

United for growth.
Creating more value.



ESWATINI
SUGAR
ASSOCIATION

Integrated
Annual Report
2021/22

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Indicates a reference of available information on the website



Indicates a page or note reference of information



Indicates metric/area independently assured

Highlights

56 936 hectares

Area harvested (2021: 58 523)

5 266 602 tonnes

Cane production (2021: 5 759 016)

92,50 tonnes

Cane per hectare (2021: 98,41)

12,76 tonnes

Sucrose per hectare (2021: 13,71)

726 302 tonnes

Sucrose production (2021: 802 551)

613 894 tonnes

Sugar production (2021: 684 562)

636 066 tonnes

Sugar sales (2021: 709 865)

E5,76 billion

Revenue (2021: E6,1 billion)

1,35

Sugar price index (2021: 1,28)

Our strategic goal is to double the industry revenue in 10 years (2017–2026).

Excellence

We strive to excel in everything we do for all our key stakeholders.

Integrity

We are objective, professional and conduct our business in accordance with the highest ethical standards.

Growing our people

We improve the welfare of our people and help them develop to their full potential.

Customer centric

We value our customers and strive to meet and exceed their expectations.

Continuous improvement

We are innovative and progressively develop our products, services and processes to be best in class.

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About the report

Reporting boundary

This Integrated Annual Report sets out how Eswatini Sugar Association's (ESA) strategy, governance, performance and prospects, led to the creation of value, both financially and non-financially, for the period 1 April 2021 to 31 March 2022. Reference is also made to medium and long term outlook which is expected to affect ESA's ability to create value. The scope of this report is primarily focused on ESA, the reporting entity, as well as its subsidiaries and the jointly-controlled companies as presented in the audited financial statements (see page 38). However, given the nature of the organisation, mention is also made of other entities whose activities attract risks, opportunities and outcomes that could potentially impact ESA's ability to create value in the short, medium and long term.

The report seeks to reflect the commercial, social and environmental context within which we operate and to inform our internal and external stakeholders how we utilise the six capitals to create value. Our ability to create value beyond the short term hinges on the interdependencies, interactions, and trade-offs between these capitals – and extends beyond what can be measured in financial terms. Our business model (see page 20) and the Corporate Strategy and Marketing Plan for 2021–2026 (see page 22) aim to maximise stakeholder returns through the optimal use of these capitals.







Our capitals

- FC** Financial capital
- HC** Human capital
- MC** Manufactured capital
- NC** Natural capital
- IC** Intellectual capital
- SRC** Social and relationship capital



Strategic themes

-  Diversification (DV)
-  Beneficiation (BE)
-  Sustainability (SU)
-  Industry alignment (IA)

Our stakeholders

Our major stakeholders are sugarcane growers and millers. However, value creation is not limited to these players alone, but extends to our employees, customers, suppliers, financiers, government, non-government organisations and the communities in which we operate. The interests of these groups are taken into consideration as we are cognisant of their material issues and how we respond to them.

Stakeholder	Level of engagement	Their material issues	Our response
Employees	➤ They are key in the execution of ESA's vision, strategy and business objectives.	» Healthy working environment. » Conducive working conditions.	» Adequate skills development and training. » Adequate resources to facilitate execution of duties.
Sugarcane growers and millers (both as principals and service recipients)	➤ Facilitate continuous improvement and optimum service delivery on an ongoing basis.	» Identification of needs. » Presentation of opportunities and solutions.	» Optimum service delivery. » Maximum returns.
Government	➤ Raise awareness of industry matters.	» Viability and growth of the industry for economic development.	» Build political support for the industry. » Lobby for policy development aligned with industry needs.
Customers and potential customers	➤ Understand changing and varying customer environments and requirements to enhance service delivery and improve relations.	» Varying requirements.	» Enhance service delivery. » Meet customer requirements and standards.
Financiers	➤ Ensure availability of financial capital.	» Availability of financial capital.	» Financial prudence.
Service providers	➤ Provision of goods and services to enable us to meet our obligations.	» Efficient delivery of good and services.	» Ensure value for money. » Meet service obligations.
General public	➤ Share information.	» Lack or poor understanding of ESA, the industry, and its operations.	» Keep the public informed on ESA, the industry and its operations, and the benefits derived from them.
Media	➤ Maintain healthy media relations and interest.	» Keep the public informed.	» Create interest in and share industry stories.
Organised business	➤ Nurture relations with the business community.	» Collaborate and lobby for national business agenda.	» Nurture relationships. » Contribute to national strategies and policies.

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Materiality

During the year under review, a number of matters materially affected ESA's capability to create maximum value. These are not confined to a specific period but have overlapped from previous years – and their effects may carry over into the medium and long term.

ESA implements a quantitative and qualitative materiality process to determine these material matters on an annual basis. This process involves identifying relevant matters deemed to have, or that may have, an effect on the organisation's ability to create value over time and is done in close consultation with our stakeholders. The material matters are then ranked, taking into account their impact and likelihood of occurring. This helps management to ensure that adequate resources are allocated to address them.

The outcome of the materiality determination process guides our overall risk management strategy, which helps us to identify specific threats that may affect our ability to create and maximise value over the short, medium and long term. It also supports us in developing mitigation measures, while exploiting opportunities in the operating environment. Our risk register allows us to track progress on risk mitigation and is overseen by the Internal Auditor. Bi-annual management review sessions are held to evaluate the effectiveness of our risk management strategy and update the risk register where necessary, taking into consideration any emerging risks both internally and externally (*for more on materiality and risk management, see pages 25*).



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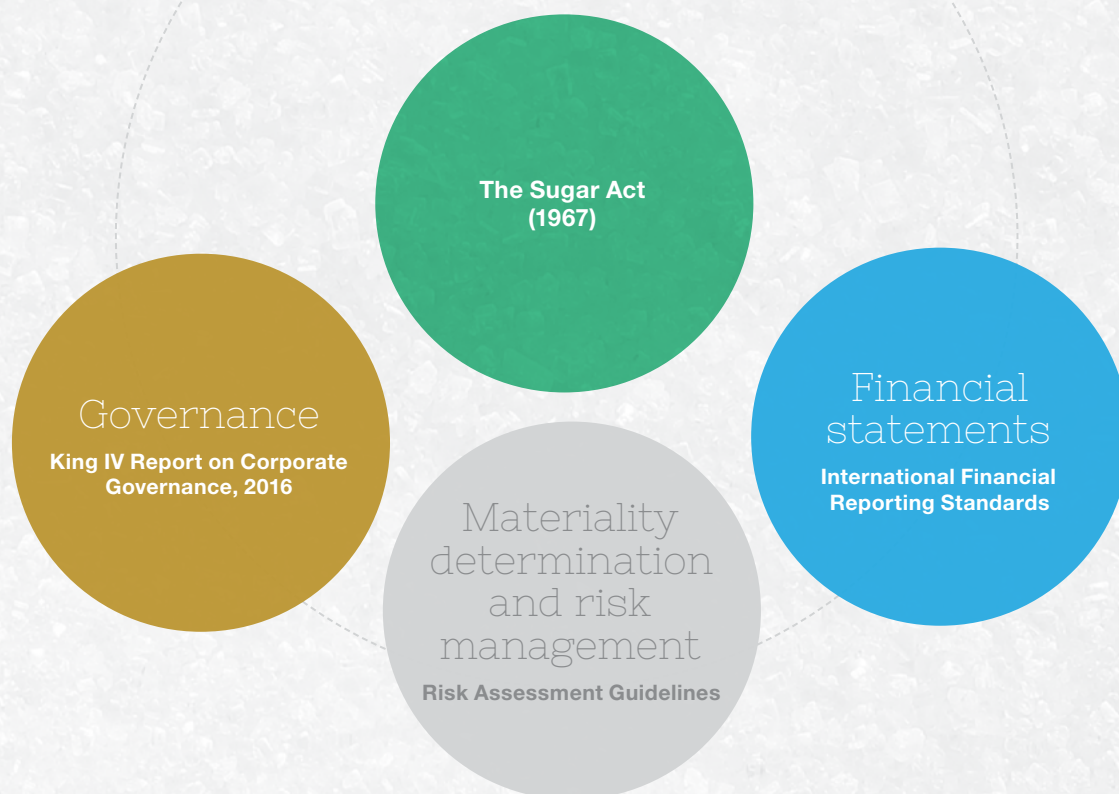
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Significant frameworks and methods

The frameworks, standards, guidelines and legislation considered in the preparation of this report are presented below:

**ESA Integrated Annual Report**

The International <IR> Framework (2013)

**Forward-looking statements**

Forward-looking statements are presented in some parts of the report, based on information available at year-end. These statements are subject to uncertainties and Council therefore does not commit to issuing any revisions, in part or in whole, to reflect unforeseen events or changes that may occur after the release of this report. Readers are therefore advised to exercise caution regarding the interpretation of any forward-looking statements contained in this report.

Responsibility

The ESA Council recognises its responsibility in ensuring the veracity and comprehensiveness of this report and has applied its collective mind in the preparation and presentation of the information herein. Council confirms that this report was prepared in accordance with the principles of the International <IR> Framework. The Executive Management was instrumental in preparing this report, and the Audit and Risk Committee assured the accuracy of the information presented. Council is satisfied that the material matters, positive or negative, which have or could have hampered the organisation's ability to create value in the period under review, have been disclosed in a balanced manner.

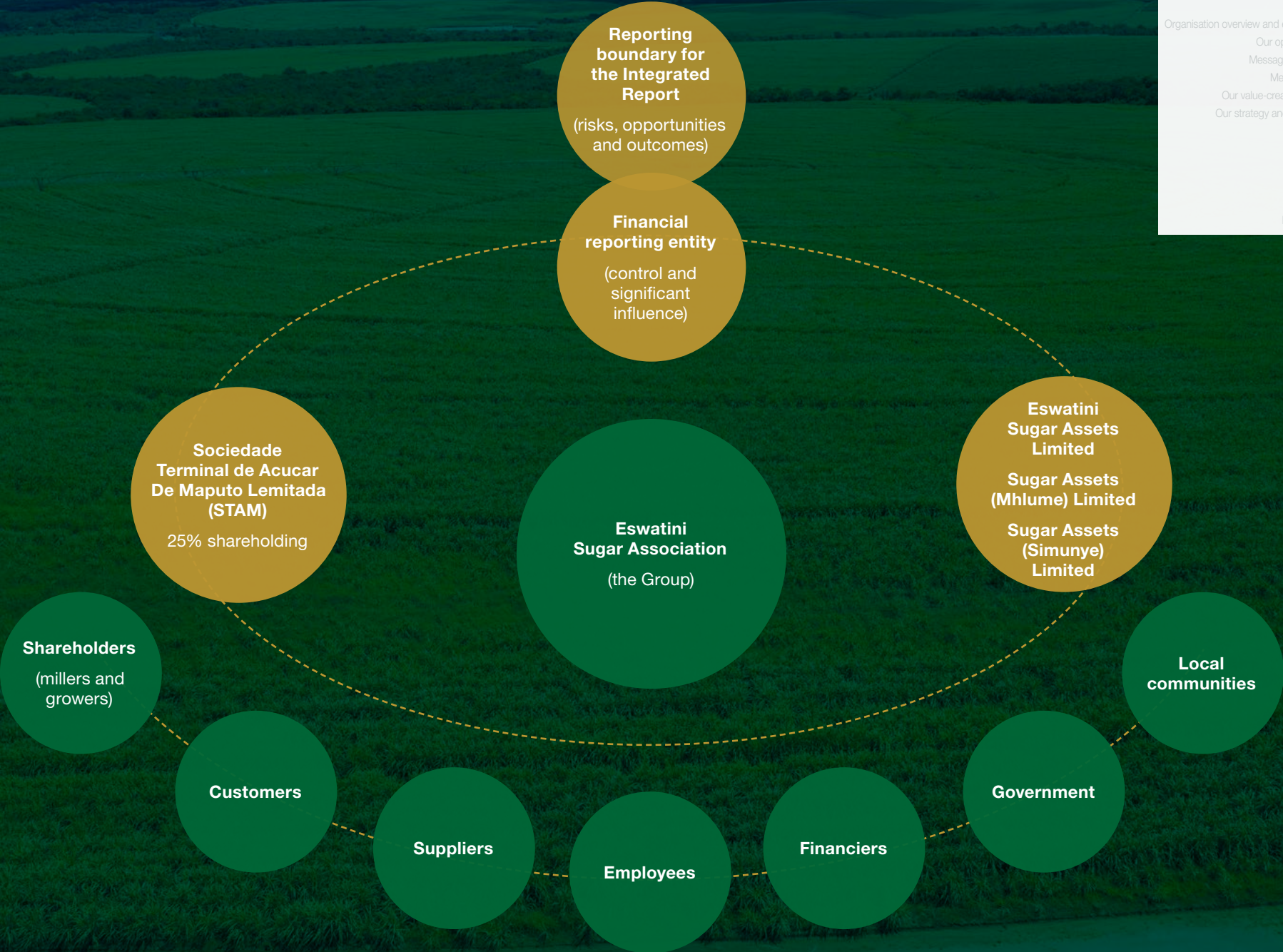
On the recommendation of the Audit and Risk Committee, Council approved the ESA Integrated Annual Report of 2021/22 on 28 June 2021.



Vacuum pans inside the Royal Eswatini Sugar Corporation Simunye Mill

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Organisation overview and external environment

About ESA

ESA is the regulatory body for the sugar industry in the Kingdom of Eswatini (Eswatini) and brings together 493 sugarcane growers and three millers. Mandated by the Eswatini Sugar Act of 1967, ESA's role is to: i) develop and regulate the industry, ii) market and sell sugar and its by-products (currently molasses), and iii) ensure sustainability of the country's sugar industry and contribute to national economy.

Sugarcane in the country is grown on about 60 000 hectares of land and produces on average 680 000 tonnes of sugar, depending on climatic conditions. The industry's contribution to the Eswatini business landscape and economy is significant.






“
The industry is key to the Eswatini economy, accounting for approximately 6% of the country's gross domestic product.
”

The sugar industry remains key to the Eswatini economy, accounting for approximately 6% of the country's gross domestic product (GDP) with the cane growing and sugar milling components contributing substantially to the agriculture and manufacturing sectors, respectively. The sugar industry is also the largest non-government employer in Eswatini. The multiplier effect of the formal and informal downstream economic activities, which derive from the main activities of the industry and direct employment, is immense. As part of its corporate social responsibility, the industry further provides healthcare, education, housing, water and sanitation, recreational facilities, as well as rural development and environmental protection initiatives in the communities in which it operates.

Our business structure

We deliver on our statutory mandate through the collective work of five departments. Together these departments enable us to effectively regulate, promote and nurture the sugar industry in Eswatini and to purchase, sell or otherwise deal in sugar and by-products (currently molasses) in the country.

ESA business structure

-  Cane testing and quality department
-  Commercial department
-  Finance department
-  Human capital and administration department
-  Extension and technical services department

Cane testing and quality department

- » Ensures the accuracy in the measurement of the volume of sucrose that the growers deliver to the mills.
- » Monitors testing at the laboratories through service level agreements (SLAs) with millers.
- » Audits processes, laboratory methods and procedures to assure growers and millers that the sucrose payment process is accurate and reliable.
- » Ensures that ESA complies with its quality management system (QMS) for resource optimisation.
- » Coordinates implementation of the sustainability programme.

Commercial department

- » Ensures efficient logistics chain (including storage) for sugar and by-products.
- » Markets and sells all sugar and molasses for maximum value on a sustainable basis.
- » Works closely with the relevant government ministries, and monitors, advises and advocates on market access for Eswatini sugar as provided for in key trade agreements. These markets include the Southern African Development Community (SADC), European Union (EU), the United Kingdom (UK), United States of America (USA), Southern African Customs Union (SACU) and Common Market for Eastern and Southern Africa (COMESA).
- » Ensures compliance with market access regulations, food safety standards and product specification, as well as customer requirements.
- » Implements the price risk management policy.

Finance department

- » Controls the financial affairs of ESA, including:
 - › Payment of proceeds to millers (for onward payment to growers for their share)
 - › Financial reporting
 - › Preparing sugar and sucrose price estimates
 - › Sourcing working capital
 - › Implementing the Finance Risk Policy and Hedging Strategy
- » Oversees the IT function.
- » Finances and implements capital projects.

Human capital and administration department

- » Oversees the attraction, development and retention of human capital.
- » Ensures availability of adequate human and related resources to meet ESA's strategic objectives.
- » Ensures employee wellness and safety.
- » Advocates for and promotes harmonious labour relations.

Extension and technical services department

- » Ensures the production of good quality sugarcane and the long-term viability and profitability of sugarcane growers, by promoting good agricultural practices.
- » Provides growers with extension services through SLAs with industry millers.
- » Advises and assists cane growers on suitable cane varieties, pest and disease control, supply of healthy seed cane, crop nutrition and protection, and irrigation management, to enhance productivity.

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Our products

Sugar production is mainly determined by market requirements and milling capacity. Part of our marketing strategy is to increase the volume of sugar produced for direct consumption because of its remunerative value – demonstrated by the reduction in the amount of bulk raw sugar produced, as shown below:

Products	Volumes produced	Markets
Direct consumption sugar: <i>Very high polarity (VHP) sugar</i>	275 237 tonnes (292 307 tonnes)	» SACU » Regional (COMESA and SADC)
Refined sugar	207 982 tonnes (218 010 tonnes)	» World market » EU
Bulk raw sugar (for further reprocessing)	130 675 tonnes (174 245 tonnes)	» EU » USA
Molasses	219 791 tonnes (237 379 tonnes)	» Domestic

(Figures in brackets are 2020/21 production)

New products

After two years of trials, a new product known as “Nucane” was launched at the tail-end of the year under review. Nucane is a direct consumption raw sugar with a low glycaemic index (GI). This sugar was introduced into the market to address perceived health concerns associated with sugar usage and we are excited to see how the product will be received by both consumers (for direct consumption) and manufacturers (for use in different products).

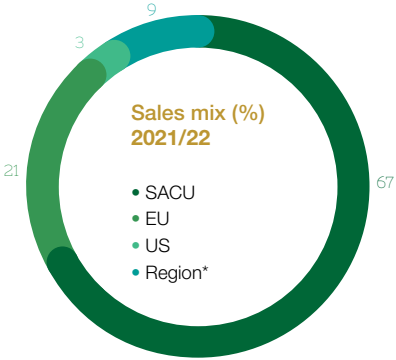
Trials to produce demerara sugar are ongoing. Challenges encountered with the quality of the product have prevented us from launching it at scale, but we are confident we will be able to launch it in 2023.



The external environment

A number of factors impact the way in which we do business, including changes in consumer preferences and markets, competition and politics.

Our markets



* Includes the SADC and COMESA markets

The USA market is accessed under a Tariff Rate Quota (TRQ) arrangement, which provides preferential terms for a minimum of 16 500 tonnes of raw bulk sugar for refining per annum. This volume may be increased during the year, depending on the demand for sugar within the USA, and the ability of other TRQ beneficiaries to supply their allocated quotas. We make every effort to supply any additional allocations. Lobbying efforts are ongoing for a permanent increase to the quota allocation, in recognition of the change in environment since the initial allocations of the quota.

Sales into the world market are largely representative of residual volumes. The world market is characterised by low prices due to competition from other major producers such as Brazil, India and Thailand, as well as other distortions that prevail in the world market for sugar.

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The UK remained a significant market for Eswatini sugar following Brexit, the exit of the UK from the EU. Market access terms are similar to those with the EU, as the UK has rolled over existing trade agreements that they held with countries and regional bodies while still a member of the EU. This is also mainly a raw bulk sugar market.

The EU remains the primary market for raw bulk sugars, which is sugar sold to refiners for further refining. Small volumes of bagged VHP sugar for direct consumption and the speciality demerara sugar is also sold into this market. Market access to the EU falls under the Economic Partnership Agreement (EPA) between the EU and SADC-EPA states, namely Eswatini, Botswana, Lesotho, Namibia, Mozambique and South Africa, and can be sold duty-free and quota-free.

The COMESA Free Trade Area (FTA) comprises 21 member states. Though not a full member of the COMESA FTA, Eswatini trades within the FTA under a derogation that grants the country access to trade until the Tripartite Free Trade Agreement (TFTA) comes into effect. This is a deficit sugar-producing region, with increasing opportunities to trade our sugar.

On average, we sell 10% of our sugar to the regional market where prices are at a premium compared to the world market. A bagging facility was built during the past year to increase bagging capacity for regional market requirements, in anticipation of growth into that market. Previously, most of the sugar sold went to Kenya.

There are opportunities for Eswatini to exploit other markets in Africa through the various regional trading blocs such as the TFTA and the African Continental Free Trade Area (AfCFTA). The TFTA would bring together three regional blocs – SADC, COMESA and the East African Community (EAC), thereby creating a 28-country market.

The AfCFTA comprises 54 countries making it the largest in the world based on participating countries. While the AfCFTA is fully operational, the TFTA has still not reached the required number of ratifications to be fully in force. Despite this, the Government of Eswatini continues its efforts to improve market access into the industry's countries of interest to increase regional trade for Eswatini sugar.

Trade in this region is governed by the SADC Protocol on Trade, under provisions laid out in the Sugar Cooperation Agreement (also known as Annex VII). This region is a surplus sugar-producer with 11 of the 16 SADC member states being sugar producers. Seven produce more than their domestic consumption, while the remaining four do not produce enough to meet domestic demand. Some sugar was sold to a few countries in this region under the provision of Annex VII.

In recent years, in line with our strategy to diversify our markets, increasing volumes of sugar are being sold to other countries such as Rwanda and Burundi, and our commercial team continues to explore additional opportunities for trade in the region.

SACU is our primary market, comprising Botswana, Eswatini, Lesotho, Namibia and South Africa. We classify it as a domestic market because of the free movement of goods within SACU. In the year under review, about 67% of the sales were destined for this market. About two-thirds of that sugar is packed into smaller packages for direct consumption, with the balance being used for industrial and manufacturing purposes.

An import tariff regime controls the entry of sugar produced outside of the SACU region as a means to protect the sugar industries and their respective markets.



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Market outlook

Domestic market

Our intention is to continue to grow our domestic market share in line with increasing consumption. There is ongoing pressure at the SACU level for a rebate on duties payable from the non-sugar producers in the region, to allow them to import sugar at lower prices from the world market. Were this to be allowed, it would have an impact on us, as our sugar would be displaced from the SACU region into a less lucrative world market, where prices attained are less than the cost of production.

To preserve the value in the market and in the industry, we continue to work with government to ensure that these players are supplied with sugar at competitive levels.

It has been a year and a half since the signing of South Africa's Sugarcane Value Chain Masterplan, which continues to threaten our sales into neighbouring South Africa as more buyers pledge to buy locally produced sugar.

The effects of the Master Plan were not felt in the year under review, as there was still demand for our sugar from South African buyers. However, as production improves, concerns about future sales into South Africa are justified.

Regional market

Despite some challenges, we are aiming to grow our regional market share, given the increasing consumption of sugar and sugar-related products, coupled with the production shortfall in the region. Most of the countries in the region have been sourcing their sugar from the world market, and therefore more effort is required to market our sugar there. There are also high levels of protectionism in these markets, and continued lobbying from the government is required to unlock these barriers to trade, which are processes that take time. In the meantime, investment in the sugar sectors in most of these countries is increasing, with the aim of making themselves self-sufficient in the medium term. We therefore expect a reduction in market share and trade opportunities in this market in the long term. This, in turn, increases the necessity to explore and launch ourselves further into the African continent.

Global market

At the time of compiling this report, there were many uncertainties regarding the outlook for the global market.

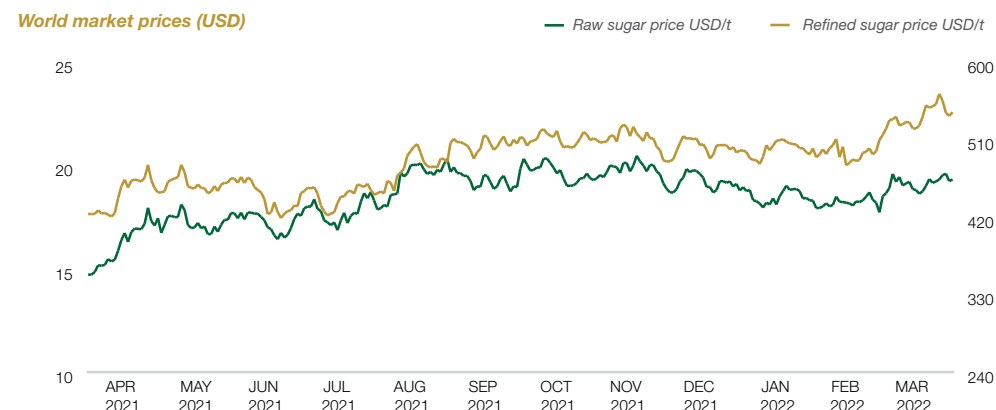
The Russia-Ukraine war changed many of the fundamentals that underscore the global sugar market.

Firstly, the conflict brought about a significant rise in oil prices, which has affected the costs of all major commodities. Brazil, the world's largest sugar producer, determines the volume of sugar to produce, based on the price of the biofuel ethanol (which they also produce). In cases of attractive ethanol prices, mills will produce less sugar and shift to the production of ethanol. In light of high oil prices, this has been Brazil's response so far. This affects the sugar available on the world market, as the country is also a key exporter of this commodity.

The Russia-Ukraine war also gave rise to shortages of fertiliser, with subsequent increases in the price of fertiliser. This pushes up the cost of growing certain crops, including sugarcane, which could lead growers to opt for growing cheaper alternative crops or even ethanol production. This has been the case with major sugar producers and exporters, such as Thailand and India, respectively.

It is therefore uncertain, at this point, which way the major producers will shift their production and volumes. It is also not clear who would then pick up the shortfall in sugar production, if at all. Given the constant rise in global consumption, coupled with the deficits in world production, this would cause an increase in world sugar prices.

The graph below illustrates how world market prices have fared over the course of the year under review:



Source: Czarnikow

Our operating environment

Our operations are widely affected by numerous external factors which can either influence growth and productivity, or negatively impact the organisation and threaten our sustainability.

Our predictions of a challenging operating environment last year were realised, and the industry was unable to deliver the targeted crop yield estimates.

In the year under review, we identified six key material matters in the external environment which influenced our ability to create value. Most of these matters, listed below in no particular order, were also relevant in previous years.



1.

Climate change crisis
The year started out on a positive note, with all our water storage dams at full capacity following Cyclone Eloise and substantial rains. However, prolonged cloud cover from the persistent rain during October 2021 reduced solar radiation and lowered temperatures, compared to the previous three seasons.

Radiation and temperature are the two most important climatic factors that determine sugarcane yield: low radiation and temperature curtail cane growth, while high levels promote growth.

The graph on the next page provides a synopsis of the monthly solar radiation (MJ/m²/d) relative to the long-term mean for the four sugarcane growing regions during the past three crop seasons. In addition, the crop was waterlogged for a prolonged time, adversely affecting crop growth due to reduced oxygen levels and nutrient uptake by the roots.

These adverse climatic factors had a significant impact on yield, with tonnes of cane per hectare (TCH) and tons of sucrose per hectare (TSH) being 7,9% and 9,0% below the original yield projections, respectively.



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Our response

Our industry continued to actively participate in a series of national multi-stakeholders’ consultation workshops towards achieving the objectives of the Paris Agreement. This led to a revised Nationally Determined Contributions (NDCs) document, targeting a 5,0% reduction in greenhouse gas emissions by 2030. The document was presented at the UN Climate Change Conference of Parties (“26th COP”), held in Glasgow, Scotland, UK, from 31 October to 12 November 2021.

In line with the country's NDCs, our industry continued to put in place adaptation and mitigation measures to strengthen the sector's resilience to climate change and reduce emissions.

Several projects and programmes are ongoing in collaboration with government and local stakeholders, including:

1. Constructing additional water storages: An industry-government committee was formed to facilitate construction of prioritised storage dams that will benefit the industry.
2. Improving water governance and permit compliance: The industry work in consultation with the relevant River Basin Authorities to ensure that industry growers have sufficient water for their crop.
3. Improving irrigation systems efficiency: Converting flood irrigation system to water efficient systems such as drip is an ongoing programme mainly by the large-scale sugar estates. Trainings and demonstrations to promote adoption of water saving practices to increase security are also ongoing for small-scale growers.
4. Exploring climate information management system: The idea of developing an integrated early warning and timely response climate information management system is currently being explored to help growers make informed decisions and improve their preparedness and response.
5. Farm level power generation: promote and roll out the installation of renewable energy in the electricity mix through the adoption of solar and biomass energy at our factories.

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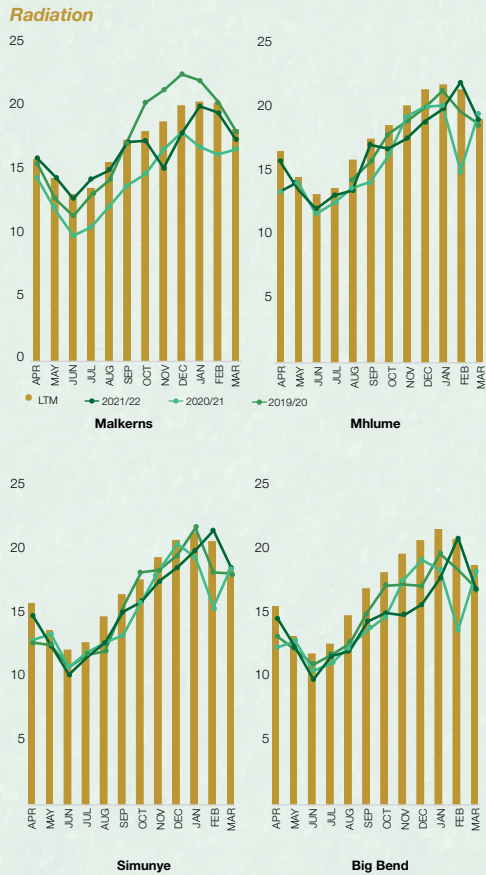
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According to the Intergovernmental Panel on Climate Change (IPCC) as well as recent local projections, climate patterns are expected to continue to change over the medium to long term, depending primarily on the volume of heat-trapping gases emitted globally. This means that the probability of future major natural disasters remains high.

To reduce the risk of catastrophic climate change impacts, our industry has endeavoured to adopt climate-smart practices such as efficient water use, rainwater harvesting and increasing water storage facilities.



Monthly solar radiation (MJ/m²/d) relative to the long-term mean (LTM) for the four regions during the past three seasons: (A) Malkerns, (B) Mhlume, (C) Simunye, (D) Big Bend

2. Foreign exchange rates

A significant proportion of our sugar sales is destined for markets outside the SACU region (common monetary area), and the contracts entered into are denominated in foreign currencies, such as the Euro and US Dollar. This exposes ESA's revenue to exchange rate fluctuations.

In the year under review, 24% of sales were generated in foreign currency, predominately the US dollar and a small percentage in Euros. Our revenue projections were based on a target exchange rate of E15,19 to the US Dollar, which was not achieved as the local currency traded much stronger than forecast.

Our response

To minimise the currency risk, the Finance Risk Policy and Hedging Strategy was applied, and this assisted us to hedge closer to the target rate.

Outlook

Despite the global challenges emanating from the Russia-Ukraine war, we expect the currency to trade at the same level as in the 2022/23 financial year. About 18% of the 2022/23 sales are forecast to be in foreign currency. We remain optimistic that our policy will continue to manage exchange rate risk effectively.

3. Cost pressures

What did we experience in 2021/22 and why?

High input costs continued to pose a threat to the sugar industry during the 2021/22 season.

For example, some fertiliser prices soared by 82% year-on-year, while fuel rose by more than 50% at the season's end.

Agrochemicals (i.e. herbicides, pesticides and ripeners) showed a similar price trend by the close of the season. Electricity tariffs increased by 3% at the beginning of the season, following a price freeze in the previous year which was introduced to cushion consumers during the COVID-19 pandemic.

There are many factors behind these elevated input costs, such as supply constraints in the fertiliser-producing countries, mainly Russia, China, the USA, India and Canada. Rising shipping costs, and elevated oil and gas prices are also contributing factors to the price increases, along with growing global fertiliser demand for various crops, increased energy costs, labour shortages and trade duties.

Our response

Some initiatives were already underway but two warrant specific mention: the roll-out of solar powered irrigation pumping to save on energy costs, and bulk purchasing of agrochemicals including fertiliser, pesticides and chemical ripeners.

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As we closed the year, agrochemical prices remain elevated. Looking forward to 2022/23, agrochemical analysts believe these higher prices could persist as the ongoing geopolitical tension between Russia and Ukraine has further contributed to the price pressures of these input costs.

However, with more production coming back onstream following the relaxation of COVID-19 restrictions globally, prices could see a decline in the second half of 2022. It is therefore necessary to adopt new cost-saving measures to ensure the long-term sustainability of our industry and safeguard the viability of the smallholder growers in particular.

4. Food safety standards

What is the requirement?

Customers require that sugar be produced in an environment that meets food grade standards. The industry has therefore applied food safety certification – an advanced level of assurance – at its sugar production facilities. This is partly to meet customer requirements, but also to create a competitive edge for the industry in the marketplace.

Two of the three mills, Mhlume and Ubombo, are food safety certified (FSSC 22 000).

Our response

The programme to get Simunye mill upgraded and subsequently certified for FSSC 22 000 has started in earnest and most of the capital infrastructure upgrades to the facilities progressed significantly during the year.

Outlook

The first phase upgrades are scheduled to be completed in 2022, to allow for FSSC 22 000 certification by March 2023. All industry facilities would then be capable of supplying food safety-compliant sugar by the beginning of the 2023/24 season.

5. Global pandemic

What did we experience in 2021/22?

The year under review was hampered by the effects of the ongoing COVID-19 pandemic. The pandemic presented several challenges which needed to be dealt with quickly and decisively to ensure that we could continue to operate effectively. We were fortunate to not lose any employee to the virus.

Global restrictions had a considerable impact on the movement of our sugar: There was an acute shortage of shipping containers, rising freight costs, as well as cancellations of vessels due to limited trade.

This extended to the movement of people, affecting those areas where skilled personnel from outside the country were required.

Our response

To secure the wellbeing of our staff and the industry's workforce, we established an industry committee representing all players to formulate policy and provide updates on the pandemic situation at the workplace.

New guidelines and procedures were put in place to better handle COVID-19 cases and challenges, in consultation with the Ministry of Health and local health non-governmental organisations (NGOs). These included:

- » Continuous education and sensitisation of employees on COVID-19 by the Ministry of Health, safety representative talks, common area placards, and noticeboard information.
- » Developing a COVID-19 process detailing the steps to be followed in the event of a suspected COVID-19 case.
- » Providing personnel protective equipment (PPE) for all employees, including individual hand sanitisers, common areas sanitisers and face masks.
- » Scaling down of physical operations and introducing remote working where possible.
- » Discouraging visitors to the premises and physical meetings and introducing virtual meetings following investment in IT infrastructure.

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- » Actively encouraging employees with symptoms associated with COVID-19 to work from home; and allowing for self-isolation for employees who had been in contact or suspected contact with COVID-19.
- » Reducing the number of workers per vehicle. Additional vehicles were made available to safely transport our workers to their workstations on a daily basis.
- » Sensitising and educating employees about COVID-19 and the availability of the vaccine, and facilitating access to vaccination.

Outlook

Scientists have predicted that living with the virus will be the new normal. Vaccination rates are therefore expected to improve worldwide, and therapies will become more effective as scientists are working around the clock to develop effective vaccines. The emergence of new COVID-19 variants could prolong the pandemic but, hopefully, headway will be made in getting the virus under control.

With the relaxation of restrictions across the globe, the movement of goods is expected to become easier. Linked to this is the increase in economic activity, which should translate into an increase in the consumption of sugar and sugar-related products once more. This should see the sales of sugar improving both domestically and internationally.

6. Geopolitical conflict



The year under review ended as the Russia-Ukraine war started. The impact was quickly felt by the country's agricultural sector, including the sugar industry, and will carry over into 2022/23.

Known consequences of the war include the disruption of business operations and trade flows, higher commodity and energy prices, and a deteriorating economic outlook.

Eswatini will also take a blow as sugar industry players will most likely be confronted with high and unaffordable input costs, as sanctions against Russia have a significant effect on the fertiliser supply chain.

Russia is the world's powerhouse in fertiliser production and exportation, and fertilisers prices have significantly increased since the invasion began. Our growers will also enter the 2022 season on the back of higher farm input prices due to disruptions brought about by the ongoing COVID-19 pandemic.

Outlook

The end of the conflict is uncertain. However, for as long as it persists, farm inputs and commodity prices are expected to increase in the short and medium term.





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Message from the Chairman



Mr Tom Dlamini
Chairman

Talking to business peers, I frequently make mention of how swiftly time moves. In other words,

for any business to remain
sustainable and profitable in
these turbulent times, every
second counts.

“A little sleep, a little slumber, a little folding of the hands to rest”¹ led many corporates that were once significant, with remarkable standing in society, to become extinct. In his last speech Nokia’s CEO is quoted as saying, “Nokia was a respectable company. We have done nothing wrong with our business, but the world has changed very quickly. We missed out on learning, we missed out on the change, and so we lost a valuable opportunity that was at hand to become a giant company”.

After 12 years as Chairman of Council of ESA, I am grateful to have witnessed how the organisation has evolved over the years to keep pace with the demands of changing times. The ESA leadership’s attitude has always been to anticipate, prepare and stay ahead of change. The ESA Corporate Strategy and Marketing Plan for 2021 to 2026 is testimony to that attitude.

On behalf of Council, I applaud Dr Phil Mnisi, the CEO, and his team for a commendable effort in producing an excellent and clear roadmap for the organisation in its endeavour to create sustainable value for stakeholders in the short, medium and long term.

While we were dealing with the detrimental effects of the COVID-19 pandemic during the year under

review, the country plunged into unprecedented civil unrest which resulted in the loss of human lives and destruction of property worth millions of Emalangeni. The sugar industry was not spared as over 1 100 ha of cane was burnt prematurely, leading to cumulative losses across the sugarcane supply chain. The sugar industry collectively contributed E1,25 million towards the Reconstruction Fund to help government cover the losses suffered by businesses. Furthermore, the industry donated E250 000 to Business Eswatini to capacitate the roll-out of its COVID-19 vaccination programme. Both financial gestures demonstrate the sugar industry’s commitment to stimulate economic growth in the country.

Discussions on the beneficiation of bagasse progressed during the year. After referring these to the miller-grower forum for deliberation, the issue was then assigned to the Independent Review Committee (IRC) for determination. The IRC Report was presented to and adopted by Council. ESA is confident that this longstanding issue will be finalised amicably, and that industry’s efforts can be directed towards tackling the external challenges that threaten the organisation’s ability to create value for stakeholders.

The 2015/2016 drought caught the sugar industry unprepared to manage water shortages. Since then, industry leadership has taken it upon itself to engage government on a possible partnership to ensure that water storage capacity is expanded, particularly in areas where industry players are located.

I am pleased to report that government welcomed the proposal, and great strides have been made on two dams that will benefit the industry. A feasibility study was completed for Mpakeni Dam, which will benefit growers in the South and, at the time of this

¹ Proverbs 6:10

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report, government, through the parastatal Eswatini Water and Agricultural Development Enterprise (ESWADE), is working on resettling homesteads that will be affected by the project.

For Silingane Dam, which will service growers in the north, a feasibility study is expected to be undertaken in fiscal year 2022/23. These dams are expected to support existing growers with water security and enable horizontal expansion of the area under cane.

Prior to this report going to print, I learnt of Dr Mnisi's appointment to the position of Governor of the Central Bank of Eswatini, beginning 1 July 2022. I would like to extend my heartfelt congratulations to Phil on his appointment. Phil, I have no doubt that you are equal the task. On behalf of Council, I want to express our utmost gratitude and appreciation for your dedication in leading the ESA team since you joined six years ago, to deliver on its mandate of creating and preserving value for our shareholders. Under your leadership, the team has grown in strides, proving to be formidable, agile, and determined – indeed you're leaving behind an indelible mark in the sugar industry. Council has the utmost confidence that the team will continue to deliver on ESA's mandate of creating and preserving value for our shareholders amidst a trying and unpredictable operating environment.

To conclude, I am grateful to Council for the continuous support and guidance offered in ensuring that ESA and the sugar industry at large remain strong and successful. The outlook for the year ahead appears positive.



Mr Tom Dlamini
Chairman



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Message from the CEO



Dr Phil Mnisi
Chief Executive Officer

The environment in which we operate is increasingly entangled in a web of uncertainty which tests the ability of our existing business approaches, practices and tools to place the organisation, and the Eswatini sugar industry at large, in a highly competitive and profitable standing.

These uncertainties range from the effects of climate change to unsettling global political trends, and from shifts in consumer preferences to changing government policies in countries where our products are consumed. Being mindful of these challenges, we are continually evaluating the status quo, reinventing our processes, and innovating by creating, pursuing and adopting business methodologies and technologies to realise our vision of being an “aligned and sustainable world-class sugarcane industry”.

Stepping into 2021/22 from a year that saw the global intrusion of the coronavirus pandemic, I was optimistic that we were transitioning to a post-COVID-19 era. However, the third and fourth waves struck, interrupting business activities worldwide. With the knowledge gained from the first and second waves, coupled with our robust risk management process, ESA and the industry at large successfully mitigated any negative effects associated with the later waves of the pandemic – reaffirming the resilience and versatility of the sugar industry. Franklin D. Roosevelt said, “A smooth sea never made a skilled sailor.” Undoubtedly, as an industry we emerged stronger and more *united for growth* than we were pre-COVID-19.

I am excited to mention that during the year under review, the five-year Corporate Strategy and Marketing Plan (2021–2026) was launched. This strategy defines the organisation’s roadmap in the short, medium, and long term and seeks to enhance the industry’s competitive advantage, identify and maximise usage of existing opportunities, and explore untapped market niches to create value for our stakeholders. The commitment within the ESA team to pursue and achieve the objectives of the strategy is overwhelming. *(For more on the Corporate Strategy and Marketing Plan, refer to “Our Strategy” section on page 22).*



As mentioned in previous reports, part of our product diversification strategy was to introduce two specialty sugars – demerara and Nucane – which were undergoing trials. We know that demand for these products exists in the sugar markets and the target destinations have been identified. I am pleased to report that trials for Nucane (a low GI sugar) were finalised, and the product was launched in March 2022. The trials for demerara sugar are still ongoing and should be finalised in 2022/23.

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To meet customer packaging requirements in our regional markets, the industry embarked on a project to construct a bagging and warehousing facility at the Ubombo mill. I am happy to report that the project was successfully completed and commissioned in September 2021. This facility will undoubtedly enable us to align our product offerings to customers' preferences.

In a bid to continue serving our customers with high-quality sugar, the industry has undertaken an initiative to ensure that all sugar mills are FSSC 22000 certified. At present, both Mhlume and Ubombo mills have FSSC 22000 certification. During the year under review, we focused our attention on ensuring that the Simunye mill also gets certified. I am pleased to report that Council has approved a proposal to commence work aimed at readying the mill for certification. This is part of ESA's corporate strategy to bolster the industry's competitive advantage by offering certified products, as more consumers demand assurance that the food they consume is safely and sustainably produced.

The total sucrose extracted from the crushed cane was 726 302 tonnes compared with 802 551 tonnes extracted the previous year, indicating a 9,5% decline. The lower cane and sucrose yields realised during the year were due to unfavourable growing conditions (climate, pests and diseases) encountered during the cycle of the harvested crop. Worth noting were the adverse effects of Cyclone Eloise in January and February 2021, after a prolonged dry spell between August and November 2020.

Some growers had their irrigation equipment submerged, suffering damages amounting to millions of Emalangeni as a result. The cane crop stood under waterlogged conditions for prolonged periods, a situation that leached nutrients

from the soil. Furthermore, due to extended periods of cloudy days, the solar energy reaching the crop and average daily temperatures were reduced significantly. All these factors combined led to poor final yields.

As a result of the lower sugarcane yields, the total sugar produced during the year fell by 10,3% to 613 894 tonnes from last season's 684 562 tonnes. This drop saw a reduction in sugar sales to 636 066 tonnes from 709 865 tonnes sold the previous season. And, in a bid to meet our contractual obligations, the year ended with very low closing stocks which means we will start the new season on the back foot. Consequently, we saw revenue shrink by 5,6 % to E5,76 billion from E6,1 billion the previous year. Against this backdrop, the successful implementation of our hedging policy led to the achievement of an overall favourable exchange rate, which cushioned the decline in revenue.

As the 2021/22 fiscal year drew to a close, the Russia-Ukraine war took centre stage. This happened at a time when the cost of production was already intolerably high for industry players, owing to increased

energy and input costs. The war is anticipated to worsen the already volatile business climate. The effects of this conflict are already being felt by world sugar markets as it presents supply and logistical challenges in the movement of sugar across the globe. We will continue to follow developments in this region, and where adjustments need to be made in our marketing plan, we will respond accordingly.

Regardless of an unpredictable future, there is a glimmer of hope for the Eswatini sugar industry and its stakeholders. The demand for sugar and sugar products is projected to rise in the short to medium term and this presents the industry with

boundless opportunities to grow its footprint and market share in the sugar arena, particularly in the region.

The increasingly frequent extreme weather conditions such as drought, floods and frost are expected to have a knock-on effect on most industries, curtailing their ability to meet market demand. The implementation and continuous review of ESA's risk management matrix is aimed at proactively minimising these effects. At present, it is still not clear how the South African Sugarcane Value Chain Masterplan will affect the market share of the industry in the SACU region. Irrespective of how the scales tilt, ESA's Corporate Strategy and Marketing Plan (2021–2026) outlines initiatives significant to ensuring the sustainability of the industry and its members.

I therefore see 2022/23 as a year to “RESET” – to adapt or adjust to prevailing conditions, for ESA to serve as the catalyst the sugar industry requires it to be, and to achieve great results for our stakeholders.

It is however with a heavy heart that I leave the sugar industry. As I depart, I carry with me invaluable memories and will treasure the relationships I have built with the ESA team and the sugar industry at large. We have achieved significant milestones in the past six years, and I have no doubt that ESA and the industry will continue to grow from strength to strength.



Dr Phil Mnisi
Chief Executive Officer

The total sugarcane crushed by our mills during the reporting year was 5,27 million tonnes, representing a drop of 8,6% from the 5,76 million tonnes crushed the previous season.

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Our value-creating business model

Capital inputs

Financial capital	<ul style="list-style-type: none"> » Short-, medium- and long-term borrowings (E 2,4 billion) » Cash from sales (E 5,76 billion) 	FC
Human capital	<ul style="list-style-type: none"> » Diverse and competent staff complement (80 permanent and 16 seasonal employees) 	HC
Manufacturing capital	<ul style="list-style-type: none"> » Warehouses (4) » Conditioning silos (2) » Laboratories (3) » Molasses tanks (1) 	MC
Natural capital	<ul style="list-style-type: none"> » Area of land harvested (56 936 ha) » Water (1 500mm/ha/year) » Climate conditions (radiation, temperature, rainfall, etc) » Solar energy 	NC
Intellectual capital	<ul style="list-style-type: none"> » Sugar Industry Agreement » QMS » Trade agreements » Agricultural R&D agreements » Customer contracts » Fair trade certification » Bonsucro membership 	IC
Social and relationship capital	<ul style="list-style-type: none"> » Millers (3) and growers (493) » Customers » Suppliers » Communities » Government » Financiers 	SRC

Business activities

FC	<ul style="list-style-type: none"> » Sugar and molasses sales » Funds sourcing » Payments » Hedging » Credit management » Financing and implementing capital projects
HC	<ul style="list-style-type: none"> » Staff recruitment and retention (2 resignations, 1 retirement, 3 recruitments and 1 redundancy in the year) » Staff development (9 out of 24 trained because of COVID-19 restrictions) » Implementation of wellness programme (62% execution rate due to the inability to have large face-to-face sessions)
MC	<ul style="list-style-type: none"> » Cane testing » Sugar bagging » Sugar and molasses storage » Movement of sugar/logistics
NC	<ul style="list-style-type: none"> » Provision of extension and technical services » Cane variety testing » Seedcane production » Securing and monitoring water resources » Quota allocations
IC	<ul style="list-style-type: none"> » Lobbying initiatives » Customer feedback process » Risk assessment » Agricultural research » Business information storage
SRC	<ul style="list-style-type: none"> » Stakeholder engagements » Contracts management » CSI programme implementation

Outputs

FC	» Distribution of proceeds (E4,83 billion)
	» Completed capital projects (E74 million)
	» Working capital from financiers (E1,99 billion)
HC	» Competent human capital
	» Motivated and healthy employees
	» Positive organisational culture
MC	» Sucrose content (13,79%)
	» VHP sugar (275 237 tonnes)
	» Refined sugar(207 982 tonnes)
	» Raw bulk (130 675 tonnes)
	» Molasses (219 791 tonnes)
NC	» High cane yield (5,27 million tonnes)
	» High sucrose yields (726 302 tonnes)
IC	» Competitive advantage
	» Risk mitigation
	» Market access
	» Awareness of customer needs and requirements
	» Agricultural research results
SRC	» Sustainable community development (Spent E812 600 on CSI during the year)



Outcomes

FC	» Viable sugarcane growing business (493 growers) and sugar producers' business (3 mills)
HC	» Increased employee productivity
MC	» Satisfied customers
	» Accurate grower payments
NC	» Sustainable and viable sugarcane production
IC	» Competitive advantage
	» Profitable and sustainable sugar industry
SRC	» Good relations with stakeholders
	» Good sugar industry image



Arial view of the new ESA Bagging & Storage Facility located at the Ubombo Sugar Big Bend Mill

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Our strategy and resource allocation

Strategic goal

Double the industry revenue in 10 years 2017–2026.

Vision

To develop the Eswatini sugar industry into an innovative, competitive and sustainable sugarcane entity promoting long-term stakeholder well-being.

Mission

To evolve ESA into an industry catalyst promoting innovation, industry development and revenue optimisation while delivering world-class services to its members and stakeholders in a sustainable manner.

The year under review started with us wrapping up the implementation of the 2017–2021 corporate strategy. In evaluating the strategy, management saw the need for the organisation to “reset” and redefine the direction for the business.

To do this, we undertook a rigorous exercise to evaluate how the sugar industry is changing.

Global and regional markets have been faced with increasing uncertainty, causing several structural and functional changes, all of which have caused a shift in the industry dynamics.

This includes changes in:

- » Market behaviour: we see a rise in protectionism is being seen across countries and regional blocs, all of which could lead to difficult market conditions in the future.
- » Fluctuating world market prices, which make business and returns unpredictable.
- » The nature of demand and preferences for speciality sugars, all complicated by anti-sugar campaigns.
- » Internal industry challenges which need to be addressed to align the industry for mutually beneficial initiatives.
- » Climatic conditions.

To ensure that our strategy assists in positioning the industry in the global arena, research was carried out to establish what global peers were doing, and to draw learnings from outside the sugar industry on the kinds of initiatives that improve growth.

Recognising the emerging threats and challenges facing the Eswatini sugar industry, ESA developed its Corporate Strategy and Marketing Plan (2021–2026), which was approved by Council, and cascaded down through the organisation. It marks a new direction for the organisation and an essential one if we are to reach our strategic goal.

The four strategic themes of the strategy are:

- 1. Diversifying across new markets, products, and the supply chain**
- 2. Beneficiation across sugar and bagasse**
- 3. Sustainability through land allocation, efficient resource management, certification to key standards, and research and development**
- 4. Industry alignment**

Initiatives and activities were mapped out against each of these themes, with each sequenced for either the short, medium or long term. Parameters for success were identified to enable us to measure and track progress. *(These are outlined in the “Our performance” section on page 23.)*



Every effort has been made to ensure that adequate resources are allocated to implement our strategy – in terms of both human capital capacity and financial resources.

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To deliver on our strategic themes, the strategy is subdivided into achievable objectives, each with a set of measurements, approved by Council. These objectives guide the operations of the organisation.

While operating under the restrictions and limitations of COVID-19, we managed to reach some milestones. However, setbacks due to adverse effects of the pandemic, climatic challenges, civil unrest, as well as prolonged industrial action in the industry, all impacted production and inevitably the whole value chain.

A summary of our performance on each of the management objectives is outlined below. More details on the factors which affected performance have been covered in previous sections.

Strategy initiative	Deliverable	Measurement	Outcome
Double the industry revenue in 10 years (2017 – 2026)	➤ Increase the sugar price	Achieve the budgeted sugar price.	Target was achieved.
Diversification across new markets	➤ Focus on diversification across new markets, products and supply chain	<p>Implement strategic responses to the threat posed by South Africa's Sugarcane Value Chain Master Plan to the Eswatini sugar industry.</p> <p>Develop an efficient sugar logistics chain to support regional sales (in Maputo or Kenya), with a faster turnaround time and improved offtake for regional customers.</p> <p>Further diversification of market – sell 10% of regional sales outside Kenya.</p> <p>Launch the sale of Nucane into the SACU market by 31 March 2022.</p>	<p>The strategic responses that were implemented included:</p> <ul style="list-style-type: none"> » Close engagement with customers for retention. » Competitive pricing. » Continuous engagement with Eswatini Government and South African industry to maintain good relations. <p>A sugar logistics chain has been developed to improve the turnaround time for deliveries to the regional market.</p> <p>A total of 31,7% of the regional allocation was sold outside Kenya.</p> <p>Nucane was launched on 25 March 2022.</p>

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Strategy initiative	Deliverable	Measurement	Outcome
Sustainability – land use, certifications, efficient resource management and R&D	➤ Certification	Facilitate adoption of a sustainability certification approach and plan for the industry by 31 March 2022.	A certification gap analysis was conducted and recommendations on which certification should be implemented will be tabled to Council in June 2022.
	➤ Water efficiency	Continue collaboration with Government on the construction of additional water storage dams.	Meetings were held, coordinated by ESA as the Secretariat. A feasibility study on Mpakeni Dam was completed and preliminary work has commenced.
	➤ Energy efficiency	Support the use of solar energy by growers and seek funding for conversion to solar powered irrigation systems.	ESA facilitated the adoption of solar energy for irrigation. Thirteen growers installed solar, with no reported incidents. An application to fund an industry-wide solar power study was approved by the Climate Technology Centre and Network. Consultants will commence work in 2022/23.
	➤ Land use	Tonnes cane per hectare per annum (TCH/AN) and tons sucrose per hectare per annum (TSH/AN) of small-scale growers to be at least 89% of large-scale growers' performance at the end of financial year 2021/22.	By the end of the 2021/22 season, TCH/AN of small-scale growers was at 91,1% and TSH/AN was at 91.2% of large-scale growers' performance.
	➤ Certification	Prepare a business case, motivate and manage the Foundation Food Safety System Certification (FSSC) 22000 project at Simunye on the ESA section.	The business case was approved by Council and work to upgrade the Simunye factory for certification was ongoing at the time of this report.
	➤ Certification	Support the University of Eswatini in identifying and establishing partnerships with other sugar-testing laboratories with the aim of sharing and comparing results to improve competency by 31 March 2022.	A business relationship with an accredited institution was established to enable participation (along with most sugar laboratories in Africa) in a proficiency testing scheme for raw sugar in 2022. This was a necessary step towards accreditation of the laboratory.
Industry alignment	➤ Industry alignment	Identify four key issues of concerns among the millers and growers and map out a timeline and strategies to work towards their resolution.	This was not achieved due to delays in electing members from the growers' constituency. The process is expected to kick-off in May 2022.
	➤ Industry alignment	Monitor beneficiation across sugar and bagasse.	The matter is under review by members who have committed to find a lasting solution through the miller-grower forum.
Projects	➤ Implementation	Manage the completion and commissioning of the Ubombo warehouse by end-July and ensure that costs are within the overall budget.	The warehouse was completed within budget. It was commissioned in September, following delays due to the civil unrest experienced in the country in June/July 2021.

Other performance aspects

The drop in production put pressure on our stocks, as there were contractual obligations to be met, which were made based on a higher production forecast. This took place against the backdrop of reduced production in neighbouring South Africa, further increasing demand for sugar, and thus pressure to supply the market.

The Commercial team worked hard to meet these obligations, ensuring that there were few disruptions along the supply chain of pre-packers, consumers and manufacturing operations. This culminated in having to apply a waiver to our stockholding policy and end the year with particularly low closing stocks. While this step somewhat alleviated the supply challenges for the year under review, we started the new season at a disadvantage. This could influence performance in the coming year if production does not catch up.

Managing risk

Materiality

Our materiality analysis identifies the significant environmental, social, economic and governance-related factors that could substantively influence the decisions our stakeholders make about ESA's ability to deliver on its strategic objectives and create value over the short, medium and long term.

We carry out a formal process to identify, assess and prioritise material issues. These issues are reviewed at the beginning of the financial year by management. Both microeconomic and macroeconomic factors are assessed.

The process draws on a range of internal and external sources, as well as in-depth discussions with senior executives and representatives of external stakeholders – including industry members, government, community, and environmental organisations.

Our Internal Auditor monitors management's performance in implementing agreed risk mitigation activities, and reports to governance structures on a quarterly basis. Management reviews these material issues regularly and they are approved by Council within the existing governance framework and operating model.

How we identify material matters

- Survey the local, regional and global environment
- Consider stakeholders, their concerns and expectations
- Review the previous year's risk register and Integrated Annual Report
- Review management performance
- Review legal and other regulatory requirements

The following table outlines the process of assessing matters that are material to ESA's ability to create and sustain value:

Process	Input	
Identify	Management conducts the necessary research to analyse the operating environment, business capitals and feedback from internal and external stakeholders to assess matters that could be of financial, reputational, operational, environmental, social, strategic or legislative significance. Based on the outcome, a risk register is developed, and is reviewed and updated quarterly.	<ul style="list-style-type: none"> » Stakeholder engagement » Media scan » Global research reports » Internal documentation » Market intelligence » Management review sessions » Council discussions
Prioritise	The relative importance of each material matter is determined by its potential impact on strategy, performance, reputation and governance. The matters are ranked and listed according to their order of material importance.	<ul style="list-style-type: none"> » Audit and Risk Committee » Council » Management
Integrate	Management of the identified material matters is integrated into the organisation's strategy.	<ul style="list-style-type: none"> » Audit and Risk Committee » Council » Management
Monitor	The risks are reviewed and updated quarterly, taking into consideration stakeholder attitude, expectations, and the outcomes of management review sessions.	<ul style="list-style-type: none"> » Stakeholder engagement » Media scan » Global research reports » Internal documentation » Market intelligence » Management review sessions » Council discussions

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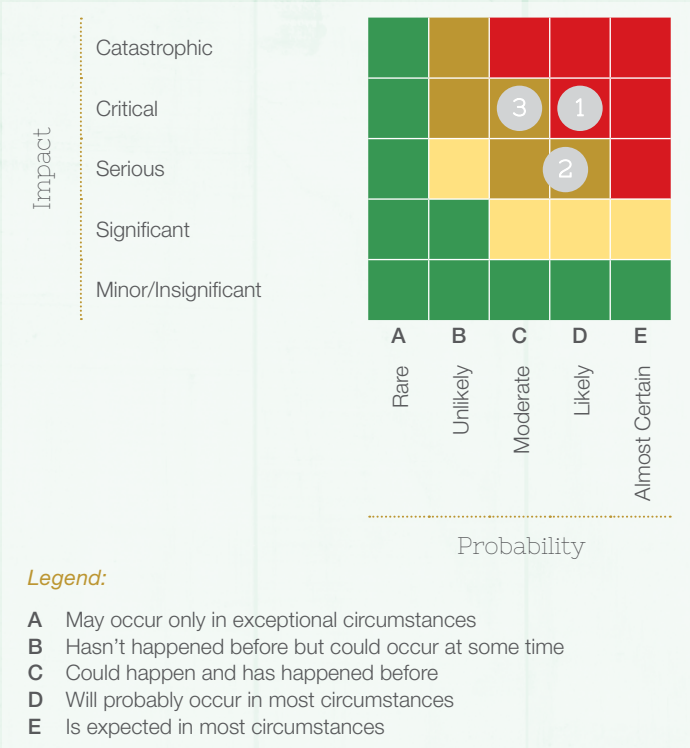
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Top material risks

The following table describes our top material risks and shows their change in ranking during the year under review. These were assessed based on their magnitude, probability and severity of occurrence.

No.	Risk name	Movement
1	Climate change and extreme weather conditions	↑
2	Drop in cane and sugar production	↑
3	Failure of processes/systems due to some unplanned event	↑

Impact vs probability (likelihood) matrix



1.

Climate change and extreme weather conditions

Root cause

Sugarcane dependency on natural resources means climate change and extreme weather conditions continue to pose a risk to the area under sugarcane production and the respective yields.

Risk rating

Impact on value

» Reduced yields leading to financial loss for growers and millers.

» Reduced area on which sugarcane is grown.

FC NC HC

Capitals impacted

Mitigating actions

» Sought tools to forecast weather so that growers are forewarned on any likely eventuality emanating from extreme weather conditions.

» Participated in national multi-stakeholder consultation workshops aimed at developing Nationally Determined Contribution Towards Curbing Climate Impact (NDC) document.

Strategic matters impacted

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
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2.

Drop in cane and sugar production

Root causes

- » Drop in cane yields due to unfavourable climatic conditions.
- » Civil unrest in the country resulting in pauses in production operations.
- » Prolonged industrial action which halted production at one of the mills.



Risk rating

Impact on value


- » Sugar produced lower than forecast.
- » Low stock levels.
- » Difficulty meeting sales' contract commitments.

FC MC

Capitals impacted

Mitigating actions

- » Closely monitored stock levels to ensure minimal disruption of the supply chain.




Strategic matters impacted

3.

Failure of processes/ systems due to some unplanned event

Root cause

Breach of IT security.



Risk rating

Impact on value


- » Interruption of operations.
- » Loss of communication and information.
- » Reputational risk.
- » Inability to provide services to stakeholders.

FC MC

Capitals impacted

Mitigating actions

- » A disaster recovery task team was formed.
- » Task Team developed a business continuity plan.
- » IT Projects Lead recruited to put necessary systems in place.



Strategic matters impacted



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Sustainability

The sugar industry continues to benchmark sustainability requirements against global sustainability standards, with a focus on the following five areas:

Sustainability focus areas

- Environmental protection
- Community development
- Human capital development
- Governance
- Economic development



Sustainability continues to be an integral part of our industry and all activities and processes are viewed through this lens.

Key achievements in the implementation of our sustainability programme

Focus area	Key activities
Environmental protection – with the intention of preserving ecosystems and sustainable use of natural resources	Promotion of solar energy for growers.
	Installation of drip irrigation system for irrigation water efficiency.
	Regular weather updates and crop yield forecasts.
	Preventative and control measures of major pests and diseases.
Community development	Monitoring of chemicals used in the industry to ensure that they are safe for the environment as well as for human and animal life. Growers are advised on the agrochemicals to be used in the industry.
	The impacts of the COVID-19 pandemic were far-reaching in the communities in which the sugar industry operates. Our CSI programme therefore continued to pursue socio-economic transformation in these communities and E812, 600 was committed through partner organisations to support health, primary education, youth sports development, and disaster relief.
Human capital development	Ongoing promotion of awareness of human rights and ILO labour standards among industry members.
	Facilitated the availability of the COVID-19 vaccine to industry members, their staff and families.
	Individual development plans for skills enhancement are done annually based on gaps identified, and a training plan implemented accordingly.
Governance	Governance training to capacitate growers on good governance practices was resumed following the relaxation of COVID-19 restrictions.
	Communication was sent to growers on urgent and important labour issues.
Economic development	We conduct an annual grower cost survey to ascertain the impact of production costs on the profitability of businesses and develop remedial measures to assist those farmers in distress.
	We continued to monitor and advise on best production standards within the industry as well as on cost-containment measures to ensure viable and sustainable businesses.

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“ Sustainability certification is crucial to meeting customer requirements since some customers and their respective supply chains have communicated their intention to only buy sustainably certified sugar in the medium term. ”

Sustainability certification in the short to medium term is fundamental in demonstrating our commitment to continuous improvement in our sustainability focus areas. It is also crucial to meeting customer requirements since some customers and their respective supply chains have communicated their intention to only buy sustainably certified sugar in the medium term. Council will consider a recommendation for certification at the June 2022 meeting, and this this will guide the direction the Eswatini sugar industry will take to attain certification.

Sustainability assessments

In preparation for sustainability certification, the industry conducted two major assessments to gather information on gaps that exist within the industry.

One of the assessments carried out was on the Bonsucro standard. This is one of the leading global sustainability platforms and standards for sugarcane, aimed at addressing critical challenges in the sugarcane sector, while driving both performance and impact. A further assessment was conducted on the ProTerra standard, whose focus is on the promotion of sustainability in the food and feed supply chain. Both assessment reports highlighted gaps between operations within our industry and what is required to meet sustainability standards. The findings identified some matters which could be addressed in the short term, while others will require time to address.

We are a member of the Supplier Ethical Data Exchange (Sedex), an international platform to assist businesses to better manage their social and environmental performance while improving working conditions throughout the supply chain. The industry uses this platform to report on sustainability-related matters and audits such as the Sedex Members Ethical Trade Audit (SMETA) and the Coca-Cola Supplier Guiding Principles (SGP) audits. These are some of the audits required by our customers to demonstrate continuous improvement on sustainability parameters in the industry. Other sustainability-linked audits in the industry include ProTerra verification audits and Fairtrade (for 22% of smallholders). These audits are customer-led.

The industry-approved human rights and revised environmental policies continued to be adapted and adopted by industry members during the year under review. Several workshops targeted smallholder growers to sensitise them on the need for such policies. This forms part of a drive to raise awareness of sustainability as an essential part of business and foster compliance with both local and international environmental and human rights standards and legislation. Our clients and partners are also obliged to comply with these standards in terms of the ESA Supplier Code of Conduct to ensure compliance throughout our supply chain.

Fairtrade programme

There are six Fairtrade (FT) certified groups in the industry – representing 27 smallholder farmer associations/companies (about 22% of all smallholder growers).

The total Fairtrade sales for the year (1 April 2021 to 31 March 2022) were 14 789,80 tonnes worth USD 887 418,00. This was about 10% lower than sales in the previous year.

The EU market is the primary buyer of FT sugar, and there is an opportunity to increase Fairtrade sales volumes into this market.

After undergoing their annual audits, the Farmers’ Associations maintained their respective certifications during the year. Support is given to these growers as far as possible to ensure that they maintain certification. The premiums received go towards a communal fund for workers and farmers to use as they see fit to improve their social, economic, and environmental conditions. The Associations continued to use their premium to contribute to community projects, purchasing tractors, building offices and starting up alternative businesses such as feedlots.

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Our leadership

Council members

Eswatini Sugar Millers Association

Council members nominated by ESMA include senior executive managers from both RES and Ubombo Sugar. Their skills span sugar milling operations, finance, legal, commercial and agricultural operations, with an average experience of 18 years in the industry. Their average tenure as Council members is nine years.

Eswatini Cane Growers Association

Council members nominated by ECGA include senior executive managers from large sugar estates, Tibiyo Taka Ngwane, as well as growers who run their own sugarcane farming businesses. Their experience is largely in sugarcane growing and the management of their own farms. On average, they have 21 years' experience in the industry and around nine years' tenure as Council members.

Chairman of Council

The Chairman of Council is nominated and appointed at the Annual General Meeting (AGM). This person must be an individual of good standing who has no direct or indirect interest in the growing, milling or disposal of sugarcane or sugar in Eswatini. The Chairman's role is to guide the meetings of Council and the Marketing Executive Committee. If there is an equal vote during voting, the Chairman may cast a vote after certain constitutional processes have been exhausted.

President and Vice President

The President and Vice President are elected at the AGM from nominated delegates. The positions are occupied by a miller and grower representative on an alternating annual basis. The duties of the President include chairing the AGM, as well as representing ESA in public forums when mandated by Council. In the absence of the President, the Vice President performs these duties.

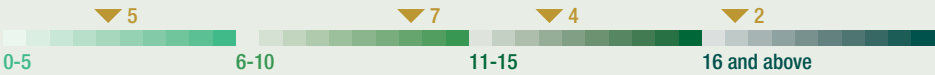
Membership and meeting attendance

The minimum quorum of six members was met for all Council meetings. The votes are split 50/50 between growers and millers.

Company Secretary

The role of the Company Secretary (Secretary) is performed by the Financial Director. The Secretary performs duties and functions as prescribed in the Constitution of ESA and such other functions and duties as Council may, from time to time, deem fit. The Secretary plays a key role in providing guidance to Council members on the execution of their duties. Since the Secretary's duties are defined by statute, Council is satisfied that there is no conflict between his secretariat and executive roles. The current Secretary has eight years' experience in the role and several years' experience in similar positions with other entities.

Breakdown of Council membership service (years)



Mr Tom Dlamini (72) **Chairman | C**

Tom Dlamini is the Chairman of Council, a position he has held for 12 years. Mr Dlamini is a retiree, whose previous role was as Managing Director of the Eswatini National Housing Board (SNHB) for 16 years. Prior to joining SNHB, he worked for 14 years as an engineer and held a senior management position at the then Swaziland Electricity Board, now known as Eswatini Electricity Company.

Mr Stuart Geldenhuys (65) **President | P**

Stuart Geldenhuys holds a Diploma in Agriculture. He was appointed President of ESA from 1 April 2022, having been nominated by the Eswatini Cane Growers Association (ECGA). With over 30 years' experience in the sugarcane and citrus growing business, he is currently Estate Manager at Tambuti Estates. He has been a member of Council for 13 years.

Mr Nick Jackson (57) **Vice President | VP**

Nick Jackson holds an Honours degree in Biochemistry. He was appointed Vice President of ESA on 1 April 2022, having been nominated by the Eswatini Sugar Millers Association (ESMA). During the year under review, he served as Vice President, in line with the Constitution of ESA. Mr Jackson is currently the Managing Director of the Royal Eswatini Sugar Corporation (RES) and has 21 years' experience, largely in the sugar industry. He was previously CEO of the Guyana Sugar Corporation in the Caribbean. He serves on several other boards in leading Eswatini institutions. He has been a member of Council for 13 years.

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Executive Committee and Management Team

Council assigns responsibility for the day-to-day management of ESA to the CEO. To assist the CEO in discharging his duties, there is an Executive Committee (EXCO) comprising five heads of departments. EXCO meets at least once a month to review operations and ensure that ESA's key strategic objectives are being adhered to.

Executive Committee



Dr Phil Mnisi (54) Chief Executive Officer | CEO

Dr Mnisi sees to the advancement of the sugar industry's interests through the observance of the Sugar Act, Sugar Industry Agreement, and the effective and efficient execution of our corporate strategy. He plays a strategic and pivotal role in advocating for the sugar industry through interaction with policymakers and other national and international stakeholders on behalf of the industry. Dr Mnisi's previous positions include CEO of Standard Bank Eswatini, Assistant Governor of the Central Bank of Eswatini, and CEO of the Institute of Bankers, South Africa.

Ms Sharon de Sousa (52) Commercial Director | CD

Ms De Sousa is responsible mainly for the development and implementation of the marketing strategy to achieve an optimal marketing mix to maximise sales revenue on a sustainable basis. At the same time, the marketing strategy must provide an efficient logistics system, including storage, movement and delivery of the product to customers. This office also oversees the function

of trade and external affairs management, which includes advocating and lobbying for preferential market access for Eswatini sugar. Ms De Sousa's tenure with ESA ends on 31 May 2022, after 30 years of diligent service.

Mr Banele Nyamane CA(SA) (43) Financial Director and Company Secretary | FD/CS

Mr Nyamane maintains control over all financial activities including annual budgeting, sourcing working capital, accounting and auditing. He is also responsible for implementing finance policies to ensure optimum use of organisational assets while safeguarding against any financial loss, in addition to overseeing the information technology systems. As Financial Director, he also assumes and executes the functions of Company Secretary.

Mr Noah Dlamini (56) Head: Extension and Technical Services | HETS

Mr Dlamini manages the sugar industry's technical and extension services. His role encompasses the coordination of industry crop production research, water resource management, pest and disease control, extension provision, and seedcane production, to encourage the adoption of improved agricultural practices by stakeholders for profitable and sustainable sugarcane production.

Ms Lungile Motsa (47) Head: Human Capital and Administration | HHCA

Ms Motsa is entrusted with human capital attraction, development and retention as well as looking after employee relations and general employee welfare to support the overall delivery of ESA's strategic objectives. Her portfolio is also entrusted with employee safety, health and wellness, and with promoting and advocating for harmonious labour relations in the sugar industry.

Mr Sipho R Dlamini (57) Head: Cane Testing and Quality | HCTQ

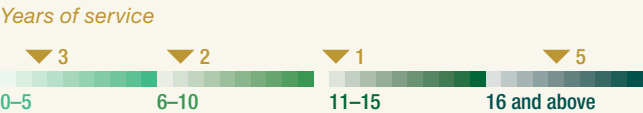
Mr Dlamini oversees the industry's sugar laboratory infrastructure, which measures sucrose to facilitate the payment of sugarcane growers. This infrastructure includes the three laboratories located at each of the mills, as well as the methods and standards for the accurate determination of the amount and quality of the sugarcane delivered by each grower, and hence the monetary value due to each grower. This function also oversees the quality management system (QMS), which provides customers and other stakeholders with independent assurance of our compliance with internationally acceptable management systems and processes.

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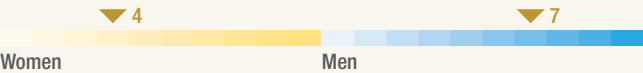
Management experience at ESA

Diversity and tenure

EXCO is supported by five managers who form the Management Team, and together, they have an average experience of 15 years in the organisation.



Breakdown of Management gender diversity (number)



Expertise

Strategy	Economics
Finance	Leadership
Sales and marketing	Risk management
Logistics	QMS
Sugar technology/chemistry	IT
Audit	Trade
Human capital	Irrigation engineering/ Water resource management

Our rigorous and transparent governance forms a key part of our human and intellectual capitals and relates to our strategic theme of growth and sustainability.

Our commitment to the highest standards of ethical and effective corporate governance, strong risk management and a transparent culture are the guiding framework for our business management.

We believe that effective corporate governance enables us to maximise value creation for our stakeholders, while managing key risks. *(For more on risk, see page 25.)*



We promote strong principles of integrity, which contribute to the entrenchment of sustained excellence in every aspect of the business, yielding positive business performance over the short, medium and long term. *(For more on our performance, see page 23.)*



This commitment is evident across all our structures, including Council and its subcommittees, management structures and our employees. By extension, we also promote working with business partners who exhibit good corporate practices in creating sustainable business relationships.

Council embraces the principles of the King IV Code on Corporate Governance (King IV) as a guideline to be used in managing ESA's business affairs. Council acknowledges that full implementation of the King IV Code will be a process that requires an in-depth understanding and interpretation of its principles within context.

Our governance framework

We are committed to good corporate governance even though its structure is different from that of a normal corporate entity, with our members comprising the ESMA and the ECGA. Their representatives are appointed to Council, as required by existing statutes. Their independence is therefore limited to the extent that they represent the interests of their respective associations. However, this is compensated for by the fact that all decisions taken are expected to be for the wellbeing of the overall sugar industry. Derived benefits or losses are shared among members in a predefined manner.

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Our governance structures



In line with ESA's Constitution, members of Council and other committees are nominated and appointed at the AGM held annually in September.

All current members of Council have sufficient experience in our operations, complemented by extensive experience in the Eswatini sugar industry. The skills of Council members include leadership, sugarcane farming, processing/manufacturing plants, commercial, legal and finance.

Over and above the duties set out in ESA's Constitution, Council also:

- » Determines strategies;
- » Approves major policies and plans;
- » Monitors risk management; and
- » Provides oversight as well as monitoring to help ensure accountability.

To ensure effectiveness, Council has delegated some of its responsibilities to its subcommittees.

Council is satisfied that it has fulfilled its responsibilities in the year under review, in accordance with ESA's Constitution and the spirit of the principles espoused in King IV.

Council induction

At the first meeting of all the committees after the AGM, members of the subcommittees are taken through an induction process covering the structure and mandate of ESA, the terms of reference of each committee as well as the ESA Code of Conduct.

Leadership structure and profile

The leadership of ESA at all levels is established through appointments by ESMA and ECGA. The decision-making process at Council and its subcommittees is by consensus, with each association having one vote. In considering appointments to the subcommittees, these bodies assess the relevant expertise and experience of the candidates. In this regard, the individual members of the governance structures were considered appropriate for appointment in the year under review.

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Key governance processes and activities

The role of Council is defined in the Sugar Industry Agreement, and it primarily involves strategic leadership and guidance, ultimate oversight, accountability, and responsibility. Council has established subcommittees through which it executes its governance processes and activities by delegation. Membership to these structures is equal between millers and growers, and decisions are usually arrived at by consensus.

Code of Conduct

ESA has a Code of Conduct for its members and subcommittees. The code seeks to set minimum standards expected and required of all members of ESA committees. It seeks to ensure that these members uphold principles of integrity, accountability and legal compliance in carrying out their duties and responsibilities. It applies to all individuals whenever they are acting in their capacities as members of ESA committees. There are two separate codes of conduct for ESA employees and suppliers of goods and services.

Internal controls

We operate a combined assurance approach that optimises the assurance obtained from management, internal audit and external assurance providers on all the risks identified. Risks are identified, evaluated, and managed by implementing risk mitigation measures such as strategic actions, insurance and specific internal controls.

Our internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial and operational management information system. They ensure that assets are safeguarded against material loss and that transactions are recorded and authorised. (For more on risk management and internal audit, see pages 25 and 35, respectively.)

Council discussions

Council has developed and maintains a standard agenda which sets the framework for its meetings to ensure that each meeting covers all the sections of the industry, from routine business through operational reports and project updates, to special items and matters of strategy, as well as business development.

The structure of the agenda is such that all material matters for the business are monitored and reported on at appropriate intervals, including those forming part of the marketing strategy and management objectives. The latter two areas are reported on half-yearly, while others are reported on either quarterly or annually.

Each meeting receives reports on organisational activities and performance with respect to:

- » Financial performance, including sugar and sucrose price estimates
- » Cane testing
- » Extension services
- » Marketing
- » Human capital and industrial relations
- » Sustainability
- » International trade issues
- » Information technology

Council held four meetings during the year under review. In addition to the regular agenda items, a number of other issues were discussed, including:

- » Consideration of the report of the Independent Review Committee, which included the determination of bagasse beneficiation. This matter has remained contentious over the years and members have committed to find a lasting solution.
- » The five-year Corporate Strategy and Marketing Plan was approved.
- » The study on potential diversification through an Agri-Business Park was received. Council decided that there were no potential immediate benefits for the industry. The study was handed over to the Government of Eswatini for consideration and exploration of how to take the project further.
- » The capital expenditure to upgrade the Simunye sugar warehouse to make it compliant with the FSSC22000 was approved, and the work is expected to be completed in June 2022.
- » Council approved that a sustainability baseline audit to identify gaps towards certification be conducted. A standard to be certified under will be decided upon later in 2022.

Council focus areas for FY2022

In the coming year, Council will focus on the following key initiatives:

- » Adopting sustainability standards for the industry to certify under.
- » Guiding management on their efforts to diversify our market base and continue lobbying for preferential access to new markets.
- » Resolving longstanding issues between the millers and growers.

Council subcommittees

Audit and Risk Committee

Membership and meeting attendance

The members of this committee are nominated onto the committee by their respective associations. They all possess the necessary skills and qualifications to be able to discharge the mandate of the committee.

During the year, Mr B Dlamini retired as the Chairman and Ms D Ngwenya was appointed. Ms Ngwenya is the former Accountant General in the Government of Eswatini. She is a qualified accountant and serves on several Boards in the country.

Member	Attendance
B Dlamini – Chairman (Retired 31 October 2021)	2/2
D Ngwenya – Chairman (Appointed 1 November 2021)	2/2
A Ngcobo	4/4
C Makama (appointed 1 October 2021)	2/2
D Dhliwayo	4/4
L Ndzimandze	4/4
Z Dlamini – Appointed 3 May 2021	4/4

Mandate

The Audit and Risk Committee is governed by a formal audit charter which sets out guidelines in terms of objectives, authority and responsibilities. The charter and terms of reference were reviewed by the committee during the year under review and were found to be relevant. The committee recognises its important role as part of the risk management and corporate governance processes and procedures of ESA and has satisfactorily executed its responsibilities as outlined below.

The committee's role is to:

- » Assist Council in fulfilling its oversight responsibilities, and in evaluating the adequacy and efficiency of accounting policies, internal financial controls, accuracy of the estimate process, external financial reporting process and compliance with all applicable laws, regulations and policies.
- » Ensure that the respective roles and functions of external and internal audits are sufficiently clarified and coordinated, and that the combined assurance received is appropriate to address all significant risks.

Opinion on internal financial controls

Based on the review of internal control systems conducted by the Internal Auditor, as well as on information and explanations given by management, together with discussions held with the external auditors on the results of the audit, the committee believes that our system of internal controls is effective and forms a basis for the preparation of reliable financial statements for the year under review. In addition, the committee was not made aware of any material breaches of any laws or legislation, or of internal controls or procedures.

To the extent that it is practical, the committee has ensured that the external auditors leverage the work performed by the Internal Auditor.

COVID-19 pandemic

The committee is pleased to report that there were no employee deaths related to COVID-19 during the year and there was no breakdown in controls as a result of the disruption caused by the pandemic.

Committee activities

The Chairman of the committee has regular and direct access to management at any time to discuss pertinent issues. Together with the Internal Auditor, the committee also has closed meetings with the external auditors without the presence of management, on matters that are relevant in fulfilling their functions.

The committee held four meetings during the year under review and all of them had the standard agenda items.

Risk management

While Council is ultimately responsible for the maintenance of an effective risk management process, the committee, together with management, assists Council in assessing the adequacy of our risk management process as the committee fulfils an oversight role with regard to financial and operational risks. During the year under review, the committee considered the risk management approach as well as key risks and believes that the approach is appropriate and that all key risks are being adequately addressed by management. (For more on risk management, see page 25.)



Internal audit

The internal audit function provides assurance to ESA, via the committee, on the adequacy and effectiveness of its internal control and risk management practices, as well as on the integrity of its financial reporting systems. Internal audit further assists management by making recommendations on improvements to the control and risk management environment.

The principle of independence of the internal audit unit is upheld. On operational and administrative matters, the Internal Auditor reports to the CEO and Financial Director.

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The scope of work for the internal audit unit includes:

- » Reviewing, appraising and reporting on the adequacy and effectiveness of the system of internal controls.
- » Reviewing the processes and systems which are designed to ensure integrity in reporting of financial and operating information.
- » Reviewing the level of compliance with relevant policies, plans, procedures, and applicable laws and regulations.

Specific focus is placed on internal controls to ensure that assets and information are protected against loss, theft or misuse, as well as on those controls which ensure the integrity of key transactional information.

Financial statements

The committee reviewed the statutory financial statements of the ESA and is satisfied that they comply with International Financial Reporting Standards (IFRS). In addition, the committee reviewed management's assessment of the appropriateness of the use of the going concern assumption in preparing the financial statements and is satisfied that it is appropriate.

Integrated Annual Report

The committee was satisfied that all the information disclosed in the Integrated Annual Report is in no way contradictory to the annual financial statements and recommended to Council the approval of the 2021/22 Integrated Annual Report.

Expertise, resources and experience of the finance function

The committee considered the appropriateness of the expertise and experience of the finance function. In this respect, the committee believes that the finance department possesses the appropriate expertise and experience to meet its responsibilities. The committee further considers that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the operations.

Remuneration Committee

The Remuneration Committee is chaired by the President and has with four other members. The current members are leaders in their own organisations and possess the necessary skills and experience to discharge their duties.

During the year under review, the committee, in addition to its standard agenda items managed the recruitment of a Commercial Director. The successful candidate, Mr Walter Matsebula, previously the Regional and Marketing Manager, was identified through the succession plan programme that the committee had implemented. The committee also reviewed the succession plan for all the key positions and mandated the CEO to review and implement programmes for the development of skills for key positions.

Remuneration of employees

Our remuneration philosophy is aimed at attracting and retaining appropriately skilled employees at all levels, to positively influence the achievement of ESA's strategic objectives. This philosophy also ensures that ESA remains competitive in the labour market.

Remuneration of non-independent and independent members

No members of Council and its subcommittees, except the independent chairpersons, receive any remuneration, and are only reimbursed for costs incurred in attending to ESA business. These costs typically include accommodation and travel costs.

Remuneration of the independent chairpersons is reviewed by the Remuneration Committee on an annual basis, taking into account market information.

Marketing Executive Committee

The Marketing Executive Committee is vested with power by ESA in the purchase, marketing, sale and disposal of sugar and its by-products manufactured in Eswatini, according to the general policy determined by Council for the year. This committee has equal representation of millers and growers and is chaired by an independent chairperson.

This committee is made up of six members appointed equally by ECGA and ESMA and is chaired by the Chairman of Council. Members of this committee may also sit at Council. During the year under review, the committee:

- » Provided guidance on the implementation of the general policy adopted for the marketing and sales of sugar and by-products for the year.
- » Provided guidance on the strategy to diversify the sugar markets.
- » Monitored the developments around the South African Sugarcane Value Chain Master Plan and its possible impact on the industry.

Cane Testing Service Technical Committee

This committee is responsible for the supervision of the cane-testing service at the mills and it advises ESA on all matters relating to the testing of cane in Eswatini. The committee is made up of six members and has equal representation of millers and growers. It is alternately chaired by a representative of either millers or growers.

Independent Review Committee

This is an independent committee that deals with technical matters referred to it by Council. The committee consists of a chairperson and two other members, and is appointed by ESA. Members have expertise in sugar processing, finance and legal matters. The committee is currently tasked with determining allowances paid to millers for producing refined and VHP sugars, and for establishing the beneficial use of bagasse.

Extension Committee

This committee advises Council on the overall direction of all technical services other than cane testing. It focuses on crop production research, pest and disease control, extension services, and any ancillary matters. The committee has six members and equally represents both millers and growers. It is alternately chaired by a representative of either millers or growers.

Technical Committee

This committee advises Council on investments in infrastructure owned by ESA. It comprises six members with equal representation of millers and growers and is chaired by the Commercial Director.

Finance Committee

This committee advises Council on industry financial issues. It oversees the sugar price estimate process, manages the foreign exchange hedging policy and the raising of working capital for ESA. The committee comprises six members with equal representation of millers and growers and is chaired by the CEO.

Whistle-blowing hotline and follow-up

ESA operates a whistle-blowing hotline. This service, monitored by the Internal Auditor, enables all stakeholders to anonymously report issues that may be fraudulent or unethical. It is the responsibility of all employees and stakeholders to report known or suspected unethical or illegal conduct. We do not tolerate retaliation against whistle-blowers. Follow-up on all reported matters is coordinated by the Internal Auditor and reported to the Audit and Risk Committee.

Abbreviations

26th COP	UN Climate Change Conference of Parties
AGM	Annual General Meeting
AfCFTA	Africa Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Coronavirus disease
EAC	East African Community
ECGA	Eswatini Cane Growers Association
EPA	Economic Partnership Agreement
ESA	Eswatini Sugar Association
ESMA	Eswatini Sugar Millers Association
ESWADE	Eswatini Water and Agricultural Development Enterprise
EU	European Union
EXCO	Executive Committee
FSSC	Food Safety System Certification
FTA	Free Trade Agreement
FT	Fairtrade
GI	Glycaemic index
IFRS	International Financial Reporting Standards
IPCC	International Panel on Climate Change
<IR>	Integrated Reporting
IRC	Independent Review Committee
ISO	International Sugar Organisation
NDCs	Nationally Determined Contributions
NGO	Non-governmental Organisation
PPE	Personal Protective Equipment
REMCO	Remuneration Committee
QMS	Quality management system
SACU	Southern African Customs Union
SADC	Southern African Development Community
SGP	Supplier Guiding Principles
SLA	Service level agreement
SMETA	Sedex Members Ethical Trade Audit
SNHB	Eswatini National Housing Board
TCH	Tonnes of cane per hectare
TSH	Tonnes of sucrose per hectare
TFTA	Tripartite Free Trade Agreement
TRQ	Tariff Rate Quota
UK	United Kingdom
USA	United States of America
VHP	Very high polarity (sugar)

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Overhead crane moving sugar from the packing station to a stack of 1-tonne bags inside the new ESA Bagging & Storage Facility



CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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Council members' responsibility statement

Council Members' Responsibility Statement for the Consolidated and Separate Financial Statements

The members are responsible for the preparation and fair presentation of the Consolidated Financial Statements which comply with International Financial Reporting Standards (IFRS) and which, in accordance with those standards, fairly present the state of affairs of the Association as at the end of the financial year, and the net income and cash flows for that period.

It is the responsibility of the independent auditors to report on the fair presentation of the Consolidated Financial Statements.

The members are ultimately responsible for the internal controls. Management enables the members to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for the association assets. Accounting policies supported by judgements, estimates, and assumptions which comply with IFRS, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

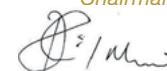
Based on the information and explanations given by management and the external auditors, the members are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the consolidated and separate financial statements in accordance with IFRS and maintaining accountability for the association's assets and liabilities. Nothing has come to the attention of the members to indicate that any breakdown in the functioning of these controls, resulting in material loss to the association, has occurred during the year and up to the date of this report. The members have a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Consolidated and Separate Financial Statements.

Approval of Consolidated and Separate Financial Statements

The Consolidated Financial Statements prepared in accordance with IFRS which appear on pages 38 to 50 were approved by Council on 28 June 2022 and signed on its behalf by:



Mr Tom Dlamini
Chairman



Dr Phil Mnisi
Chief Executive Officer



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Independent auditor's report on the summary consolidated financial statements

for the year ended 31 March 2022

To the Members of Eswatini Sugar Association

Opinion

These Summarised Financial Statements should be read in conjunction with the complete set of Financial Statements for the year ended 31 March 2022, which have been audited by PricewaterhouseCoopers. An unqualified audit opinion has been issued and the Auditor's Report on the complete set of Financial Statements is available for inspection at the Association's registered office.

PricewaterhouseCoopers Inc

Director: Theo Mason

Registered Auditor

P.O. Box 569 Mbabane, Eswatini

1 August 2022

Council members' report

Council has pleasure in submitting their report together with the consolidated and separate financial statements of the Association for the financial year ended 31 March 2022.

Business activities

The Association, which is established by an Act of Parliament, is involved in the purchasing and selling of sugar and molasses in Eswatini. The function of the Association under the Act is to regulate the sugar industry, market sugar and its by-products.

General review of business operations and results

The state of affairs of the Association at 31 March 2022 and the results of its operations for the year then ended, are fully set out in these financial statements.

Results of operations

The Group recorded revenue of E5,76 billion (2021: E6,10 billion). The decrease in revenue is mainly attributable to a decrease in sales volumes and foreign exchange rates even though the selling prices were better compared with the previous year. The cost of sales decreased from E5,92 billion to E5,66 billion in line with the decrease in distributable proceeds. Profits that are made by the Association are distributed in full to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E17,2 million (2021: E13,8 million), increasing marginally compared with the previous year.

Foreign exchange gains of E64,1 million were realised compared to a gain of E26,3 million in the previous year. This is mainly because of the cover with a better rate that was taken in the previous year. Interest paid decreased from E87,2 million to E75,3 million due to the decreased production levels as well as good working capital management compared with the previous year. Total overheads decreased from E109,04 million to E88 million

mainly because some costs were deferred to the following year due to COVID-19 restrictions.

Inventories decreased from E291,5 million to E105,6 million due to lower closing stock quantities compared to the previous year. Trade receivables decreased by E22,3 million as a result of the lower level of production against the high demand of sugar experienced during this financial year. Trade payables decreased by E106,2 million mainly because invoices from our creditors were received earlier and paid before year end. Bank overdraft balance is nil since our debtors were able to settle their debts before year end.

Covid 19 outlook and going concern

The COVID-19 pandemic developed rapidly in the later parts of 2020 with a significant number of cases noted mainly during the second wave of the pandemic which was experienced during December 2020 and January 2021. Measures taken by various governments to curb the spread of the virus affected economic activity negatively across many industry sectors in the Kingdom.

The Association took a number of measures to monitor and mitigate the disastrous effects of the pandemic as below:

- » Where possible employees were encouraged to work virtually from home.
- » Sanitizers and temperature testing were introduced in all the Association offices and/or areas of work.
 - › Utilisation of virtual platforms for conducting all meetings between staff and external important stakeholders; and
 - › Ensuring social distancing at all the Association offices.

Council have reviewed budgets and flow of funds forecasts for the next few years and considered the Association's ability to continue as a going concern in light of current and anticipated

economic conditions. These budgets and flow of funds forecast took the impact of the COVID-19 pandemic into consideration, including projections of the impact on the Association's funding and liquidity requirements, all of which have remained within internal targets.

As part of this assessment, Council considered the sufficiency of the Bank's financial resources throughout the pandemic. The management of the Association's financial resources, which it defines as funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Association's stated growth targets and achieving its mandate as per the Sugar Act.

On the basis of this review, and in light of the current financial position, Council is satisfied that the Association has adequate resources to continue operating for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

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Council members' report continued

Subsidiaries and jointly-controlled company

The Association has the following subsidiary companies:

Eswatini Sugar Assets Limited	100%
Sugar Assets (Mhlume) Limited	100%
Sugar Assets (Simunye) Limited	100%

In 2019, Council approved the deregistration of the two dormant companies: Commodity Marketing Company Limited and Sugar Holding Company Limited. This deregistration exercise was completed during this financial year.

The Association has interest in the following jointly controlled company:

Sociedade Terminal de Açúcar De Maputo Lemitada (STAM)	25%
--	-----

Corporate Governance

The Group view the implementation of best corporate governance practice as a fundamental characteristic of its operations. Council is committed to the constitution and implementation of initiatives to improve corporate governance for the benefit of all members. A focus on sustainable value will benefit all the Group's stakeholders.

Council

Council is the highest governing body of the Association. Council comprises an equal number of representatives from Eswatini Millers Association and Eswatini Cane Growers Association. The Chairperson is an independent non-executive member.

Council members in office at the reporting date were as follows:

Mr N Jackson	President
Mr S Geldenhuys	Vice President
Mr T Dlamini	Chairman
Dr A T Dlamini	
Mr B James	
Mr L Ndzimandze	
Mr D Dhlwayo	
Mr M Maziya	
Mr M Mndzebele	
Mr P Myeni	
Mr P Malandvula	
Mr M Mabuza	
Mr T Nkambule	
Mr M Hlatshwayo	
Ms S Magagula	
Mr O Mabuza	
Mr M Jele	
Ms A Maphanga	
Mr C Shabangu	
Ms A Zikalala	

Marketing Executive Committee

The Marketing Executive Committee (MEC) is a sub-committee of Council and is responsible for the marketing of sugar and molasses. The committee is chaired by an independent non-executive member. MEC members in office at the reporting date were as follows:

Mr T Dlamini	Chairman
Mr M Mndzebele	
Mr P Malandvula	
Dr A T Dlamini	
Mr S Geldenhuys	
Mr N Jackson	
Mr M Maziya	
Mr L Ndzimandze	
Mr B James	
Mrs A Maphanga	
Mr C Shabangu	
Mr D Dhlwayo	

Finance Committee

The Finance Committee is a sub-committee of Council and is responsible for overseeing the financial management of the Association. The committee is chaired by an executive member and its members at the reporting date were as follows:

Dr P F Mnisi	Chairman
Mr D Dhlwayo	
Mr L Ndzimandze	
Ms Z Dlamini	
Ms S Magagula	

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of Council. The Committee is responsible for overseeing the overall risks of the Association and ensuring that adequate controls are in place to mitigate identified risks. The committee is chaired by an independent non-executive member. Members of the Audit and Risk Committee at the reporting date were as follows:

Ms D Ngwenya	Chairman
Mr D Dhlwayo	
Mr L Ndzimandze	
Mr A Ngcobo	
Ms Z Dlamini	

Secretary

Mr B Nyamane	
Business address	Postal address
Nkotlotjeni Building	P O Box 445
Cnr Msakato & Dzelwe Street	Mbabane
Mbabane	

Auditors

PricewaterhouseCoopers	P O Box 564
Mbabane	Mbabane

Consolidated and separate statements of comprehensive income

for the year ended 31 March 2022

		Group		Association	
	Notes	2022 E'000	2021 E'000	2022 E'000	2021 E'000
Revenue	2	5 764 660	6 101 677	5 764 660	6 101 677
Cost of sales		(5 646 716)	(5 923 686)	(5 663 514)	(5 936 082)
Gross profit		117 944	177 991	101 146	165 595
Other income		805	6 116	805	6 116
Distribution costs		(17 242)	(13 811)	(17 186)	(13 760)
Administrative expenses		(90 560)	(109 879)	(88 495)	(108 042)
Foreign exchange gain/(loss)	4	64 136	26 280	64 136	26 280
Operating profit before financing costs	3	75 083	86 697	60 406	76 189
Finance income		–	–	15 060	11 148
Finance expense		(75 310)	(87 203)	(75 310)	(87 203)
Net financing costs	4	(227)	(87 203)	(60 250)	76 055
Share of profit of jointly-controlled entity (net of tax)		383	640	–	–
Profit before tax		156	134	156	134
Income tax expense		(156)	(134)	(156)	(134)
Profit for the year		–	–	–	–
Transfer to distributable reserves		–	–	–	–
Other comprehensive income		–	–	–	–
<i>Items that are or may be reclassified to profit or loss</i>					
Unrealised cash flow hedges		–	70 578	–	70 578
Total comprehensive income for the year		–	70 578	–	70 578

Profit for the year is attributable to members of the Association.

Total comprehensive income of the group is attributed to the members of the Association.

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Consolidated and separate statement of financial position

for the year ended 31 March 2022

	Notes	Group		Association	
		2022 E'000	2021 E'000	2022 E'000	2021 E'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	254 275	209 680	9 270	9 459
Investment in subsidiaries		–	–	–	–
Jointly-controlled entity		35 925	36 989	39 362	39 362
Total non-current assets		290 200	246 669	48 632	48 821
Current assets					
Loans to subsidiaries		–	–	244 708	199 923
Inventories		105 681	291 542	105 681	291 542
Trade and other receivables		310 724	537 995	310 724	537 995
Contract asset		–	70 578	–	70 578
Cash and cash equivalents		164 152	25 168	164 152	25 168
Total current assets		580 557	925 283	825 265	1 125 206
Total assets		870 757	1 171 952	873 897	1 174 027
RESERVES AND LIABILITIES					
Non-distributable reserve		3 934	3 934	3 934	3 934
Cash flow hedge reserve		–	70 578	–	70 578
Total reserves		3 934	74 512	3 934	74 512
Non-current liabilities					
Long term liabilities	6	246 844	150 000	246 844	150 000
Current liabilities					
Bank overdraft		–	138 429	–	138 429
Current tax liability		88	45	88	45
Short term borrowings		221 829	296 978	221 829	296 978
Trade and other payables		398 062	511 988	401 202	514 063
Total current liabilities		619 979	947 440	623 119	949 515
Total liabilities		866 823	1 097 440	869 963	1 099 515
Total reserves and liabilities		870 757	1 171 952	873 897	1 174 027

Consolidated and separate statements of cash flows

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	Group		Association	
	2022 E'000	2021 E'000	2022 E'000	2021 E'000
Cash flows from operating activities				
Cash generated from operations	388 302	388 461	362 764	369 066
Interest received	–	–	15 061	11 148
Interest paid	(75 310)	(87 203)	(75 310)	(87 203)
Taxation paid	(113)	–	(113)	–
Net cash inflows from operating activities	312 879	301 258	302 402	293 011
Cash flows from investing activities				
Acquisition of property, plant and equipment	(57 593)	(73 584)	(2 331)	(3 526)
Proceeds from the sale of property, plant and equipment	432	461	432	461
Net cash outflows from investing activities	(57 161)	(73 123)	(1 899)	(3 065)
Cash flows from financing activities				
Loans received from Long- term borrowings	96 844	–	96 844	–
Loans repaid from short term borrowings	(75 149)	(200 000)	(75 149)	(200 000)
Loans to subsidiary companies (repaid)	–	–	(44 785)	(61 811)
Net cash (outflow)/inflow from financing activities	21 695	(200 000)	(23 090)	(261 811)
<i>Nets increase in cash and cash equivalents</i>	277 413	28 135	277 413	28 135
Cash and cash equivalents at the beginning of the year	(113 261)	(141 396)	(113 261)	(141 396)
Cash and cash equivalents at the end of the year	164 152	(113 261)	164 152	(113 261)

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Consolidated statement of changes in reserves

for the year ended 31 March 2022

Group and Association 2022

Balance at beginning of year

Cash flow hedges realised and reclassified to profit and loss

Balance at end of year

Group and Association 2021

Balance at beginning of year

Changes in fair value of cash flow hedges

Balance at end of year

Non-distributable reserve E'000	Other reserve E'000	Total equity E'000
3 934	70 578	3 934
–	(70 578)	–
3 934	–	3 934
3 934	–	3 934
–	70 578	70 578
3 934	70 578	74 512

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1. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Summarised Consolidated Financial Statements and have been applied consistently by Group entities.

1.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Lilangeni at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated to Emalangeni at foreign exchange rates ruling at the date the fair value was determined. These foreign currency exchange differences are also recognised in profit or loss.

1.2 Inventories

Inventories of sugar and molasses on hand at the year-end are valued at the amounts distributable to the growers and millers in accordance with the final estimate. The final estimate which represents the amounts to be paid by the Association to growers and millers is considered to be the lower of cost and net realisable value and, is determined as the estimated selling price in the ordinary course of business, less estimated volume rebates, discounts, and point of sale costs.

Management's determination of the final estimate is based on the most reliable evidence available at reporting date.

Other stocks are valued at the lower of cost and net realisable value, on a First-In, First-Out basis.

1.3 Revenue

The Group adopted IFRS 15, "Revenue from contracts with customers" from 1 April 2018 which resulted in changes in accounting policies.

New accounting policies on revenue from contracts with customers are summarised below:

Revenue is derived from sale of sugar and molasses. Revenue is recognised when or as the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates all its revenues at a point in time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

i) Sugar and molasses sales

The Group buys and sells sugar and molasses from millers and growers. Revenue is recognised when control of sugar and molasses has transferred, when the sugar or molasses is delivered to the customer. For the local market delivery is generally when the sugar or molasses is released from the warehouse to the customer, while for the export market, depending on the terms of the sale, if free-on-board, the sale is recognised upon loading the sugar to the carrier and issuance of the bill of lading. In the case of cost-insurance-freight sale, revenue is recognised when the carrier has discharged the sugar to the customer, at the customer's port destination. Molasses revenue is for the local market and revenue is recognised upon release to the customer at the warehouse. The Group has full discretion, over the channels and price, to sell sugar and molasses, and there are no unfulfilled obligation that can affect customer's acceptance of sugar or molasses.

Revenue from the sale of sugar and molasses is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of strategic rebates, export rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described above. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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ii) Export sales

Export sales proceeds are translated at the rate ruling when the risk and rewards have passed to the buyer. The difference between the actual rates of exchange at transaction date and the rate at which the Group has obtained advances in foreign currencies for those sales or, where applicable, the rates of exchange actually realised after taking account of forward-exchange contracts, is recognised in profit or loss as a foreign currency gain or loss.

2. Revenue – disaggregation of revenue from contracts with customers

The Group derives revenue from transfer of goods at a point in time in the following major product lines and channels:

Revenue by product type comprises:

Sugar sales

Molasses sales

Total

Revenue by channel comprises:

SACU market

Regional market

International market

Total

Group		Association	
2022 E'000	2021 E'000	2022 E'000	2021 E'000
5 588 095	5 920 584	5 588 095	5 920 584
176 565	181 093	176 565	181 093
5 764 660	6 101 677	5 764 660	6 101 677
4 317 568	4 229 909	4 317 568	4 229 909
396 356	505 360	396 356	505 360
1 050 736	1 366 408	1 050 736	1 366 408
5 764 660	6 101 677	5 764 660	6 101 677

Sugar is sold into the Southern African Customs Union ("SACU"), regional and international markets. Molasses is sold within the SACU market.

3. Operating profit before financing costs

Operating profit before financing costs is arrived at after charging the following:

Income:

Administration Expenses:

Auditors' remuneration

– Current year

– Prior year

Depreciation

Lease expenses

Management fees

– Computer-related

Payroll costs

Group		Association	
2022 E'000	2021 E'000	2022 E'000	2021 E'000
–	3	–	3
713	713	713	713
12 192	9 847	1 713	1 603
1 381	1 381	1 381	1 381
2 046	2 046	1 313	2 046
37 218	43 498	37 218	43 498

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	Group		Association	
	2022 E'000	2021 E'000	2022 E'000	2021 E'000
4. Net financing costs				
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	(75 310)	(87 203)	(75 310)	(87 203)
Interest income on loans originated by the Association	–	–	15 060	11 148
Finance expenses	(75 310)	(87 203)	(60 250)	(76 055)
Finance income on financial assets				
Foreign exchange gain	64 136	26 280	64 136	26 280
Finance income	64 136	26 280	64 136	26 280
5. Property, plant and equipment				
Allocation of depreciation				
Direct cost of sales	630	722	630	722
Direct analysis of cane	201	209	201	209
Extension services	347	211	347	211
Administration	535	461	535	461
Operating expense	10 478	8 244	–	–
Total	12 191	9 847	1 713	1 603

Reconciliation of the opening and closing carrying amounts – 2022

	Opening carrying amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing carrying amount E'000
Association						
Freehold land and buildings	1 602	–	–	–	(176)	1 426
Leasehold land and buildings	1	–	–	–	–	1
Plant and equipment	4 009	890	(33)	–	(733)	4 133
Furniture and fittings	593	121	(41)	–	(64)	609
Motor vehicles	2 695	1 320	(174)	–	(740)	3 101
Capital work in progress	559	–	(559)	–	–	–
Total	9 459	2 331	(807)	–	(1 713)	9 270

Notes to the summarised audited financial statements continued

for the year ended 31 March 2022

5. Property, plant and equipment (continued)

Reconciliation of the opening and closing carrying amounts – 2022

	Opening carrying amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing carrying amount E'000
Group						
Freehold land and buildings	1 602	–	–	–	(176)	1 426
Leasehold land and buildings	1	–	–	–	–	1
Plant and equipment	4 009	890	(33)	–	(733)	4 133
Furniture and fittings	593	121	(41)	–	(64)	609
Motor vehicles	4 153	1 320	(174)	–	(830)	4 469
Conditioning silo buildings	31 776	691	–	–	(1 564)	30 903
Sugar store buildings	47 564	–	–	56 240	(3 030)	100 774
Conditioning silo equipment	4 817	4 072	–	–	(813)	8 076
Sugar store equipment	34 115	50 499	–	16 831	(4 515)	96 930
Molasses storage equipment	7 419	–	–	–	(466)	6 953
Capital work in progress	73 631	–	(559)	(73 071)	–	1
Total	209 680	57 593	(807)	–	(12 191)	254 275

6. Long-term liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Association	
	2022 E'000	2021 E'000	2022 E'000	2021 E'000
Fixed term loan from:				
Public Service Pensions Fund	150 000	150 000	150 000	150 000
Eswatini Bank	96 844	–	96 844	–
The loan from PSPF will be repaid in full on 30 June 2023. Interest is negotiated on renewal basis and is linked to the prime lending rate.				
The Eswatini Bank loan is a mortgage loan repayable over 60 months. Interest rate is equal to prime per annum.				
These loans are unsecured.				
Less: current portion transferred to current liabilities	(13 187)	–	(13 187)	–
Total non-current portion	233 657	150 000	233 657	150 000



The Eswatini Sugar Association (ESA) is an umbrella organisation bringing together all growers and millers of sugarcane. Its highest policy-making body is Council, where growers and millers have equal representation.



OUR VISION

To develop the Eswatini sugar industry into an innovative, competitive and sustainable sugarcane entity promoting long-term stakeholder well-being.

OUR MISSION

To evolve ESA into an industry catalyst promoting innovation, industry development and revenue optimisation while delivering world-class services to its members and stakeholders in a sustainable manner.

OUR VALUES

ESA recognises and subscribes to high ethical standards and principles which apply equally and consistently across all of the organisation's structures. As a result, ESA subscribes to values which guide the way business activities and dealings are conducted.

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