

Furthermore, security is impacted by social and health issues, for example domestic violence. Social and security issues must be integrated to harness and align our efforts in this regard and to manage reputational risk.



We are earnestly implementing our waste water management master plan in our quest to modernise our sewer plants to improve compliance and stakeholder relations.

91%

occupancy
of all
infrastructure



E4.5m

saved this year
because of better
collaboration

PROPERTY SERVICES - continued

Crime control

Although there has been a general decline in the crime rate in the villages where we provide security, the loss to the business in value has escalated, not only through arson, but through copper theft at the pump stations. This is a significant challenge that we are addressing in collaboration with all stakeholders.

Political developments have strained security to the extent that we are considering restricting access to the villages and the feasibility of such an undertaking in a business that extends over 23 000 hectares is an issue we are grappling with. RES is also considering installing manned towers to improve surveillance and our ability to respond swiftly in the event of an incident.

Year-to-date crime statistics have declined by 12.5% in the areas where RES has control, well above the 5% target we had set as a target. A total of 99 arrests were made compared with 200 last year.

FIGURE 18 - Crime trend over 5-year period (factories and villages)

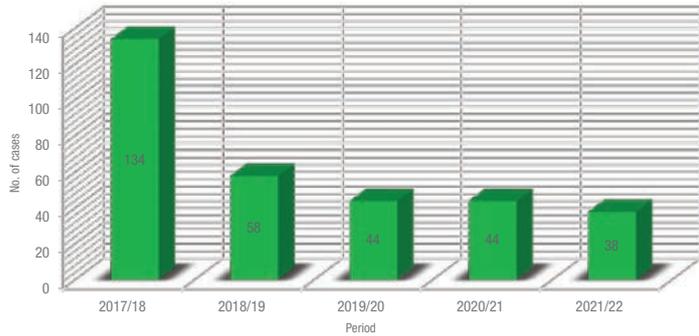
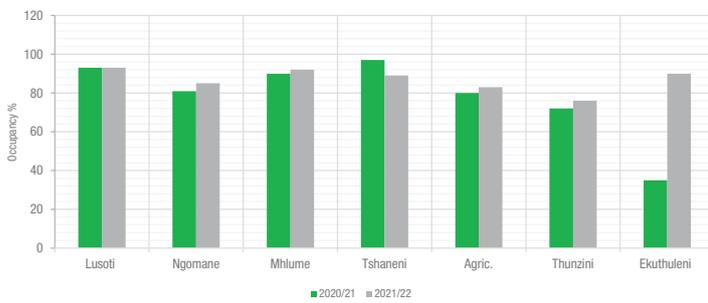


FIGURE 19 - Housing occupancy



STAKEHOLDER ENGAGEMENT

RES is committed to nurturing productive relationships with all our stakeholders in line with our values of integrity, delivery and respect. To this end, communication, stakeholder engagement and Corporate Social Investment (CSI) are integral to our human, intellectual and social and relationship capitals.

Implementation of the stakeholder mapping exercise was hampered by Covid-19 and the unrest as several activities required face-to-face engagement.

This project will be picked up again in the new financial year for presentation to the Board in June.

Communication

External communication

Media coverage for the year under review was mostly positive, with only two neutral articles published across the various media channels. These reflected the arson attacks that the company experienced during the political unrest in the country.

Social media

Social media is part of our human, intellectual and social capitals, and is an increasingly important way for us to communicate with our social media audiences. In total, the targeted increase for our social media footprint was set at about 10% for each platform. Facebook increased by 11%, while LinkedIn recorded a 32% increase as shown the table above.

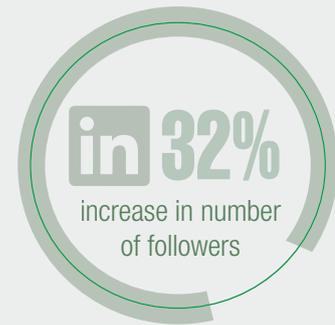
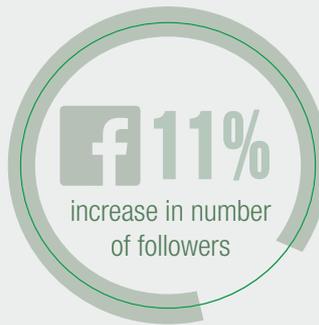
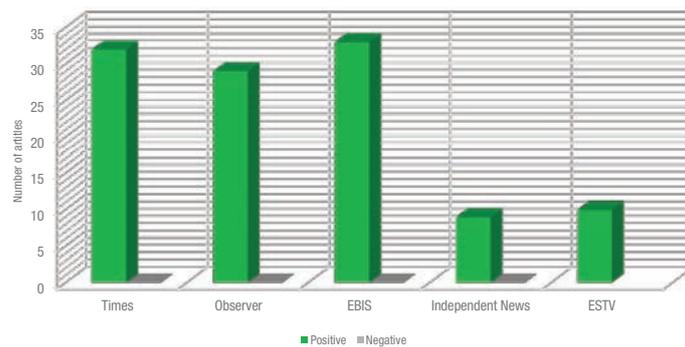


FIGURE 20 - Media analysis 2021/22



Social media growth		
Name of Grower	2022	2021
Facebook followers	18 396	16 536
LinkedIn followers	20 133	15 258
Chumana subscriptions	1 735	700

Internal communication

While most of our face-to-face communication activities were largely impossible, given the Covid-19 situation, we continued to utilise our various non-contact communication platforms. We mostly started using videos to create awareness on our Simama 20-25 strategy using 8 television screens which are strategically mounted across the estate. Such videos are also uploaded on the SharePoint site for employees with access to the internet. Podcasts are

now the new communication trend that is increasingly getting positive feedback, we started exploring this channel and it is having a tremendous impact on our internal communication audience. Communication content included strategy communication – Simama 20-25, the Big Picture, Covid-19 awareness, introduction of new procedures, such as the Remote-Working Procedure, safety precautions and other business news.

STAKEHOLDER ENGAGEMENT - *continued*

New communication channels

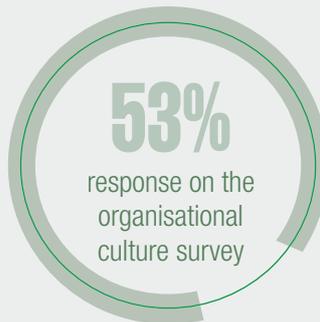
Covid-19 restrictions compelled us to revisit our approach to internal communication and explore new channels. With face-to-face communication disrupted, and our MD's lunch and regular town hall meetings off the table, we turned to SMS to reach employees since many of them do not have access to digital platforms. This has worked extremely well, in conjunction with our news boards and screens. We also launched a podcast.

People first

We conducted a survey, designed by Maurice Kerrigan Africa, to better understand perceptions around organisational culture, communication and employee engagement and to ensure that any interventions are aligned with organisational needs.

Overall results were positive, and we received a 53% response rate.

General Communication and Engagement Mechanisms



TITBIT

We have grown the number of LinkedIn followers from 15 258 in 2020/21 to 20 133 in 2021/22



LONG SERVICE AWARDS: RES recognised 120 employees who have served the company diligently over the past 10, 20, 30 and 40 years. Each employee received a trophy engraved with the number of years' service, together with a monetary award in terms of the company's long service rewards policy. The event was held at Mhlume Country Club.

Corporate social investment

Caring for the wellbeing of the communities in the Lubombo region in which we operate, and giving back through sustainable socio-economic development programmes is imperative. It is this philosophy that enables us to maintain a balance between the company and community expectations.

Our main focus areas are social and economic development, community development, health, education and environment.

Social and economic development

We endeavour to identify social and economic needs within our communities and to develop strategies to address those needs in a practical and sustainable manner.

We continued to donate considerable funds towards drought relief, health and education to a number of organisations. One of the largest challenges in stakeholder engagement is esca-

lating stakeholder demands in the face of growing unemployment and socio-economic inequity, with communities looking to corporates to meet the gaps that government cannot.

Education

- Thembelisha Preparatory
- Junior Achievement
- RES-aided Government schools

Health

The RES Medical Services provide primary healthcare to about 30 000 people, 2 500 of whom are employees who live on the estate. Our three clinics at Lusoti, Mhlume and Ngomane estates offer outpatient, limited inpatient, radiology, laboratory, dispensing, occupational health, community health, TB and HIV/AIDS services.

The Communication Department also stressed the importance of Covid-19 vaccination as the single most effective tool in protecting ourselves

and encouraged employees to get vaccinated. We continued to update the business, focusing on risk mitigation and encouraging people to observe health protocols.

We continued to roll out free ARV medication to employees and the surrounding community.

(Read more on HIV management page 45)

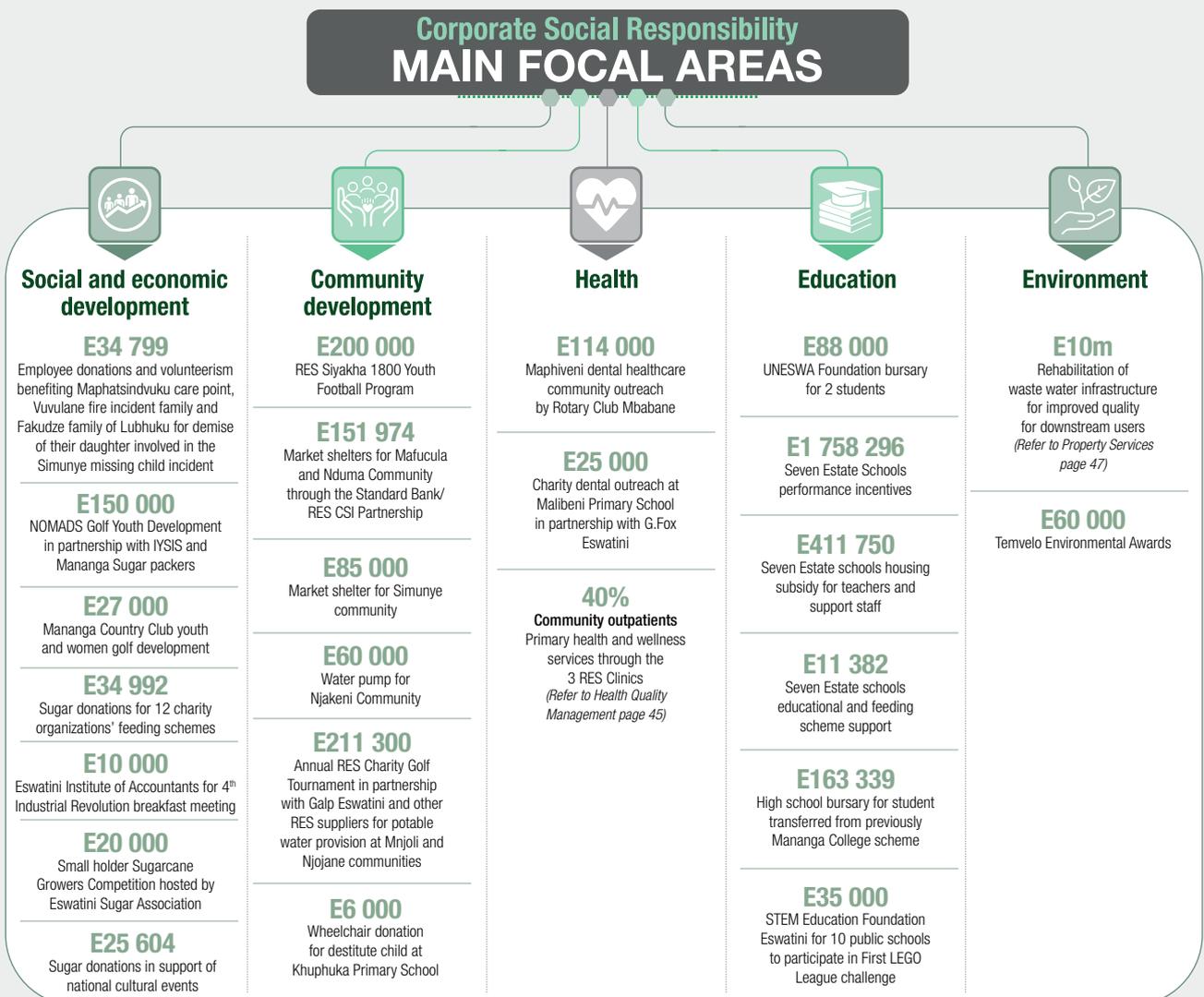
Community development

RES has the opportunity to build on our existing community development projects and to play a greater role in local empowerment, especially with regard to job creation.

Annual Cultural Activities

- All cultural activities were observed and attended by company regiments as activities resumed for the period; Harvesting, Kubhula, Royal Kraal revamping, Marula Festival, Incwala, Umhlanga and all national prayer services.

**Corporate Social Responsibility
MAIN FOCAL AREAS**



STAKEHOLDER ENGAGEMENT - *continued*

Category	Material Issue	Material Issues Description	Stakeholder	Power-Interest Ranking	
Neighbourhood	Increasing levels of poverty	Characterized by poor water and sanitation, high unemployment, inadequate health services, lack of facilities in schools, poor infrastructure (access roads to communities). If not addressed this could lead to high crime rates	All fence line Communities	Collaborate/Empower	
	Land issues	Unhappiness over historical land allocations	Vuvulane farmers	Collaborate/Empower	
			Human rights bodies	Inform	
		Unhappiness over historical relocations	Khuphuka, Mafucula, Shewula, Mnjoli	Involve	
			Human rights bodies	Inform	
			Ministry of Agriculture	Involve	
ESG	Environmental, Social and Governance issues	Our business is a by-producer of waste which is ultimately emitted into the environment which is shared with other stakeholders.	Communities that share environment with us	Involve	
			Environmental regulator	Collaborate/Empower	
			Customers	Inform	
			Board	Involve	
		Climate change as witnessed through extreme weather events	Board	Involve	
Customer Satisfaction	Real estate management issues	Affordable residential and commercial rental rates	Tenants	Inform	
		Recognition and respect as part of RES Estate Community		Inform	
		Efficient and timely maintenance of properties		Inform	
	Grower satisfaction	Timely availability of seed cane, Land preparation and planting equipment, Expanding revolving fund beyond Vuvulane, Annual review of transport subsidy for long distant farmers, Efficient harvesting & Bulk purchasing.	Out growers	Collaborate/Empower	
		a) There is an issue of inconsistent punctuality of payments for sucrose due to RES system glitches	Growers	Inform	
Govt. Estate Schools	Schools issue	Teachers of schools have an expectation that RES will provide free housing	a) Teachers	Consult	
			SNAT	Inform	
Human Capital Acquisition	Increased rate of TRP application declined at Committee stage, which has a negative impact on our Talent Strategy as RES	At less than 1% of expatriates employed, the TLC insists on zero %. There is less appreciation from some members of the TLC on why some positions would have an expatriate as opposed to a local, hence the increase level of declined applications that we are experiencing of late , when applying for TRPS.	a)Minister of Labour and Social Security b)Principal Secretary c)Training & Localisation committee (TLC)	Collaborate/Empower	
Supplier Issues	Sharply increasing interest in getting business with RES	Not getting or not getting enough business. There's a sharp increase in the number of businesses interested in RES tenders, more than the business can absorb resulting in dissatisfaction.	Current & potential suppliers	Inform	

What does RES want from the stakeholder?	What's important to the Stakeholder	How can RES enhance their support?
a) Understanding that RES is a neighbour that is open to mutual partnership and value sharing b) Better stakeholder satisfaction for mutual benefit c) Peace and stability d) Youth inclusion in development e) Understand that funding is not unlimited	a) Inclusion in decision making b) Positive response to all their requests c) Timely responses to requests d) Quick follow through to accepted requests	Establish and implement Community Engagement strategy
a) Understanding that RES is not the land allocation authority b) Understand that their success is also a success for RES and vice versa	Resolution of land allocation issues	Link aggrieved growers with relevant stakeholders e.g Tibiyo, Surveyor General. Establish and implement Community Engagement strategy Establish - July 2022 Implement - next 3 years
a) Appreciation and understanding that RES complies with all human rights conventions in relation to all surrounding community land issues b) Understanding that RES is not the land allocation authority	Compliance to human rights and adherence to social ethics	Share integrated report and proactive quarterly updates on community empowerment initiatives
a) Appreciate that relocations were not managed by RES but that RES fulfilled its role b) Understanding that RES is a neighbour that is open to mutual partnership and value sharing c) Support the idea of a sustainable partnership for mutual benefit	a) Economic empowerment e.g. farming, jobs, b) Assistance with infrastructure development c) Want to be prioritized for employment and CSI opportunities d) Recognition and acknowledgement of community leadership structures	Establish and implement Community Engagement strategy
Knowledge on how we engage with neighbouring communities	Compliance to human rights and adherence to social ethics	Share integrated report and quarterly updates on community empowerment initiatives
Clarify all matters relating to historical relocations for the communities' appreciation	Peace and stability for conducive business environment to enable sustainability	Facilitate community engagement with stakeholder in line with community engagement strategy
a) Understand that RES is committed to protecting the environment b) Actively participate in environmental protection initiatives	Pollution free environment	Inclusion of environmental awareness in Community engagement forums, (through clean up campaigns, donate waste bins, plant indigenous trees, soil erosion rehabilitation projects etc)
Support RES and communities in efforts to comply	Compliance	Compliance to Environmental standards
Sustainable sales	High ESG compliance index	Compliance to ESG standards
Support for implementation of ESG strategy	Successful implementation of ESG strategy	a) Quality implementation of ESG initiatives b) Providing quarterly updates
Support for implementation of Climate Change Mitigation Strategy	Successful implantation of strategy	a) Quality implementation of Climate change mitigation measures b) Providing quarterly updates
Compliance with lease agreements and general housing rules	Affordable and competitive rental rates	Develop and implement annual stakeholder engagement strategy
Improved stakeholder relationship and satisfaction	a) Stakeholder vs tenant relationship b) Improved communication and timely critical updates	Develop and implement annual stakeholder engagement strategy
Adherence to maintenance rules, SLAs, regulations and procedures	Prioritized and standard treatment of all tenants	Sharing of summary of maintenance plan & SLAs.
Increased volumes of cane delivered to the mills, Out growers sustainability & Change in the industry structure.	Efficient service delivery, timely and positive response to all out growers' requests.	Develop and implement annual stakeholder engagement strategy
a) Customer satisfaction feedback, with understanding of the contractual obligations	Timely payments	a) Ensure that the next ERP is better at delivering timely payments consistently b) Develop a fact sheet to remind growers of the contractual obligations
a) Appreciate the level of assistance extended to teachers in the form of housing subsidy and bonuses b) Education excellence c) Harmonious partnership with teachers and school leadership d) Compliance with housing lease agreements	a) Favourable treatment from RES b) Provision of affordable accommodation and transport c) Clarity on policies d) Engagement prior to implementing policies Favourable treatment of their members	Formulate and implement estate schools engagement plan
a) Ministry's understanding and acceptance of what drives the industry and RES business model in terms of international skills requirements b) Labour Migration policy should be in place c) Appreciation of the Talent strategy wherein at times we would need to borrow that skill as RES to remain competitive, as a local company competing globally.	100% local staff complement by imposing one-size-fits-all on localisation and training	a) Purposeful engagement of 3 Ministers namely; Labour & Social Security, Commerce & Home Affairs by the MD b) Lobby for Labour Migration Policy to be in place - quarterly c) Proactive quarterly engagements on related HC business updates d) Share local skills transfer successes and general RES contribution - annually
a) Understanding that RES is an equal opportunity company b) Appreciation that RES tender system is not on a rotational basis c) We are guided by our tender process d) Operational requirements and ROI	Fair access to business opportunities	Suppliers engagement plan

OUTGROWERS

The Outgrower Department ensures the sustainability of our Grower partners who contributed about 41% (2021: 42%) of the total cane that is milled by RES.

Growers contributed a total volume of 1 305 742 tonnes of cane to the RES factories, of which Tambankulu Estates, our largest Grower, supplied a total of 366 827 tonnes from its 3 600ha of area cut. Volumes were significantly lower than in previous years, and even less than the volumes achieved during the 2016/17 drought.

Climate change was the main contributor for lower volumes as reflected in rainfall variability and extended cloudy conditions; reduced sunlight and radiation against the LTM; lower than normal evapotranspiration levels in the crucial growth stages of the crop; and localised flooding (cyclone Eloise). Climate change also brought about pests such as yellow sugar cane aphids and white grub, which stunt cane growth.

Adapting to climate change impact will be a necessary ingredient for sustainability.

Outlook

With the substantial variation in input costs in the short term, those growers with lower economies of scale might battle to improve productivity, while in the medium term, with no support from funders or larger players, they may consider diversifying to other high-value but lower-cost products, resulting in reduced cane area and supplies from growers to the RES factories.



15 000

The number of hectares sprayed for pest and disease control

41%

Cane contributed by Growers

Outgrower performance – 2019/20 and 2020/21

Mill	2021/22		2020/21	
	Tonnes Cane	Tonnes Sucrose	Tonnes Cane	Tonnes Sucrose
Mhlume	804 996	113 491	888 396	126 977
Simunye	500 746	70 429	550 039	75 980
Total	1 305 742	183 920	1 438 435	202 957

Outgrowers numbers - area-number of schemes

Name of Grower	Area	Number of Growers
Malkerns	1 008.42	17
KDDP 1	2 261.44	18
KDDP 2	1 842.71	9
Hlane/Dvokolwako	1 114.83	11
Mhlume /VIF	1 762.81	262
Tambankulu	1 568.56	1
Umbuluzi	2 003.15	1
Managed farms	1 748.30	8
Total number of growers	13 310.21	327



Replanting in progress to ensure yields continue to enable the company to maintain high levels of performance.

OUR PERFORMANCE

07



Our Crop



Our Factories



Engineering
Management
Services



Ethanol



Procurement



Supply Chain



IYSIS



Mananga Sugar
Packer

OUR CROP

A total of 1 727.5 hectares of new land has been developed for sugar cane over the past 10 years. This includes 1 000 hectares earmarked for development in 2022/23, and a further 521 hectares in 2023/24.

The crop was impacted by a combination of unfavourable climate conditions both early and late in the season; pests and disease; and arson attacks – a new and emerging risk.
(Read more about risk on page 32-36)

At the end of the season a total of 1 899 844 tonnes of estate cane was crushed, representing a TCH of 93.7 and sucrose of 269 699 tonnes. This was lower than expected.

The good rains in December bode well for the new season, and climate allowing, we expect to see improvements in crop and yield against the previous year.



269 699
tonnes of sucrose produced

Crop Performance Summary		
	2021/22	2020/21
Tonnes Estate Cane Crushed	1 899 844	2 025 819
Tonnes cane per hectare	93.7	100.8
Hectares Cut	20 273	20 093
Tonnes Sucrose	269 699	285 939
Tonnes Sucrose/hectare	13.3	14.2
Pol % Cane	14.2	14.11
Age	12.2	11.7
Hectares		
Under cane	21 655	21 096
Replanted	2 496	2 042

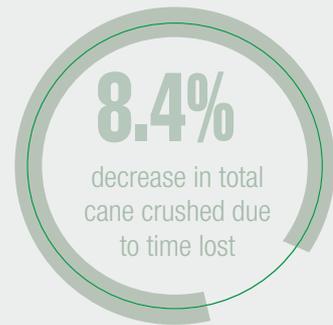
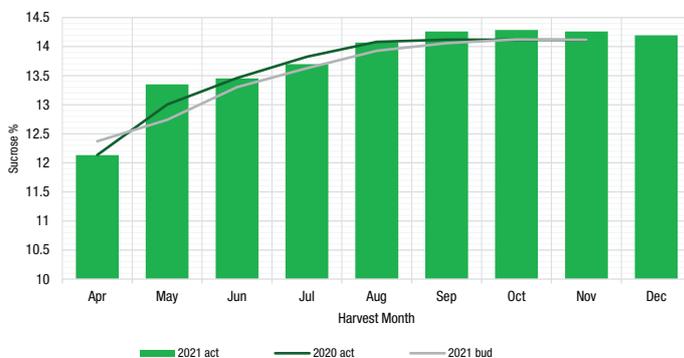


FIGURE 21 - Cane quality comparison



Reasons for low yield

- Lower than normal radiation, in terms of both long term mean (LTM) and the previous season, was detrimental to the crop.
- Lodging due to cyclone Eloise resulted in poor cane quality and also affected the yield. About 6 782 hectares were impacted by severe lodging. Most affected were the autumn replants and early cuts that were already high and almost ready for harvest.
- The pest outbreak has remained an issue, and severe yellow sugarcane aphid and thrips outbreaks in the summer months contributed to low yields. We have managed the problem through chemical control with more than 15 000 hectares sprayed. This is not ideal, however, because previous South African Sugarcane Research Institute (SASRI) publication indicate a potential loss in yield of up to 20%.
- The arson of cane on 1 343.8 hectares resulted in an average TCH of 11.3% from this area, below budget at 84.6 TCH against 95.3 TCH. The average TCH dropped by 21.4% at 11.3TSH against 14.4 TSH.

FIGURE 22 - Sucrose yield comparison

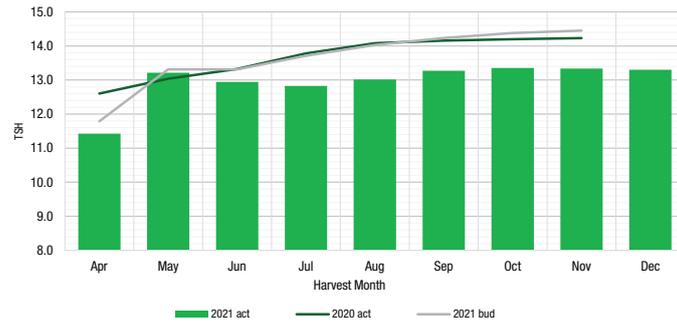


FIGURE 23 - Summer rainfall comparison

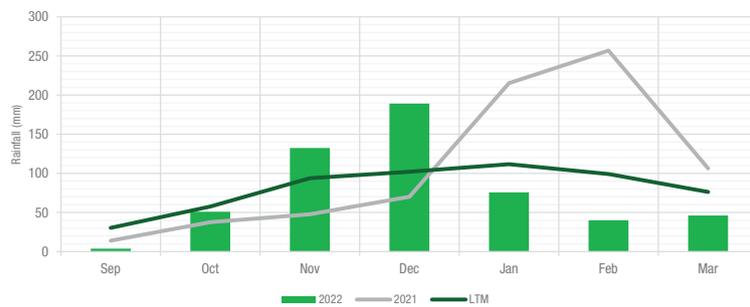
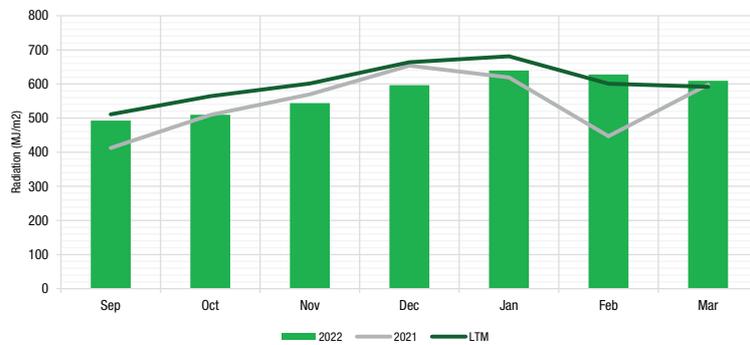


FIGURE 24 - Summer Radiation Comparison



6 782
total hectares
impacted by severe
lodging due to cyclone



WATER RESOURCES

The water situation during the season has been favourable compared to the previous season, characterized by above normal rainfall and high river flows. This scenario combined with the high dam levels recorded at the beginning of the season resulted in the two major dams supplying water to the RES operations filling up and overflowing.

Starting Dam Storages

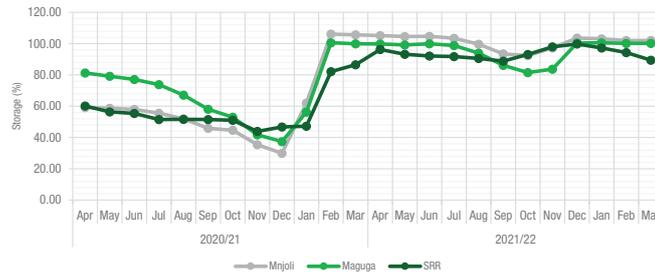
The dam storages at the beginning of the 2021/22 season were 99.72%, 105.12%, and 96.19% for Maguga, Mnjoli and Sand River Reservoir respectively. This position was better, compared to the situation during the previous season because less water was available to support the RES cane growing operations at the start of 2020/21.

Dam storage levels

	Starting level	Level at year end
Maguga	99.72%	100.16%
Mnjoli	105%	101.96%
Sand River	96%	89.46%

Even though the total cumulative rainfall received in the three estates during 2021/22, was lower than in 2020/21, it was still higher than the long-term average. This is a favourable position considering the amount of water in storage at the beginning of the season. Figure 26 indicates the cumulative rainfall received at estate level. A similar trend is expected at a catchment scale.

FIGURE 25 - Dam storage - seasonal trend



River Flow

The above normal rains received during the 2021/22 season coupled with the cumulative effect of the late rains received towards the end of the 2020/21 season resulted in a significant and sustained improvement in river flows. The inflows into the two dams increased far above long-term average during this period and have been gradually declining. The inflow into Mnjoli dam during March 2022 was 68% of long-term average at 7 150 L/s, while the Maguga inflow was 155% of long-term average at 27 690L/s. The flows are currently gradually declining, but it is expected that they will remain closer to the long-term averages for the two river systems, well into the winter months, indicating a better ground water recharge.

Performance of Dams and Future Outlook

The performance of the major dams supplying water to RES during 2021/22, and the previous financial year is as depicted in Figure 25.

The high inflows to the Mnjoli and Maguga dams recorded from October 2021 resulted in the two major dams filling up and overflowing by December 2021. The Sand River dam storage on the other hand increased through pumping of the excess water in the Komati system until it filled up in December 2021. It then started declining due to withdrawals to augment the supply from the Maguga system as the demand became higher than the available conveyance system capacity. The dam storages for Mnjoli, Maguga and Sand River Reservoir on March 31, 2022 were 101.96%, 100.16% and 89.46% respectively. This position is better, compared to the situation during the same time on March 31, 2021.

Water Security Initiatives

While the past two seasons have been favourable in terms of water availability post the 2015/16 drought, the need to ensure a sustainable water supply going forward for the existing crop and the additional cane under the business plan remains critical. As such we have continued to pursue initiatives that seek to improve water security. The following activities have been undertaken during 2021/22 as part of the efforts to progress this initiative.

Sand River Spillway Raising Project

This project entails the raising of the Sand River Spillway by 0.6m and increasing the pump station capacity from 5.2m³/s to 7m³/s. The work is being financed through contributions from all Mhlume Water consumers and is being implemented in a phased approach to avoid a shock increase in the costs to be borne by all consumers.

The implementation of the first phase of the Sand River Reservoir capacity upgrade which entailed the installation of a pipeline and construction of a discharge chamber was completed during 2021/22.

The next phase will entail the construction of a pump station and sump, which will enable the start of realization of the benefits by increasing the pumping capacity from 5.2m³/s to 7m³/s.

The final phase of the project will entail the raising of the spillway crest by 0.6m to ultimately increase the capacity of the dam by 4 000ML.

WATER RESOURCES - continued

Increasing Irrigation Efficiencies

Through the accelerated drip conversion initiative, 600 hectares of furrow were converted to drip during 2021/22. It is projected that this will result in an increase in cane production of approximately 12 000 tonnes. It is also anticipated that this will result in water savings of 2 460ML. This is water that will be available in storage due to the reduction in water requirement under the drip irrigated system. The water will be available to increase the assurance of supply to the RES crop, cushioning it against the impact of droughts. The annual volumes that will be 'banked' in the next five years, starting from 2022/23 as a result of the conversion to drip irrigation are indicated in the Table below. A total of 12 300ML will be saved through this initiative.

FIGURE 26 - Total Estate Rainfall



Anticipated water savings

	2022/23	2023/24	2024/25	2024/25	2025/26	Totals
Area (Ha)	600	600	600	600	600	3 000
Volume (ML)	2 460	2 460	2 460	2 460	2 460	12 300

100%

Maguga Dam level at year end

101%

Mnjoli Dam level at year end

90%

Sand River Dam level at year end



OUR FACTORIES

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

The season was a challenging one for our factories, such that even though they started production on the same day, they finished crushing four weeks apart, well beyond the original 30-week plan. Simunye crushed for 31 weeks while Mhlume finished crushing on 23 December 2021, after 35 weeks.

Both factories were impacted by more rain than normal leading up to the end of the crushing season. This caused extended stretches of slow crushing, and resulted in the season ending five weeks later than planned. A further six days were also lost due to two waves of national unrests on 29 June 2021 and 19 October 2021.

Fresh cane is a prerequisite for maximum sucrose extraction and our target time from burning-to-crushing delay is 44 hours. The arson attacks and wet weather meant that we could not take cane to the factory in time and had to wait for under foot conditions to improve. The end result was a burn-to-crush delay of 50.02 hours.

Cane logistics

The Cane Logistics operation is critical to our business and constitutes one of the largest costs.

The unit cost of cane delivered to the factory skyrocketed this season due to supply chain interruptions and the reduced cane volumes. Costs were incurred pulling tractors in the wet fields and carrying out cane by hand. Consequently, cane extraction costs were 7% higher than budget. This



Cane crushed was
333 696
Tonnes lower than
original target



424 294
Tonnes total sugar
produced

FIGURE 27 - Cane logistics unit cost



season's performance was disappointing on the back of the previous season which was one of the best in the history of RES.

Total cane crushed was 333 969 tonnes lower than our original target. It was also 258 669 tonnes lower compared to the 2020/21 season.

Consolidated factory output

Our overall time efficiency (OTE) was 78% against a target of 83% for the season due to the extended rainy period. Despite the decline in the combined efficiencies from the previous season, our boilers and power stations on both sites were stable and ran well, contributing to savings on fuel costs of 16% for the year.

	2022	2021
Cane milled (tonnes)	3 205 586	3 464 254
Sugar 96 pol (tonnes)	424 294	461 567
Sugar MTTQ	393 620	428 531
Refined sugar MTTQ	138 237	132 848
VHP sugar MTTQ	246 069	287 467
Demerara sugar MTTQ	790	3 553

Mhlume factory continued to impress and achieved the lowest lost time available (LTA) of 6.4% in the history of the mill against a budget of 6.9%.

Of the 27 Southern African sugar factories, both our mills were rated among the top six performers on efficiency and overall recoveries for the third year in a row. Simunye mill was ranked second, and Mhlume came in sixth, exceptional performance for a factory with a back-end refinery.

IGP expansion benefits

Two new A-centrifugal machines and a Vertical Crystallizer were added at Mhlume during the off-crop as part of our strategy to increase factory capacity to sustain higher equipment efficiencies and improve sugar throughput. As with previous seasons where new equipment was installed, the factory achieved impressive savings on fuel costs for the year.

Challenges and risks

Fortunately, operations at both factories continued uninterrupted despite the challenges of the pandemic. Business continuity plans were implemented on a case-by-case basis and were monitored to minimise any potential impact.

For RES, factory risk is predominantly rooted in the power generation station capacity. Simunye's reliance on the 30MW machine as a sole major generator is an ongoing major risk, and at Mhlume the power station remains under-capacitated, requiring the import of costly power.

Molasses, sugar, and other products

We produced only 790 tonnes of Demerara, a speciality sugar, compared with last year's 3 553 tonnes. Refined sugar production showed a



Our mills are in the top 10 best performers out of 27 southern African sugar factories. Simunye was ranked second and Mhlume sixth.

growth of 4%, from 132 848 tonnes to 138 237 tonnes in the previous season. In addition, molasses production at both factories decreased by 9 251 tonnes (7%), in line with lower cane deliveries.

Outlook

Enhancing plant performance by adding new equipment is key to our Simama 20-25 strategy which aims to maximise sugar volumes while minimising costs.

We will continue to give the utmost attention to improving the mills' LTA and overall recovery rates even further in the year ahead to safeguard our factories' exceptional performance in the region. We are in the process of developing the skills necessary at both a technical and management level to support strategic initiatives, and the outlook for the business is extremely promising.



138 237
TONNES
Total of Refined sugar
produced

4%

growth on
Refined sugar

ETHANOL

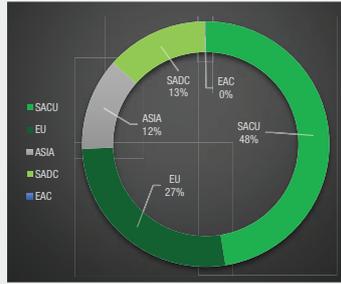
Ethanol Profit Margin recorded was E64.2 million and E36.8 million (36%) lower than the record of 2020/21. This decline occurred in the midst of various challenges in the period which included the poor cane crop and consequently lower molasses feedstock, the unprecedented political unrest; road blockages; equipment shortages and poor FOREX performance.

The volatile and price-sensitive environment deeply affected the ethanol business. Overall volume sales were down by 4.6 million litres (15%), although closing stocks were strategically higher by 1.4 million litres in order to satisfy customer requirements during the off production period.

Total revenue achieved was E340.8 million which is 16% lower than record achievement for 2020/21. The average ex-mill net price achieved was 3% lower than the previous year, reflecting the effect of a stronger Lil-angeni and weaker ethanol prices.

The SACU market performed well because it was not affected by the forex movements. Mozambique also performed well on the back of its proximity logistics, thus more efficient.

Sales to Taiwan continued to grow. We have continued to make inroads into Taiwan and have steadily grown the recognition of RES ethanol in this



market over the last few years.

The EAC market showed no activity as it is still oversupplied with relatively cheaper product from Asia and from within the EAC region.

On the regulatory front, Eswatini Revenue Services (ERS) have finally implemented their Trader Scheme of Control (TSOC) which seeks to modernise and adapt to the best international practice. The TSOC package includes amongst other things, the new licensing requirements and new operating conditions for Excise Operators. These changes will come into effect from April 1, 2022.

Ethanol sales

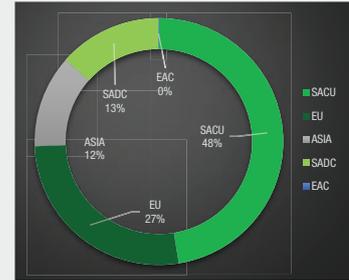
RUM performance strengthened to 24% on dispatched volumes though coming below budgeted volume sales by 347 000 litres.

The continued challenges with the availability of rail resulted in more road haulage of product than intended.

Ethanol sales by market

Movement of product was initially slowed down by Covid-19 restrictions. Even when the restrictions were relaxed, product movement was inhibited by congestion at the ports, with vessel rollovers and missing stacks exacerbating an already difficult situation. As a result RES incurred demurrage. Port systems also malfunctioned due to systems hacking.

Furthermore, logistics costs escalated due to soaring fuel prices. However, thanks to the close monitoring of distribution costs across all channels, we realised a savings of 15% (E6.1 million) to improve our bottom line. The objective continues to be to reduce the unit cost of production by 20% in order to ensure survival and sustainability of the business.



Molasses

Molasses availability, at 120 990 MT, was much less than budget. This was due to the negative factors affecting the cane growing business, resulting in the ethanol output declining from 30.8 million litres in the previous year to 27.0 million litres in 2021/22.

The alcohol production low-cost strategy is fully dependent on the quality and quantity of molasses received by the distillery; the larger the quantity of molasses, the greater the economies of scale.

Construction of a 10 000m³ capacity tank capable of storing molasses and compressed molasses stillage (CMS) interchangeably, which began last year, was completed during the year. This resulted in improved storage capacity and product segregation, respectively.

Historically, stored CMS has been continually contaminated by rainwater due to a ruptured cover on the lower dam. Proper storage of CMS is a critical part of our responsibility to protect the environment.

The availability of CMS tank storage capacity will improve our ability for responsible management around environmental protection.



Distillery

The upgrade of Distillation Plant 1 (D1), in line with RES's strategy of cost reduction and adding value, was approved under the March 2021 business plan and is currently being executed. The modification of the distillery to a multi-pressure vacuum distillation plant will increase capacity from 40kl to 65kl per day and increase ethanol production. The D1 upgrade is expected to be commissioned in August 2022.

The modified plant will be able to produce anhydrous (fuel grade) alcohol of 55kl per day as well as perfumery grade alcohol.

The main advantages of upgrading D1 are that it will consume less steam. The alcohol recovery from modified D1 will also improve enabling us to produce more ethanol from the same volume of molasses. In addition, the quality of extra neutral alcohol plant will produce a higher quality.

Outlook

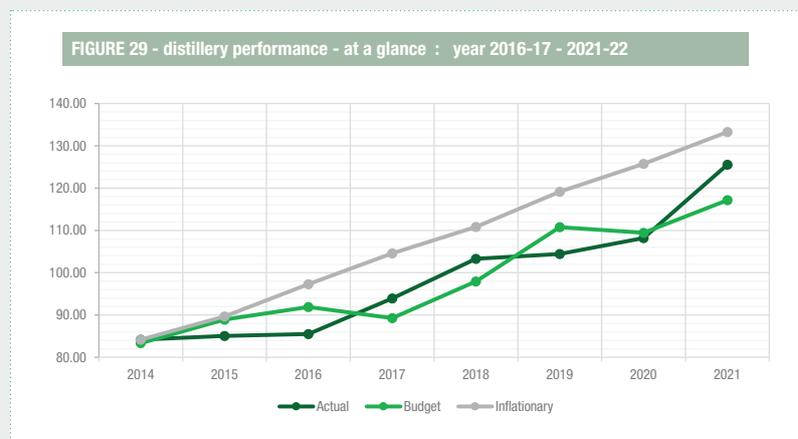
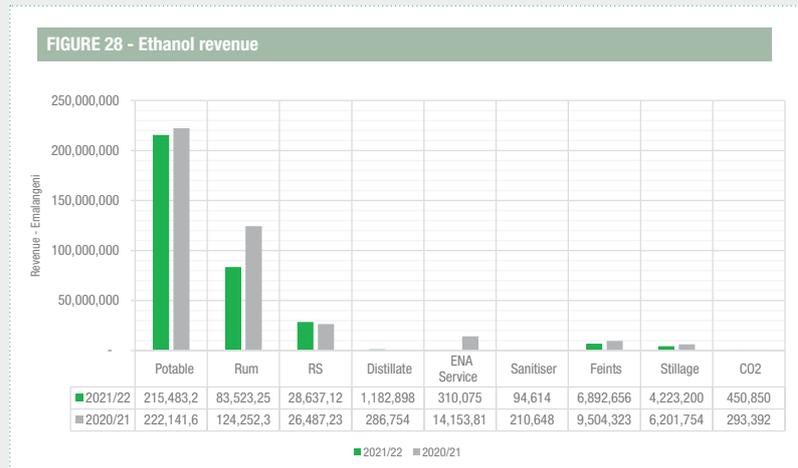
The outlook for the alcohol business is particularly favourable and the distillery can undoubtedly achieve good returns in the coming years though the availability and pricing of molasses will be a very pivotal aspect of the equation.

Given the stiff competition from subsidised ethanol from Asia and local producers in COMESA, RES is mainly exploring duty-free markets, Southern African Customs Union (SACU) and Southern Africa Development Community (SADC).

The steady growth of our sales to Taiwan over the past three years has spurred RES to develop a presence in new markets, and specialised niche market segments in Europe, such as rum, are also being pursued.

The Distillation Plant (D1) upgrade project, currently under way, and the associated production of anhydrous ethanol, presents RES with an opportunity to participate in the Eswatini fuel blending mandate when fully in place, and in the South African voluntary blending sector. The D1 project will enable RES to produce high quality ethanol to sell into the high priced niche pharmaceutical and perfumery markets.

Ethanol Production Results		
	2021/22	2020/21
Potable LAA	17 280 815	17 825 555
RUM LAA	7 855 044	8 951 604
Rectified Spirit LAA	2 480 112	2 512 663
Feints LAA	1 254 207	1 521 787
Total LAA	28 870 178	30 811 610



Operational Performance		
	2021/22	2020/21
Alcohol Recovery	239 L/MT	240 L/MT
Distillation Efficiency	99.45%	100%
Fermentation Efficiency	93.47%	89.6%
Overall Process Efficiency	92.96%	91.5%
RO Plant Occupancy	93.2%	91.2%
Tonne of water/tonne of alcohol	≤ 0.02	≤ 0.08
KWh/litre of ethanol	≤0.575	≤0.46
Steam/litre of ethanol	≤5.05kg	≤5.52kg

SUPPLY CHAIN

In line with technological enhancements and to improve efficiencies, the automation of Mhlume warehouse went live in December 2021 with the introduction of barcoding and scanning functionalities. The high-tech system is currently at 70% adoption and once teething problems have been ironed out it will increase turnaround time significantly. Plans are under way to roll out automation of warehouses through out the company.

Procurement

Tenders and vendor applications

Finalisation of the electronic vendor application system was deferred to next year as a result of overstretched resources, owing to the simultaneous implementation of warehouse automation. However, we were able to publish vendor assessment criteria that potential suppliers can now access via the RES website.

During the financial year, 67 applications for vendor registration were received and 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 maintenance services.

Supplier engagement

There were major difficulties getting deliveries into Eswatini during the unrest in the country and in KwaZulu-Natal. This resulted in a number of overdue orders, but we were still able to avert plant stoppages.

Towards year end, due to Covid-19, shipping costs spiked significantly.

Supplier interface and sourcing locally

Due to our deliberate effort to source services and goods in country whenever possible we remain among the top, if not at the top, of companies our size and scale in sourcing good

and services locally. More than 70% of our annual total spend is with local suppliers for various goods and services.

The online system for issuing of tenders was successfully completed and will be operationalised in the new financial year.

Outlook

Our objective is to continue to improve efficiencies in sourcing goods and services as well as management of materials. This should see us continue to grow our use of the latest technology for procurement and materials management in order to improve inter phase with our suppliers.



The expansion of land under cane is another way to future-proof the business and make it sustainable

ENGINEERING MANAGEMENT SERVICES (EMS)

Phase 3 of the Mhlume expansion project mill was successfully implemented and prepares the factory for the ultimate throughput of 440tch. A new C-Vertical Crystalliser, two A-Centrifugal machines and one C-massecuite reheater was installed on time and within budget for the factory start up. These capacity enhancements and operational improvements at Mhlume will not only improve the factory's efficiency but also secure the mill's long-term

sustainability. Target capacity is expected to be achieved by 2025, with the installation of a 300tch dif-fuser in Phase 5.

Execution of Phase 4 of the Mhlume 440tch expansion project is currently under way. Unfortunately, as a result of the recent rains, an impact to the implementation is expected due to the risk of completing the crushing season late. The full impact will only be understood closer to the end

of the crushing season when more rain is expected. In addition, some equipment is being procured from overseas, which brings an element of risk to procurement on time for installation. With the primary focus on improving throughput, projects to address reliability and capacity issues at Simunye factory were also tackled. New Clear Juice heaters and one A-Centrifugal were completed on time and in budget for the factory to start up.

IYSIS

The main benefits of this strategic acquisition was the additional cane margin that was otherwise flowing to the former partner - Tibiyo, and the lease extensions that are crucial to RES's future cane expansion programme.

On the 20 000ha cattle and game ranch, at the Homestead section close to the Mhlume Mill, 500ha was put under cane in 2020/21, consequently reducing the size of the ranch. A second tranche of 1 000ha has been started in 2022/23.

There has been some controversy around the impact of expansion on biodiversity and whether there would be sufficient water. These concerns were resolved based on the findings of a detailed engineering survey.

Game

The annual game census reflects significant growth of 129% to 12 360 animals, with Impala the most abundant at 9 000 head, followed by Nyala at 1 500 and Kudu at 850 head.

Covid-19 restrictions, which saw game capture operators and hunters unable to travel to the country also contributed to the growing number of game. At the same time we have noticed an increase in poaching, probably due to economic pressures.

The Lodges, although quieter than usual, were still active and we will continue to derive benefit once the hospitality and travel sectors pick up.



Cattle

A new breed of cattle – the East African Boran – was introduced to one of our cow herds last year, and so far there has been an improvement in that herd's conception rate, from 63% to 73% within a year.

The ban on hunting caused a spike in game numbers and we were forced to reduce the herd of cattle significantly to 2 087, selling off 789. We are hoping that the ban on the removal of game will be lifted in the near future, even if no hunting is allowed, or we will have to decrease the cattle herd even further, given the added pressure on grazing.

We are noticing changes in the vegetation, with more woody shrubs and plants cropping up, indicating that we are overstocked and should have reduced cattle more. This remains a material matter, although the game census conducted in September/October will guide this decision.

We have not yet reduced the number of herdsmen, but this may well be likely in the future.

Butchery

We sold 56 021kg beef compared to 64 480kg the previous year. The butcheries remain a small component of our activities, with the ranch selling to the feedlot, the feedlot to the abattoir, and the abattoir to the butcheries.

Outlook

The ban on reducing the game numbers is not sustainable and we are liaising with Big Game Parks who are the custodians of wild life in the Kingdom to find solutions.

Despite changes in the ecosystem from the drought, followed by heavy rains that brought current rainfall figures to 109% of the long-term average, the biodiversity of the property remained healthy. We currently sustain 379 species of vertebrates – 28 frog, 48 reptile, 247 bird, and 56 mammal species. This is a well-balanced ecosystem that we will continue to maintain in the long term.

MANANGA SUGAR PACKERS

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

MSP procures sugar from the Eswatini Sugar Association, pre-packs both brown and refined sugar into different brands. Brands packed at MSP vary from PnP, Selati, First Value, Great Value, South Bakels and First Sugar. Pack sizes range from 500g to 25kg for both refined and brown sugar. The current sugar quota for MSP is 123 447 tonnes, of which 79 366 is refined sugar and 44 081 is brown sugar.

Production

During the year under review, Mananga Sugar Packers did not perform as planned due to the unavailability of sugar during April and May 2021 as well as the last quarter of the 2021/22 financial year. As at the end of March 2022, MSP had packed 117 939 tonnes, compared to 135 002 tonnes in the previous year.

Sales and Marketing

As at the end of March 2022, MSP had sold 117 037 tonnes compared to 130 241 tonnes in the previous year.

	2022	2021
Contribution Margin (E/Tonne)	926	1 006
Fixed Cost (E/Tonne)	423	392
Net Margin (E/Tonne)	503	614
EBIT('000)	58 875	79 994



Mananga Sugar Packers employs more than 150 people in its state-of-the-art packaging plant in Mhlume.

SECURING VALUE

08



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



Our Board of Directors



Governance overview



Board committees



Our Executive Management



Our approach to governance

OUR BOARD OF DIRECTORS



DR A.T. Dlamini
Chairman

MBA, Bcom

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

RES SUBCOMMITTEES

Committee On Non-Executive Remuneration

Risk, Social and Ethics Committee

Audit Committee

Remuneration Committee

IMBA, BCom, Dip. Accounting and Business Studies

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



Ms Busangani Mkhalihi
Member

Dip Accounting

Chief Zibuse Ndlangamandla is the traditional leader of Manyandzeni community in the Shiselweni District, Eswatini and a businessman and a 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.



Chief Zibuse Ndlangamandla
Member

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

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



Mr Jameson Gule
Member

B Com (Hons), Chartered Accountant SA

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.



Mr Robert Field
Member

BSc in Hotel, Restaurant and Tourism Management

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



HRH Princess Lomajuba
Member



Mr Andrew Westermeyer
Member

B Com (Hons), Chartered Accountant SA

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

BCom (Hons), Chartered Accountant SA

Gerhard van der Walt is the Financial Director of RCL Foods Sugar and Milling (Pty) Limited. 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. He represents RCL Foods Sugar and Milling (Pty) Limited on several boards.



Mr Gerhard van der Walt
Member



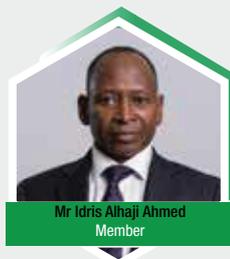
Mr Zombodze Magagula
Member

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

Zombodze Magagula practices Law under the style Mlangeni and Company Attorney. He is also a consultant for United Holdings and its subsidiaries (insurance group of companies), a member of the Investment Committee of the Public Service Pensions Fund (PSPF), a member of the Board of Trustees of Sibaya Provident and Pensions Fund, and a Member of the Board of Directors of Standard Bank. He also sits on the Council of the University of Eswatini.

MIAD, MBA, BSc (Accountancy)

Idris Alhaji Ahmed was appointed to the Board on 3 September 2015. He 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.



Mr Idris Alhaji Ahmed
Member



Mr Nick Jackson
Executive Member

BSc (Hons) Biochemistry

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

MDP, Dip Creation and Development of SMEs

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



Mr Mike Shongwe
Member

GOVERNANCE OVERVIEW

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

The RES Board has a unitary structure, comprising 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.

While 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 alludes to our corporate governance practices.

There were no changes to the Board during the year, due, in part, to ensuring stability while we adjusted to conducting business virtually.

From time to time we establish ad hoc committees to deal with specific issues. For the year under review, the ad hoc committee focused on finalising the IYSIS partnership agreement and on various acquisitions.

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 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.

BOARD SUB COMMITTEES

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

Risk, Social and Ethics Committee
 ZR Magagula - *Chairman*
 Chief ZN Ndlangamandla
 NM Jackson
 MSM Shongwe

Remuneration Committee
 Dr 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
 Dr AT Dlamini - *Chairman*
 NM Jackson
 LS Masango

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	-	-	-	-	2	1
Chief ZN Ndlangamandla	4	4	-	-	3	2	-	-
IG van der Walt ²	4	4	3	3	-	-	-	-
ZR Magagula ³	4	4	-	-	3	3	2	2
MSM Shongwe	4	4	-	-	3	2	-	-
JN Gule	4	4	3	3	-	-	-	-
NM Jackson ⁴	4	4	3	3	3	3	2	2
R Field	4	4						
B Mkhaliphi	4	4	3	3	-	-	-	-
I Ahmed	4	-	-	-	-	-	-	-
HRH Princess Lomajuba	4	4	-	-	-	-	-	-
A Westermeyer	4	4	3	3	-	-	-	-
A Adeyemi ⁵	-	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

- Board and Remuneration Committee Chairman
- Audit Committee Chairman
- Risk, Social and Ethics Committee Chairman
- Managing Director
- Alternate to I Ahmed; attended four meetings in his stead

Mandates and focus areas of the Board committees

Key focus areas and activities for the Board in FY 2022

- Provided leadership and direction on activities that are under the company's control, while implementing stringent Covid-19 standards and protocols to safeguard the health and wellbeing of our employees and secure the sustainability of our business.
- Strategic scrutiny of the long-term business plan embracing all aspects of the business and ensuring its relevance amidst an ever-changing environment.
- Monitored the execution of RES's strategy in line with our defined strategic themes of cost optimisation and improving efficiencies. These initiatives included investing in volume growth, innovation and technology, pursuing new products and markets such as the ethanol business, and reshaping organisational culture.
- Oversaw and approved capital funding for major capital projects: the integration of IYSIS into the RES Group following the acquisition of the 50% stake previously held by Tibiyo TakaNgwane; the modification of D1 at the distillery; the expansion of the area under cane; irrigation conversion; and efficiency throughput and energy projects.
- Reviewed and approved the RES Stakeholder Management Policy, Code of Ethics, Directors' Code of Conduct and Corporate Citizenship Policy.
- Ensured the continuing professional development of directors through training aimed at enhancing their understanding of the sugar manufacturing process.
- Stakeholder engagement, specifically with suppliers, customers, industry players, Government and neighbouring communities

GOVERNANCE OVERVIEW - *continued*

to mitigate material issues related to the impact of the social unrest in Eswatini and SA in June/ July 2021, the ongoing effect of Covid-19 and, towards the end of the financial year, the impact of the crisis in Ukraine.

- Management of scarce expat skills critical for the expansion.
- Ensured value creation for RES stakeholders: despite difficult trading conditions, RES gener-

ated reasonable profits which enabled payment of a dividend to shareholders, meeting our responsibilities as a responsible corporate citizen (through the rehabilitation of sewer ponds as part of waste water management, empowering and supporting local businesses through local procurement wherever possible, promoting Covid-19 vaccination and vaccinating employees,

contractors and members of the communities living close to our operations), 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.

- Oversight of the growth and profitability of the business amidst high inflationary cost increases.

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	2021/22 FOCUS AND DELIVERING VALUE
<p>AUDIT COMMITTEE</p> <p>Mandate To assist the board of directors in exercising its oversight role with respect to: preparation of accurate financial reports and statements in compliance with International Financial Reporting Standards, internal and external audit, applicable regulatory requirements; internal financial controls; financial risk management; safeguarding RES assets</p>	<ul style="list-style-type: none"> • Considered and recommended Board approval of Interim and Annual Financial Statements for the reporting period; • Monitored effectiveness, objectivity, independence and quality of external auditor; • Approved SNG's 2021/22 external audit plan and satisfied itself as to the appropriateness of key audit risks identified; • Considered and approved the risk based Annual Internal Audit Plan and monitored the effectiveness of the Group Internal Audit function with regards to execution of its plan, coverage and overall performance; • Interrogated actions taken by management with respect to adverse internal and/or external audit findings; • Ongoing monitoring of financial risks and compliance with company approved financial risk management policies, i.e. Treasury and Hedging Policy • Monitored the Company's compliance with legal requirements, with particular focus on compliance with tax legislation, Company law as well as adherence to International Financial Reporting Standards and reports on good corporate governance, particularly the King Reports. Close monitoring of management's close out of observations made by a tax health audit carried out by the company's external auditors • Received reports on new and/or proposed legislation which has an impact on the company as well as a litigation status report. • Satisfying itself as to the appropriateness of the accounting treatment of biological assets • Considered nature and extent of non-audit services provided by the external auditor • Satisfied itself as to the adequacy of expertise, resources and experience of the Finance function
<p>RISK AND SOCIAL ETHICS COMMITTEE</p> <p>Mandate To assist the Board in setting the tone for an ethical organisational culture, overseeing risk management, ensuring that management has in place policies, processes and procedures to manage the significant risks to which the company is exposed, exercising oversight on safety and health in the work place, environment and quality issues.</p>	<ul style="list-style-type: none"> • Reviewed the top risks and considered management's action plans to mitigate risks contained in the enterprise-wide risk register; • Monitored RES's practices and manner in which the company protects, enhances the natural environment in which it operates to ensure sustainability of the business; • Interrogated fraud and corruption reports and adequacy of corrective action taken; • Received and considered management reports on risks affecting delivery of RES's strategy; • Monitored and reviewed company's performance on occupational health and safety &, quality management systems; • Overseeing the management of technology and information and monitored the company's digitisation programme, which saw the successful implementation of key IT projects. • Oversight and review of the governance of risks facing RES, especially in view of social unrest in RSA/ Eswatini, the Covid-19 pandemic and Ukraine crisis • Leveraged technology and digitisation as a strategic enabler • Oversight of management's efforts on management of new ways of working developed in response to Covid-19 pandemic and future working trends
<p>REMUNERATION COMMITTEE</p> <p>Mandate To assist the board of directors through recommending remuneration strategies that ensure a proper balance in attracting, rewarding and motivating Human Capital to drive the Corporation's long-term strategy and sustainable performance while creating shareholder value.</p>	<ul style="list-style-type: none"> • Approved cost of living adjustments for executives; • Succession planning • Oversight on executives KPIs/performance
<p>COMMITTEE ON NON-EXECUTIVE DIRECTORS' REMUNERATION</p> <p>Mandate To consider and review the remuneration of non-executive directors.</p>	<ul style="list-style-type: none"> • Reviewed Non-Executive Directors' remuneration, which was adjusted based on inflationary considerations. • Approved guidelines on directors' working tools.

Ad hoc committees

During the year under review, an ad hoc finance subcommittee of the board (constituted by A Westermeyer [chairman] B Mkhaliphi and IG van der Walt) met several times to deliberate mainly on proposed acquisition matters forming part of the company’s growth strategy.

It is pleasing to report that a recommendation to acquire a stake in a downstream business was presented to the board during the year. Discussions on the proposed acquisition are nearing completion.

Furthermore the Technical and Support Services Committee (chaired by HRH Princess Lomajuba, and mem-

bers being J Gule, Dr AT Dlamini and NM Jackson) established pursuant to the Support Services and Cooperation Agreement between RES and RCL, met 2 times during the year in furtherance of its mandate to optimise RES’s agricultural and manufacturing production effectiveness and efficiencies

2022/23 FOCUS

- Continue to focus on ensuring the effectiveness of RES’s financial systems, processes and internal financial controls;
 - Monitor management’s implementation of relevant changes to International Financial Reporting Standards;
 - Review of new IFR standards with an impact on RES and take steps towards preparedness and to ensure that all material risks are addressed.
 - Monitor the organisation’s control environment
 - Monitor legislative and regulatory developments with a risk impact on RES.
 - Continue to review relevant submissions and reports issued by assurance providers – internal and external
 - Review RES’s Internal Audit Charter;
 - Assess external auditor independence
 - Determine adequacy of the Finance resources
 - Increase focus on Committee’s responsibilities with respect to Integrated Reporting and ESG matters as outlined in Eswatini Stock Exchange ESG Guidelines for listed companies
-
- Continue monitoring risks to achievement of RES’s strategic objectives;
 - Specific attention will be given to health and safety in response to Covid-19, business continuity, security of company assets in light of arson attacks triggered by social unrest, talent management to ensure availability of skills for expansion in the context of challenges encountered with expatriates’ work permits; impact of the Ukraine crisis on operations and implementation of Growth projects
 - Improve our corporate reporting on ESG matters;
 - Ongoing monitoring fraud and corruption reports;
 - Ongoing monitoring of ethical conduct and whistle blowing reports
 - Improvement of safety performance (DIFR)
 - Application of technology to improve efficiencies and ability to cope with fourth industrial revolution- Implementation of Digitisation strategy and ERP upgrade;
 - Ensure appropriateness of IT spend and benefits realisation in line with the company’s P3M framework;
 - Track developments in environmental and sustainability legislation and best practices and monitor compliance action plans
 - Embedding an ethical culture across the business
 - Continue monitoring of the impact of the pandemic on RES strategy, business operations and stakeholders
 - Continue to provide oversight on investments in technology and digitisation and ensuring these add value, increase efficiencies and sustainability of the business
-
- Oversight of succession planning at executive and MD level;
 - Monitor overall company performance vis-à-vis payment of short/long term incentive bonus
 - Executives KPIs and ensure inclusion of sustainability performance targets
 - Talent risk management given challenges with retention of critical expat talent
-
- Ensuring non-executive directors’ remuneration is fair and reasonable and suitable for RES’s circumstances.

OUR 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 monitor issues of strategic importance to the Corporation. The MD, however, remains accountable to the Board for all authority delegated to him.

The senior management committees and or senior managers act, in order to, among 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 Managing Director and is the only executive Board member. He also serves on several other boards, including NERCHA, Mananga Sugar Packers, the Eswatini Sugar Association and Business Eswatini. Prior to joining RES, he was the CEO of the Guyana Sugar Corporation in the Caribbean.

Bsc (Hons) Biochemistry



MR MUHAWU MAZIYA
General Manager Commercial

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

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



MRS BONISIWE MASUKU
Group Human Capital Manager

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

MBA, PDM HR, PGCE, BA



MR DUMISANI V. DHLIWAYO
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, he worked at KPMG, Dunlop Tyres and Deloitte. He is a member of a number of bodies, including the Eswatini Sugar Industry Council, Mananga Sugar Packers (Pty) Limited and Quality Sugars.

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



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 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

OUR APPROACH TO GOVERNANCE

RES 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.

Recommendations on best corporate governance practices are continuously considered with a view to implementing those that are deemed applicable and suitable to the Group's circumstances. The ultimate responsibility for good corporate governance rests with the Board of Directors.

The Board understands that effective governance practices should be embedded in all its business processes rather than following a tick-box approach. Pursuant to the detailed exercise undertaken by the Board to benchmark the group's governance practices against the principles set out in the King Reports, work to improve certain existing governance practices to achieve alignment with the King Reports has begun.

Where application of the principles has been identified as unsuitable for the Group's circumstances, this is clearly explained, and where appropriate other controls put in place to ensure good governance.

Internal Audit

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

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

The work undertaken during the year includes reviews of high risk areas which include Fixed assets, Procure to pay, Sugar receiving, warehouse and dispatch, Ethanol marketing &

logistics, Cane production, harvesting and haulage operations as well as Stores operations. Fraud awareness and prevention initiatives continued.

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 VI principles on stakeholder management. Shareholders are provided with an update on the Corporation's performance at the Annual General Meeting at which shareholders have the opportunity to ask questions.

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

Ethics

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

RES records its pledge to promote and enforce ethical business practices and standards throughout the Corporation in its approved Code of

Ethics, its guide in day-to-day decision-making processes. All employees are expected to comply with the principles and ethical standards defined in the Code as well as with various other policies and procedures which support it. These include, among others, policies 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, Social and Ethics Committee.

Controls

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

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

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

• OUR VALUES •



Integrity



Respect



Delivery

Standing true to our values

Abridged Consolidated Financial Statements

For the year ended 31 March 2022

CONTENTS

Abridged Directors' report	78
Independent auditors' report.....	80
Consolidated statement of financial position	81
Consolidated statement of profit or loss and other comprehensive income	82
Consolidated statement of changes in equity	83
Consolidated statement of cashflows.....	84

ABRIDGED DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors have pleasure in presenting their report together with the abridged consolidated financial statements for the year ended 31 March 2022.

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 abridged consolidated financial statements.

The financial performance of the financial year ended 31 March 2022 reflects trade conducted under Covid-19 conditions. The Group continued to operate while adhering to the Covid-19 guidelines issued by Government and a proactive response has ensured the continuity of operations. Management and employees remained vigilant, cognisant of the negative ramifications that arise from complacency.

The effects of the war between Russia and Ukraine also impacted on the financial performance of the Group for the year ended 31 March 2022 as the business experienced significant price increases in fertilizer, chemicals and fuels. Both the Euro and US dollar traded at weaker levels with the former registering higher movement. This affected both sugar and ethanol revenues and associated trade collections. The Group is implementing various strategies to mitigate the associated risks.

As at the date of these financial statements, extension of lease agreements for land leased from Tibiyo TakaNgwane were at an advanced stage. The agreements have been finalized and await signature. The Directors have no reason to believe that the lease agreements will not be signed.

Dividends

The following dividends have been declared:

- A first interim dividend for the year ended 31 March 2022 of 125.0 cents (2021 – 84.4 cents) per share which was paid in November 2021;
- During the current financial there was no second interim dividend declared (2021 - 61.5 cents) per share; and
- A final dividend for the year ended 31 March 2022 of 67.9 cents (2021 - 108.6 cents) per share which will be paid in June 2022.

Board structure

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

Directorate

The directors of the Company during the year were:

Directors

Dr A T Dlamini	(Chairman)
N M Jackson	(Managing Director)
R Field	
HRH Princess Lomajuba	
J N Gule	
I Ahmed	
Z R Magagula	
B Mkhaliphi	
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 2022

Management structure

Managing Director

N M Jackson*

Commercial

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

Operations

P Myeni* General Manager - Operations
Vacant 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

Finance

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

Human Resources

B Masuku* Group Human Capital Manager
B A Maziya Head: Human Capital Operations
A Mdluli Employee Relations Manager
S Shiba Head: Learning and Talent
Dr R Shoshore Head: Medical Services

Governance and Compliance

L Masango Head: Legal and Compliance

Information Technology

R Coombe Group IT Manager

Office of Strategy and Risk Management

P M Dlamini Head of Strategy and Risk

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 2022

The Group auditors, SNG Grant Thornton Chartered Accountants (Eswatini), have issued an unmodified audit report on the consolidated financial statements for the year ended 31 March 2022 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.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Group 2022 E'000	Group 2021 E'000
Assets		
Property, plant and equipment	2 228 442	1 882 171
Goodwill	286 481	286 481
Intangible assets	50 863	72 723
Equity accounted investees	194 643	183 806
Deferred tax assets	33	60
<i>Total non-current assets</i>	2 760 462	2 425 241
Inventories	174 558	156 878
Biological asset - growing cane	816 272	747 915
Biological asset - livestock	18 623	19 178
Trade and other receivables	330 687	253 503
Taxation prepaid	21 259	5 297
Cash and cash equivalents	71 903	354 244
<i>Total current assets</i>	1 433 302	1 537 015
Total assets	4 193 764	3 962 256
Equity		
Share capital	128 639	128 639
Share premium	632 379	632 379
Preference share redemption reserve	78 104	78 104
Retained earnings	1 763 243	1 646 473
<i>Total equity</i>	2 602 365	2 485 595
Liabilities		
Deferred tax liabilities	546 652	487 127
Loans and borrowings	286 489	228 314
Employee benefits	98 300	108 270
Derivatives	2 399	-
<i>Total non-current liabilities</i>	933 840	823 711
Trade and other payables	394 677	320 015
Short term employee benefits	92 965	141 567
Derivatives	2 352	-
Current portion of loans and borrowings	76 890	57 103
Current tax liabilities	25 257	29 633
Dividends payable	65 418	104 632
<i>Total current liabilities</i>	657 559	652 950
Total liabilities	1 591 399	1 476 661
Total equity and liabilities	4 193 764	3 962 256

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Group 2022 E'000	Group 2021 E'000
Revenue	3 627 535	3 776 873
Cost of sales	(2 858 510)	(2 836 926)
Change in fair value of biological assets	67 802	110 848
Gross profit	836 827	1 050 795
Other income	78 824	69 676
Distribution expenses	(8 382)	(8 508)
Administration expenses	(520 967)	(473 574)
Impairment loss on trade receivables	(637)	(988)
Gain on bargain purchase	-	7 476
Operating profit	385 665	644 877
Finance income	20 693	31 607
Finance costs	(31 678)	(18 872)
Net finance income	(10 985)	12 735
Share of profit of equity accounted associate companies (net of income tax)	28 617	33 524
Profit before taxation	403 297	691 136
Income tax expense	(105 315)	(185 433)
Profit attributable to owners of the Company	297 982	505 703
Other comprehensive income (OCI)		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit liabilities	6 400	2 571
Related deferred tax	(1 760)	(707)
Other comprehensive income, net of tax	4 640	1 864
Total comprehensive income for the year attributable to owners of the Company	302 622	507 567
Basic and diluted earnings per share (cents)	309.3	524.9

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
2022 Group					
Balance at 1 April 2021	128 639	632 379	78 104	1 646 473	2 485 595
Profit	-	-	-	297 982	297 982
Other comprehensive income	-	-	-	4 640	4 640
Total comprehensive income for the year	-	-	-	302 622	302 622
Transactions with owners recorded directly in equity					
- Dividends	-	-	-	(185 852)	(185 852)
Balance at 31 March 2022	128 639	632 379	78 104	1 763 243	2 602 365
2021 Group					
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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Group 2022 E'000	Group 2021 E'000
Cash flows from operating activities		
Profit before taxation	403 297	691 136
<i>Adjusted for:</i>		
Depreciation	220 563	193 719
Amortisation of intangible assets	21 562	18 252
Impairment of intangible assets	-	8 782
Increase in fair value of biological assets - growing cane	(68 357)	(111 735)
Decrease/(increase) in fair value of biological assets - livestock	555	888
(Decrease)/increase in non-current employee benefits	(3 570)	15 196
Loss/(profit) on disposal of property, plant and equipment	130	(1 288)
Loss on disposal of intangible assets	4 248	-
Finance income	(20 693)	(31 376)
Finance costs	31 678	18 872
Gain on bargain on purchase	-	(7 476)
Unrealised currency gain	1 461	2 202
Share of associated company net profit	(28 617)	(33 524)
Operating cash flows before movement in working capital	562 257	763 648
<i>Movement in working capital</i>		
(Increase)/decrease in inventory	(17 680)	1 651
(Increase)/decrease in trade and other receivables	(77 184)	38 652
Increase/(decrease) in trade and other payables	74 662	(524)
(Decrease)/increase in short term employee benefits	(48 602)	56 210
Cash generated from operations	493 453	859 637
Interest paid	(26 927)	(18 872)
Taxation paid	(67 861)	(128 030)
<i>Net cash generated by operating activities</i>	398 665	712 735
Cash flows from investing activities		
Finance income	20 693	31 376
Dividends received	17 780	13 090
Proceeds from sale of property, plant and equipment	812	1 668
Acquisition of property, plant and equipment	(567 676)	(293 288)
Acquisition of intangible assets	(3 950)	(16 928)
Acquisition of Partnership net of cash	-	(55 936)
<i>Net cash utilised in investing activities</i>	(532 341)	(320 018)
Cash flows from financing activities		
Proceeds from loans and borrowings	135 000	35 000
Repayment of borrowings	(54 947)	(47 946)
Repayment of Lease Liability	(2 191)	(3 912)
Dividends paid	(225 066)	(206 769)
<i>Net cash utilised in financing activities</i>	(147 204)	(223 627)
Net (decrease) / increase in cash and cash equivalents	(280 880)	169 090
Cash and cash equivalents at beginning of year	354 244	187 356
Effect of exchange rate fluctuations on cash held	(1 461)	(2 202)
Cash and cash equivalents at year end	71 903	354 244



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
Pol	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
WWMP	Waste Water Management Master Plan
YTD	Year-To-Date

Because



We



Came

Simunye Sugar Estate

P.O Box 1 Simunye
Tel: + 268 2313 4000
Fax: + 268 2383 8171

Mhlume Sugar Estate

P.O Box 1 Mhlume
Tel: + 268 2313 4000
Fax: + 268 2383 1309

Emails

info@res.co.sz
sugarmarketing@res.co.sz
ethanolmkt@res.co.sz

www.res.co.sz

Follow us on  