

# INTEGRATED ANNUAL REPORT

# 2023/24



**ESWATINI  
SUGAR  
ASSOCIATION**

United for Growth. Creating more Value



# Table of contents

## Highlights

### About this report

Reporting boundary  
Financial and non-financial reporting  
Reporting framework  
Navigation  
Forward-looking statements  
Directors' statement of responsibility

### Organisational overview

About ESA  
Overview of the Eswatini sugar industry  
Our vision  
Our mission  
Our values  
Quality policy statement  
Our products  
Product mix

### Our operating context

Global sugar market  
Regional market  
Domestic market

### Message from the CEO

### How we create value

Our value-creating business model  
Our value chain

### Our strategy and resource allocation

Our key strategic objectives and enablers

<b>1</b>	<b>Our business structure</b>	<b>28</b>
<b>2</b>	<b>Our operations</b>	<b>30</b>
3	Extension and technical services	31
3	Cane and quality testing	34
4	Commercial department	34
4	Human capital	36
<b>4</b>	<b>Our performance</b>	<b>38</b>
	Performance against strategy	39
<b>6</b>	<b>Managing risk</b>	<b>44</b>
7	Material matters	45
8	Risk register 2023/24	46
<b>8</b>	<b>Sustainability</b>	<b>48</b>
8	Sustainability projects	49
<b>9</b>	<b>Corporate social responsibility</b>	<b>52</b>
	Engaging our stakeholders	54
<b>10</b>	<b>Our governance</b>	<b>56</b>
11	Our leadership	57
14	Governance framework	58
14	Executive Committee	59
	Management team	61
	Committees and mandates	64
<b>20</b>	<b>Financial statements</b>	<b>70</b>
22		
24		
	<b>Abbreviations</b>	<b>86</b>
<b>26</b>		
27		

## Navigation icons



Reference to information available on the website



Page or note information reference



Metric or area independently assured

**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

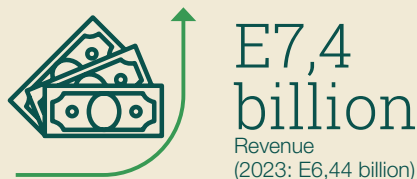
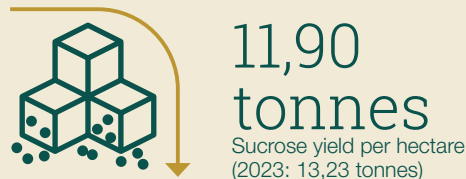
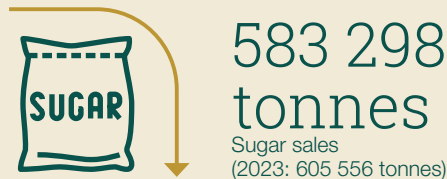
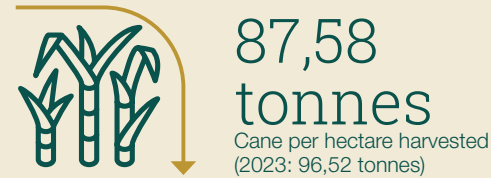
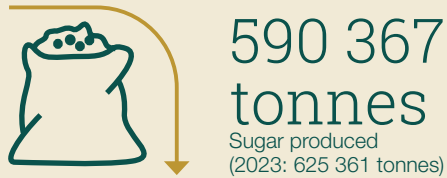
We are innovative and progressively develop our products, services and processes to be best in class.



*Tractor pulling sugarcane after being harvested by an automated sugarcane harvester at Ubombo Sugar cane fields, Big Bend*

# Highlights

## Financial highlights for the year ended 31 March 2024



Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# About this report

Reporting boundary	3
Financial and non-financial reporting	3
Reporting framework	3
Navigation	4
Our capitals	4
Our stakeholders	4
Forward-looking statements	4
Directors' statement of responsibility	4

*Maphobeni Farmers Association workers  
ploughing the fields*





Part of factory machinery

**This Integrated Annual Report for the year ended 31 March 2024 aims to provide a clear, concise and holistic picture of how the Eswatini Sugar Association (ESA) creates and delivers value.**

In this report, we reflect on our business model, operating environment, key stakeholder interests, material matters, and governance practices; and share our performance against strategic objectives. We further outline our strategic priorities for the year ahead in our efforts to build an aligned and sustainable world class sugarcane industry.

Our approach is informed by integrated thinking and the icons used throughout this report highlight the various aspects of our business model.

## Reporting boundary

The information contained in this report covers the financial year from 1 April 2023 to 31 March 2024 and focuses primarily on ESA as the reporting entity, as well as our subsidiaries and jointly-controlled companies as presented in the audited financial statements (E8 page 70). However, given the nature of our organisation, we also refer to other entities whose activities present opportunities and outcomes that may impact ESA's ability to create value in the short-, medium- and long-term.

Our ability to create value beyond the short term relies on the interdependencies, interactions, and trade-offs between our six capitals, and extends beyond financial metrics. Our business model (E8 page 22) and Corporate Strategy and Marketing Plan 2021–2026 (E8 page 26) aim to maximise stakeholder returns by optimally leveraging these capitals.

## Financial and non-financial reporting

Our report extends beyond financial reporting and encompasses non-financial metrics, opportunities, risks and outcomes that may substantively influence value creation.

## Reporting framework

This report was prepared in accordance with the principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), guided by the principles and requirements of the International Financial Reporting Standards (IFRS) and the Integrated Reporting Framework.

Our annual financial statements (from E8 page 70 to E8 page 86) are aligned with International Financial Reporting Standards (IFRS).



# About this report (continued)

## Navigation

We use the following icons to illustrate where you can find more information about our approach, activities and mandate, and how they interconnect with our capitals.

### Our capitals



#### Manufactured capital (MC)

- Warehouses
- Office buildings
- Equipment
- Vehicles
- Computer and IT infrastructure



#### Financial capital (FC)

- Investments
- Operating budget
- Revenue



#### Social and relationship capital (SRC)

- Government of the Kingdom of Eswatini
- Legislators
- Media
- Communities and general public
- Employees
- Growers and millers
- Brand and reputation
- Labour unions
- International development partners



#### Intellectual capital (IC)

- Policies, procedures and manuals
- Documented best practice
- Strategy and operational frameworks
- Investment management
- Information technology and systems
- HR practices and initiatives
- Business intelligence



#### Natural capital (NC)

- Land under cultivation
- Sugarcane crop (including seedcane)
- Water
- Energy



#### Human capital (HC)

- Employees
- Organisational culture

## Our stakeholders



Sugarcane growers



Millers



Employees



Customers



Communities



Suppliers



Government



Media



Financiers



Read more about stakeholder engagement on page 54.

## Forward-looking statements

This report contains certain forward-looking statements based on information available at year-end. Since these statements are by nature speculative, pertaining to events that may or may not occur in the future, Council does not commit to revising or updating this information to reflect unforeseen events or circumstances that may arise after the release of this report. It is important to note that the auditors have not reviewed or reported on these forward-looking statements.

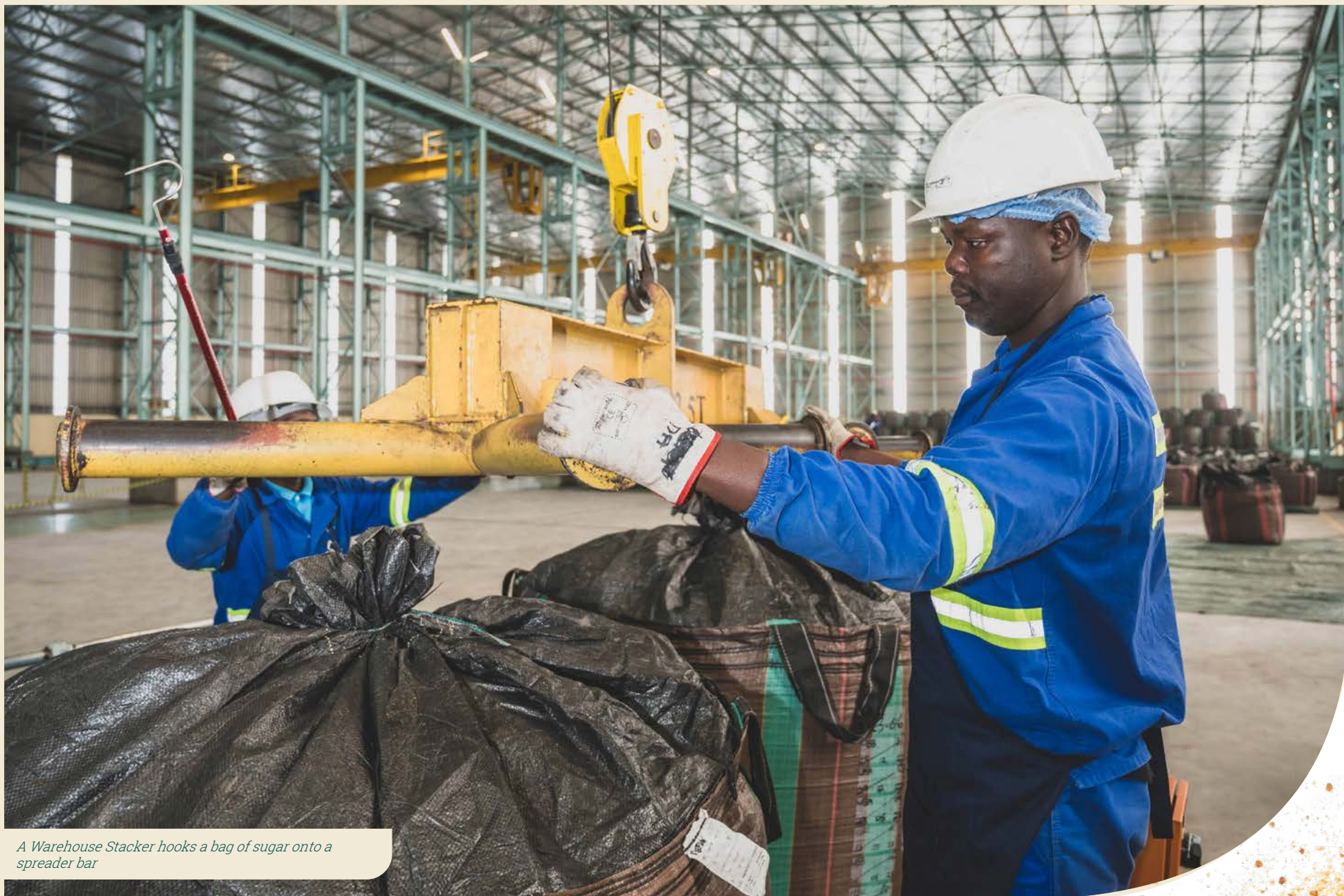
## Directors' statement of responsibility

Council acknowledges its responsibility of overseeing and ensuring the veracity and comprehensiveness of this integrated report and has applied its collective mind to the preparation and presentation of the contents.

Executive management was instrumental in preparing this report, and the Audit and Risk Committee has assured the accuracy and integrity of the information. Council is satisfied that the report reflects a complete and balanced overview of the operational and financial performance of ESA, our opportunities and risks, alongside our strategic priorities for the year ahead.

Council accordingly approved the ESA Integrated Annual Report 2023/24 on 27 June 2024.





*A Warehouse Stacker hooks a bag of sugar onto a spreader bar*



# Organisational overview

About ESA	7
Overview of the Eswatini sugar industry	7
Our vision	8
Our mission	8
Our values	8
Quality policy statement	8
Our products	9
Product mix	9

*Sugarcane loader loading sugarcane onto a truck*



## About ESA

The Eswatini Sugar Association (ESA) serves as the regulatory body for the Eswatini sugar industry, bringing together sugarcane growers (quota holders) and three millers.

The organisation is responsible for the regulation of the Eswatini sugar industry, for the marketing and sales of all domestically produced sugar and its by-products (currently molasses), and for ensuring the sustainability and growth of the country's sugar industry.

ESA provides support services to the sugar industry, including agricultural research and extension, crop husbandry and sustainable farming support, cane testing, warehousing and distribution, marketing, and policy and market access advocacy.

The Association was established by the Sugar Act of 1967 and is headquartered in Mbabane, Eswatini.

## Overview of the Eswatini sugar industry

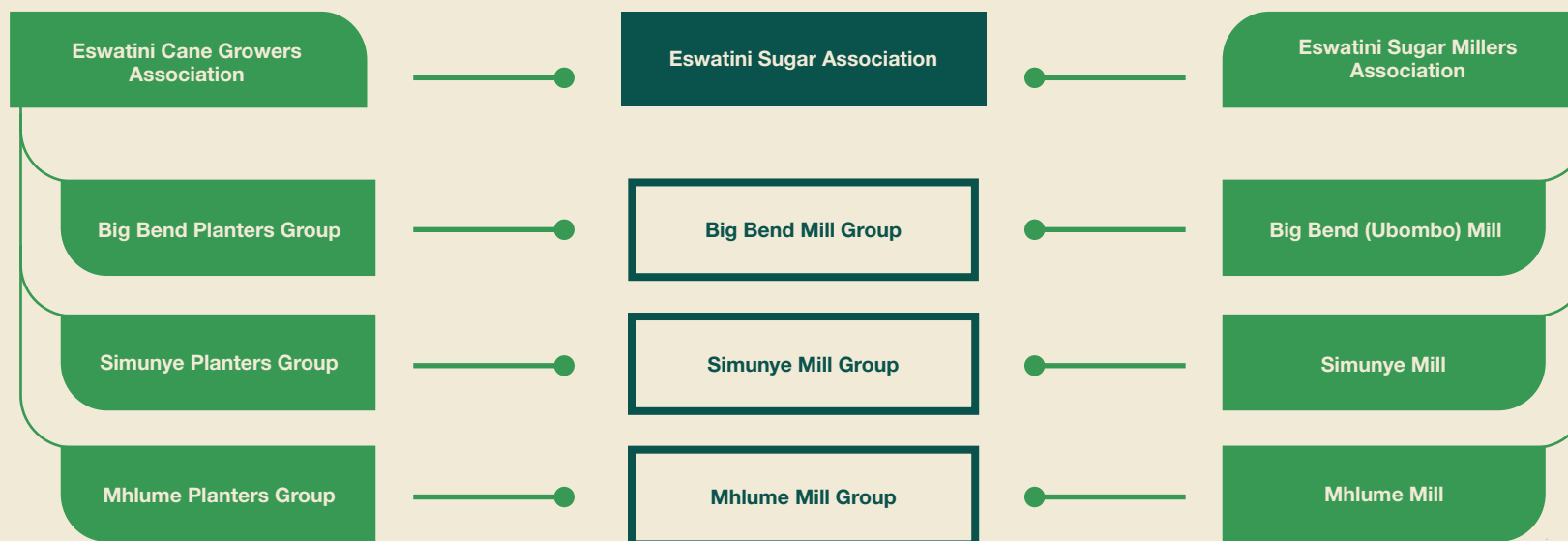
Sugarcane is grown under irrigation on approximately 60 000 hectares of land, yielding an average of 640 000 tonnes of sugar a year, depending on climatic conditions.

The multiplier effect of the industry's formal and informal downstream economic activities is immense. ESA generates approximately E7,3 billion in revenue each year. The sugar industry as a whole contributes around 4,6% (2022) to Eswatini's gross domestic product (GDP). The sugar industry is the largest private sector employer with over 16 000 permanent and seasonal employees.

Of the 469 sugarcane growers active in the year under review, 95% (444) are small-scale growers. They contribute about 29% to the cane harvested and sugar produced.

Both the cane growing and sugar milling sectors are significant contributors to the agricultural and manufacturing sectors, respectively.

### Industry structure

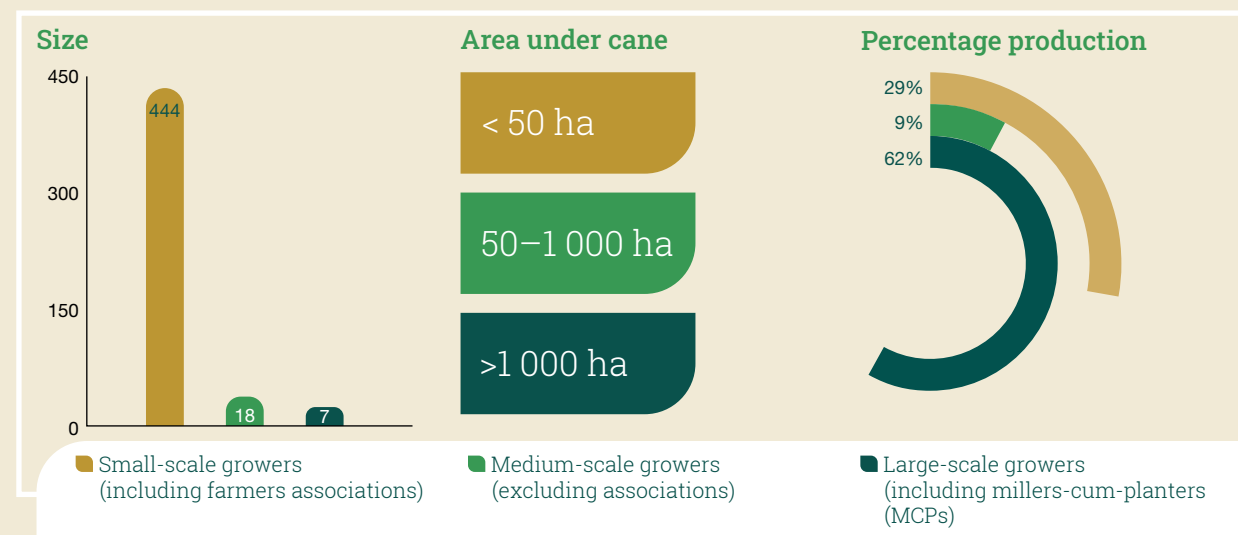




## Organisational overview (continued)

### Overview of the Eswatini sugar industry (continued)

Output by grower category



The number of active growers has remained relatively stable during the year under review.

#### 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



##### 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.

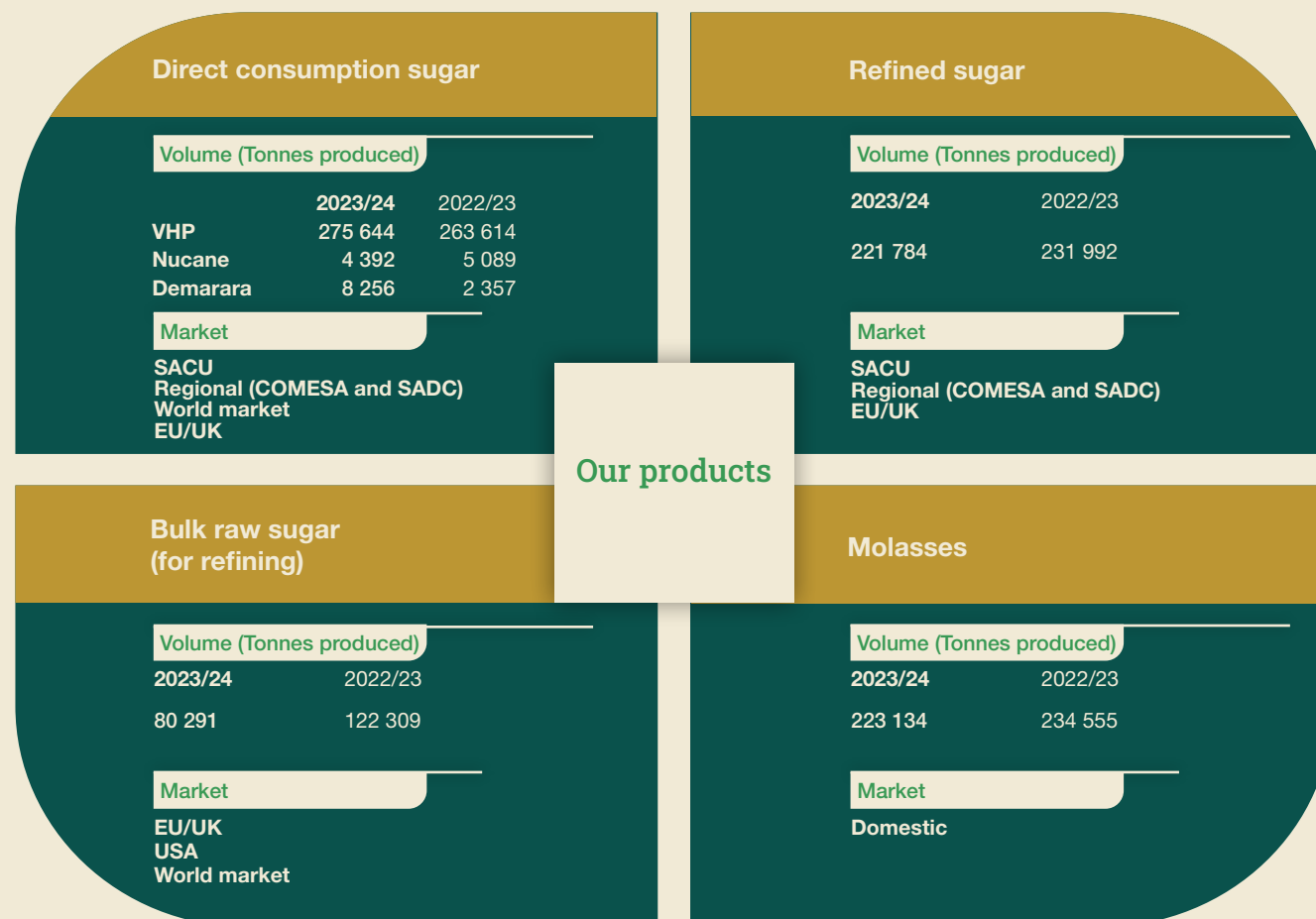
##### Continuous improvement

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

### Quality policy statement

ESA is committed to the implementation and continual improvement of our quality management system (QMS) as a tool for enhancing operational efficiencies. This commitment underlies our fundamental quality policy to consistently meet the requirements and expectations of our customers and other stakeholders. ESA's QMS meets the requirements of the International Management Standard ISO 9001: 2015.

## Our products



## Product mix

We have successfully achieved our medium-term goal to increase the variety of sugars in our arsenal and expand our footprint in the other markets that we have not been present in before, alongside developing regional markets for VHP/brown and refined sugar, and exploring opportunities for value-added products.

Our long-term goal is to now concentrate on raw and industrial sugar for emerging markets, and to meet anticipated sustained demand. At the same time, we plan to boost revenue through the sale of specialty sugars into developed markets.



# Our operating context

Global sugar market  
Regional market  
Domestic market

11  
14  
14

*Part of the factory machinery at the Royal Eswatini  
Sugar (RES) Corporation Simunye Mill.*



## Global sugar market

**The global sugar industry is showing moderate progress, underpinned by population trends, urbanisation, and a burgeoning middle class in developing countries.**

Whereas global consumption has slowed compared to the previous three seasons, growth of 1,89% was seen in 2023/24. However, the global market continues to face challenges in the form of price volatility and shifting consumer preferences towards non-refined sugars, over and above climate change and production challenges.

A production deficit is expected in the global sugar market for the 2023–24 season (October/September), largely attributed to potentially lower outputs by key producing countries; Thailand, India, and Mexico, arising from dry El Niño weather conditions. Conversely, output is slated to recover in the EU, Brazil and China due to increased area planted and higher yields.

Although macro-economic factors such as higher domestic and international sugar prices, constrained consumer spending due to rising inflation, growing fuel prices, and geopolitical impacts on access to grains and oil should offset the upward consumption trend, growth remains above average in countries where domestic price trends align with global price increases.

### OUTLOOK AT A GLANCE

## Upward trend in production

Global production is projected to reach 179,270 million tonnes, up by 1,518 million tonnes from last season. Much of the increase in output is credited to higher production in Brazil.

Brazil's production is now 50% of all trade, presenting a potential risk for the market given Brazil's dominance in the export market. This, coupled with shrinking exports from other countries has raised concerns about logistic capabilities and the manner in which the global sugar market will respond. Furthermore, diminishing stock and reduced crop production in Thailand have slowed their exports to a 10-year low.

## Consumption at record high

In contrast, global consumption is forecast to achieve a record 182,224 million tonnes (2022/23: 178,905 million tonnes), and to continue growing at around 1,4% per year, supported by population and income growth.

This milestone is surprising, considering sluggish performance from 2014/15 to 2020/21, juxtaposed with high sugar prices. The average price of raw sugar which peaked at over 27 UScents/lb around November 2023 stood at a 13-year high.

Global deficit of  
**2,954**  
million tonnes

Record consumption of  
**182,224**  
million tonnes

Global production to reach  
**179,270**  
million tonnes

Brazil export expected to boost trade volumes, to offset lower production in Thailand

Projected export availability of  
**65,442**  
million tonnes

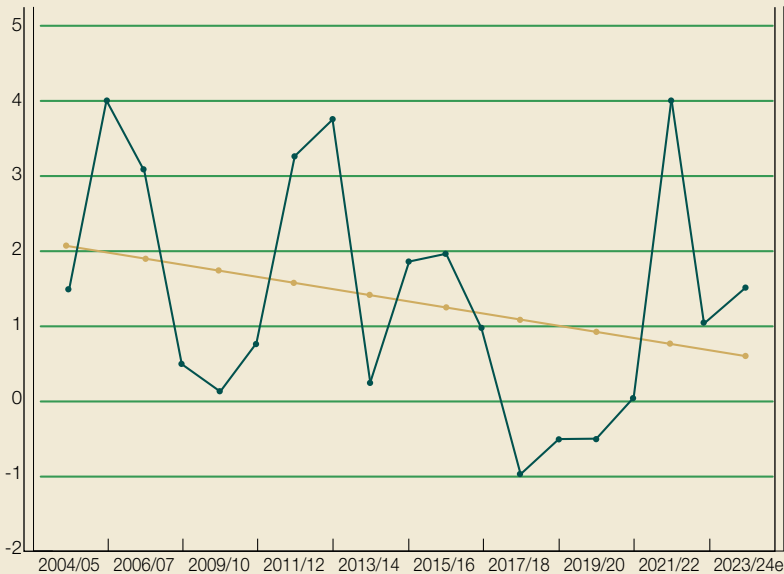
ISO Quarterly Market Outlook  
World Sugar Market, June 2024



# Our operating context (continued)

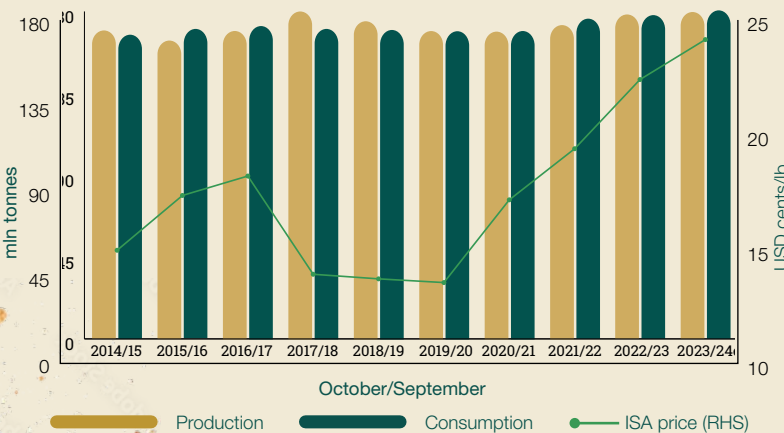
## Global sugar market (continued)

Growth rates of global consumption (in %)

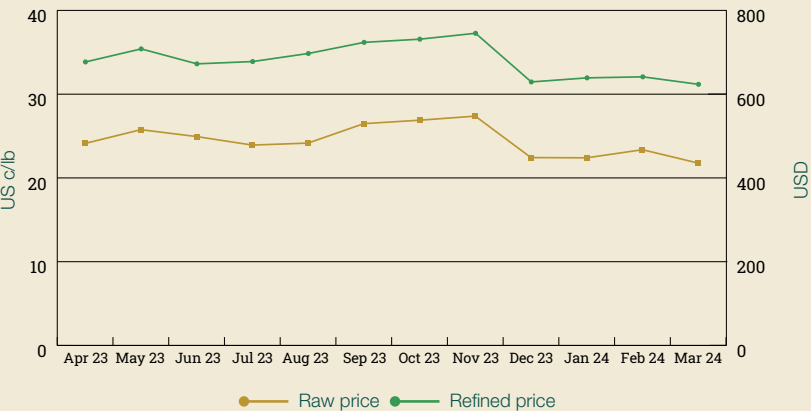


*\*<https://www.oecd-ilibrary.org/sites/969526b0-en/index.html?itemId=/content/component/969526b0-en>*

World production, consumption and ISA prices



Export price of raw and refined sugar



## Market resilience

Global stocks are an important measure of market resilience, revealing potential supply and demand challenges. This is illustrated by the decline in the stock-to-use ratio over the past three seasons amid port delays and geopolitical tensions in the Black and Red Sea regions.

Production trends

Main production changes in 2023/24 (October/September)

Falls		Rises	
Changes from 2022/23 in mln tonnes, tel quel		Changes from 2022/23 in mln tonnes, tel quel	
Thailand	-2,028	Brazil	+1,263
India	-1,100	EU	+0,905
Mexico	-0,494	China	+0,980

World Production in 2023/24 – 179,270 mln tonnes  
World Production in 2022/23 – 177,752 mln tonnes  
ISO Quarterly Market Outlook, June 2024

## World cane and beet sugar production (mln tonnes, tel quel)

	2000s	2010s	2020s	2020/21	2021/22	2022/23	2023/24e
Average							
World production	141,1	169,1	174,7	168,7	17,2	177,8	179,3
From beet	30,7	33,5	36,3	35,1	36,1	35,4	38,3
From cane	110,4	135,6	138,4	133,7	136,1	142,4	141,0
<i>Cane sugar as % of world total</i>	<i>78,2</i>	<i>80,2</i>	<i>79,2</i>	<i>79,3</i>	<i>79,0</i>	<i>80,1</i>	<i>78,7</i>

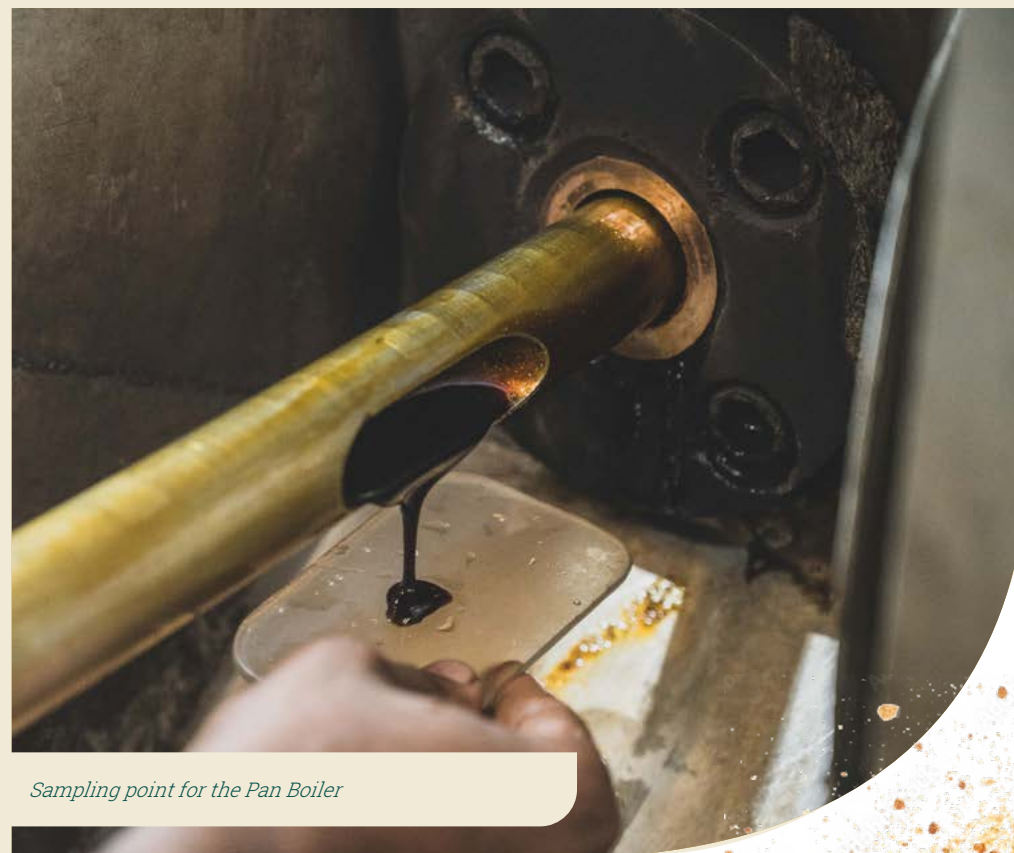
ISO Quarterly Market Outlook, June 2024

## Demand for molasses

Global molasses exports dropped by 10% in 2023 and the world market will remain tight, with high prices persisting through 2024. Meanwhile, global production, with the exception of Brazil, is projected to increase marginally, although demand from animal feed compounders will dip with weaker feed-grain prices.

## Outlook is bullish

The long-term outlook for the sugar industry appears bullish, with the upward trend expected to continue despite price volatility and environmental issues. The industry, along with its partners and stakeholders, will continue to seek ways to address concerns around sugar production, biofuels and sustainability.



Sampling point for the Pan Boiler



## Our operating context (continued)

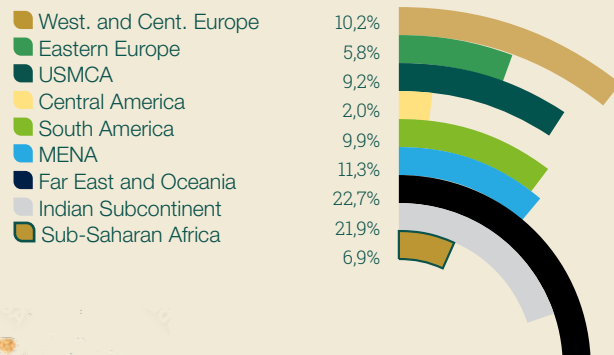
### Regional market

**Sub-Saharan Africa holds significant promise for growth in sugar consumption, with below-average per capita consumption and above-average population growth. It is well-placed to expand agricultural production, including sugar, and to diversify into biofuels, cogeneration, and cooking fuels.**

Government initiatives and support from international organisations have contributed to industry advances in some sugar producing countries in the region. While the EU has been the traditional market for the surplus sugar produced by many of these countries, changes in the EU sugar landscape has resulted in volatile prices, prompting a shift towards the region and other destinations as the alternative markets to sustain the sub-Saharan industries.

Consumption in Sub-Saharan Africa makes up 6,9% of world consumption. There is growth forecast for this market owing to population and income growth, which is also why the region is a market worth pursuing.

#### Regional sugar consumption 2023/24



In the year ahead, we intend to aggressively expand our footprint in the region, targeting Rwanda, the Democratic Republic of Congo and Zimbabwe in particular, although competition is fierce as most sugar producers in the region are ramping up their production capacity.

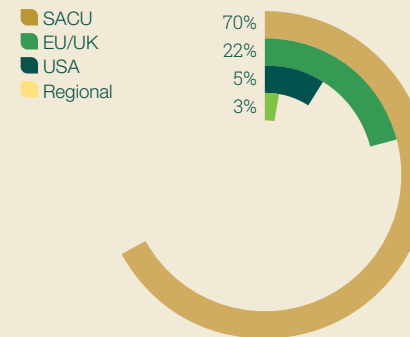
Notably, trade in goods has commenced under the AfCFTA Guided Trade Initiative as 54 African Union member states have signed the agreement and 47 have ratified it. This presents more opportunities for trade in sugar on the continent.

### Domestic market

**The sugar industry is a cornerstone of the Eswatini economy, contributing 4,6% (2022) to the country's GDP.**

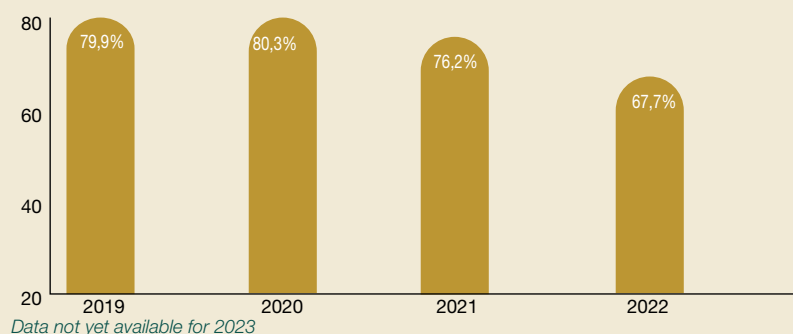
The sugar industry employs more than 16 000 people – over 11% of the total agricultural workforce and 6% of national employment figures. Sugar is the country's second largest export, and this year generated revenue of over E7 billion, with 70% (2022/23: 66%) of product sold to SACU.

#### Sugar sales by market

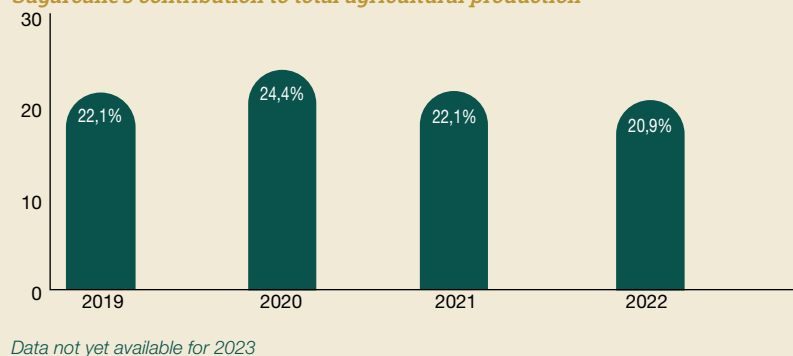


SACU is our primary market, comprising Botswana, Eswatini, Lesotho, Namibia and South Africa. We classify this market as a domestic market because of the free movement of goods within the customs union. An import tariff regime controls the entry of sugar produced outside of SACU.

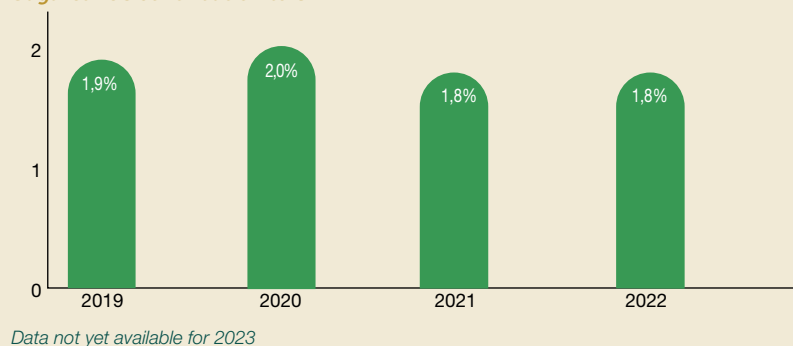
### Sugarcane's contribution to crop production



### Sugarcane's contribution to total agricultural production



### Sugarcane's contribution to GDP



## Eswatini Sugar Industry

### Importance of the Industry Nationally

#### Agriculture

- 67.7% of crop production
- 20.9% of agriculture and forestry

#### Manufacturing

- 10.2% of manufacturing output

#### Industry

- 4.6% of GDP
- 6% of national employment
- 9.2% of export earnings

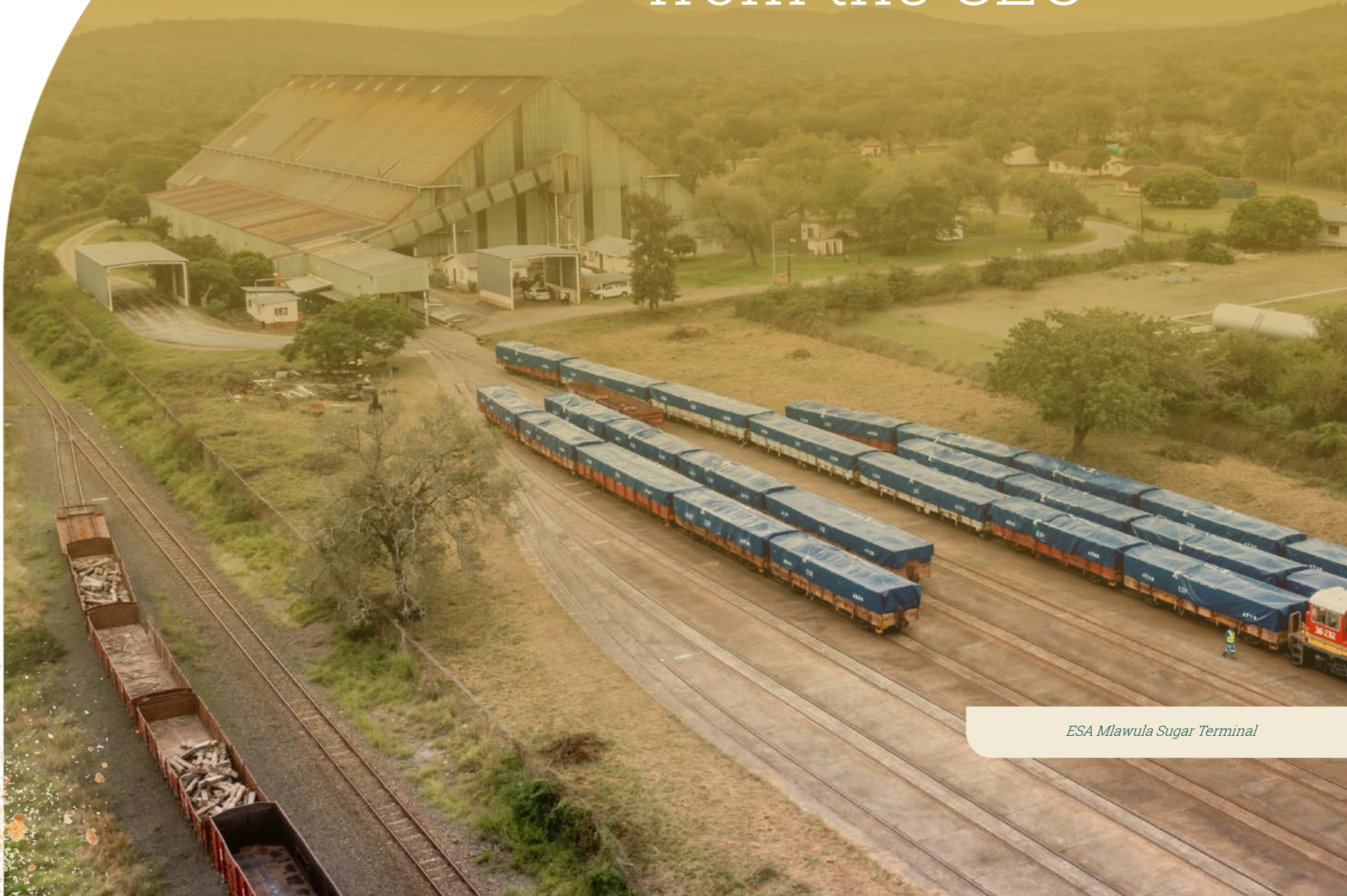
Based on an increase in available water for irrigation, an extended planted area, and a recovery in yields, cane production in the country is predicted to increase by 9% to 5.6 million tonnes in 2024/25. Sugar production is projected to climb by 10.5%, to 652 260 tonnes driven by an expected improved recovery rate.

Domestic sugar consumption is also trending upwards and is forecast to rise to 73 000 tonnes in 2023/24 (2022/23: 72 000 tonnes). Furthermore, population growth, a stronger local economy and greater market access in remote areas of the country are slated to boost Eswatini's annual per capita consumption of sugar to 40.2 kg (2022/23: 40 kg).

Overall, the Eswatini domestic sugar market is poised for significant growth in the upcoming year, with exports anticipated to surge by 10%, given current favourable market conditions, competitive prices due to a weak exchange rate, along with strong global demand and expanding market access. Increasing production, new technologies, and sound agricultural practices further pave the way for a thriving and resilient local market.



# Message from the CEO



*ESA Mlawula Sugar Terminal*



## Message from the CEO

**I am pleased to report a record year for ESA in terms of revenue, driven by the buoyant world sugar price. We have served our members well and our efforts to promote sustainability within the Eswatini sugar industry and the broader community are gaining ground.**



The sugar industry has undeniably experienced some rough patches over the past several years, with turbulent weather patterns, soaring input costs and a surge in pests and diseases causing a domino effect on subsequent years coupled with quality and logistical challenges this past year. Yet we have proven our ability to adapt to shifting operating conditions and have demonstrated resilience in the face of headwinds.

### Recovery expected

Despite the relative success of the sugar industry, other sectors of the Eswatini economy did not fare as well, however, exposing our employees to additional socio-economic pressure that may impact ESA.

Fortunately, political stability in the country has been restored following the disruptions of the previous year, and we are confident that our past efforts have laid a foundation for successful collaboration with the new government.

Our quest for new markets is ongoing and while the lack of available sugar, quality issues, and logistical constraints have somewhat thwarted our efforts, we are determined to continue in the upcoming season. Although we remain optimistic of a recovery in the coming year, recent data does underscore the persistent negative impact of climate change. This necessitates that as an industry we find ways to reshape our operations to adapt to these changes.

On a positive note, the depreciation of the rand against the dollar worked in our favour, a trend that we hope will continue. The projected further weakening of the currency amid uncertainties surrounding the South African politics may also prove to be advantageous for our revenues on export sales.

Furthermore, the price of fertiliser, primarily sourced from Russia and Ukraine, has begun to stabilise as importing countries adapt to ensure uninterrupted operations, somewhat stabilising the cost of growing cane.

### Challenges encountered

However, we did encounter significant challenges of increased pests and disease, compounded by late harvesting in 2022, which resulted in a rather poor crop. Even with an increase in area harvested, we experienced a 7% reduction in cane harvested. This resulted in sugar produced also dropping by 6% from 625 361 tons last year to 590 367 tonnes produced this year.

We also battled with the quality of our final product and were unable to meet our sales targets. Nevertheless, I remain optimistic that all possible causes of quality issues have been identified and will be resolved during the coming season.

Overall, despite the shortfall in tonnage of sugar produced and the rise in customer complaints, mainly due to quality and logistical challenges at the ports, I am satisfied with our performance.

### Material matters

Alignment between the millers and growers is crucial to accomplishing our strategic objectives and we will continue to work towards improving this relationship even further and addressing outstanding matters.



Read more about stakeholder relations on page 54.



## Message from the CEO (continued)

Supply into South Africa, our main market domestically was uninterrupted in the year under review. However, the South African Sugarcane Value Chain Masterplan remains a concern and leaves us vulnerable should Eswatini sugar not be accepted into that market. We are exploring opportunities to extend our footprint into the Africa continent through the African Continental Free Trade Area (AfCFTA), to mitigate potential SACU market challenges.

Our primary focus remains on optimising the quantity and quality of sugar available. The industry has made considerable effort to increase capital expenditure at the mills to mitigate the risks associated with quality and customer requirements. These steps are geared towards strengthening our positioning for our markets into the long term.



Read more about our operations on page 30.

### Performance against strategy

Our strategy continues to focus on creating more value for the sugar industry. We are committed to actively seek opportunities to diversify and adopting proactive measures to adapt to climate change.

Regional forecasts expect the majority of global sugar consumption to come from sub-Saharan Africa, driven by the increase in sugar consumption and sugar-containing products as incomes rise. Our low-GI product, Nucane, is designed to cater for the more health-conscious consumer, and we are exploring avenues to capitalise on this trend and consumer preference.

We recognise that ESA's role is that of facilitator, rather than implementer of some of the value addition activities by the industry, and we have adjusted our strategy accordingly.

For example, the fuel blending initiative by government will benefit some members who produce ethanol, as it will enable them to produce ethanol specifically for fuelblending purposes.



Read more about our strategy on page 26.

### Environmentally ethical and sustainable business

The role of businesses in environmental stewardship and its contribution to a sustainable future is clear. ESA is actively engaged in reducing greenhouse gas emissions associated with our operations and the wider industry by implementing energy efficiency measures, exploring renewable energy sources with our members, and by the continual monitoring and management of emissions.

The industry has approved the implementation of Bonsucro certification, and certification audits will be conducted in mid-2024. The technical guidance received from customers has been invaluable, and we are fully committed to sustainable production in an environmentally ethical manner that exceeds minimum requirements wherever possible.



Read more about sustainability on page 48.

On the labour front, we remain committed to adhering to labour standards and to ensure that there is no child or forced labour used in the industry.

### Sound stakeholder relationships

Healthy relationships and collaboration among millers and growers, as well as with government, are essential to navigating the interests of the sugar industry. Nurturing sound relationships with all our stakeholders is integral to our strategy, and we engage these regularly to seek insight and ensure alignment with their needs. Our grasp of these issues guides our materiality process and helps determine our ability to create value.



Read more about stakeholder relationships on page 54.

### Future outlook

Looking ahead to 2024/2025, we have prioritised agronomic advancements to adapt to the effects of climate change, and the optimisation of our logistic chains. In addition, technological developments such as drone surveillance and satellite imaging hold tremendous promise for enhancing our operations.



Read more about operations and sustainability on pages 30 and 48 respectively.

We anticipate that the AfCFTA will unlock lucrative markets, bolstered by industry investments that will leverage our position in the medium to long term.

Furthermore, addressing product quality and securing market access are imperative if the industry is to enhance its performance, while sustained investment in infrastructure and strategies to mitigate against climate change are crucial for long-term sustainability.

### In conclusion

Despite our concerns about the South African elections, product quality, logistical difficulties, and unpredictable weather, we will meet these obstacles head on.

We remain committed to transforming the Eswatini sugar industry into an innovative, competitive and sustainable sugar cane entity that promotes the long-term wellbeing of all its stakeholders. This guiding principle is our north star that will continue to drive our performance in the year ahead.

## Acknowledgements

I would like to thank each employee for your role in ESA's success and for your contributions in managing the many challenges we confronted this year. To factory management in the mills, your efforts in identifying and addressing industry quality issues do not go unnoticed, and I thank you.

We deeply appreciate the support and goodwill of government and our financial institutions on whom we rely in the pursuit of our goals. We are extremely grateful to the previous government for your contributions and invaluable assistance over the years.

I would also like to reaffirm our unwavering commitment to working alongside the new government for the betterment of the industry.

I also extend my sincere thanks to our industry partners and stakeholders for their role in overcoming obstacles and driving performance.

I am extremely grateful to Council members and the management team. It has been a demanding year on many fronts, but I know that together we will bring our mission to life. My sincere thanks for your unwavering dedication, hard work and pivotal role in ESA's success.

B.N.

**Banele Nyamane**

Chief Executive Officer



*Members of Bambanani Farmers Association*



# How we create value

Our value-creating business model

22

Our value chain

24

*Aerial view of the ESA bagging facility and Ubombo Sugar Mill in Big Bend*



Our business model is designed to realise our vision of transforming the Eswatini sugar industry into an innovative, competitive and sustainable sugar cane entity. It reflects the commercial, social and environmental context in which we operate and governs how we optimise our six capitals and any interactions or trade-offs between them to create value in pursuit of our Corporate Strategy and Marketing Plan 2021–2026.

*Measuring molasses in the laboratory to check sucrose content*



# How we create value (continued)

## Our value-creating business model



### Financial capital

Our investments, operating budget and revenue

- **E3,1 billion** Short-, medium- and long-term borrowings (2023:E2,4 billion)
- **E7,4 billion** Cash from sales (2023:E6,44 billion)

See page 38 for more information



### Intellectual capital

Our business intelligence, information systems and operational framework

- Sugar Industry Agreement
- QMS
- Trade agreements
- Agricultural R&D agreements
- Customer contracts
- Fair trade certification
- Bonsucro membership



### Human capital

Our diverse, skilled and experienced employees, and organisational culture

- **81** permanent employees
- **16** seasonal employees

See page 36 for more information



### Manufactured capital

Our business infrastructure, equipment and operational processes

- **4** warehouses
- **2** conditioning silos
- **3** laboratories
- **1** molasses tank

See page 28 for more information



### Social and relationship capital

Our partnerships and relationships with key stakeholders

- **3** millers
- **450** growers
- Customers
- Suppliers
- Communities
- Government
- Financiers

See page 54 for more information



### Natural capital

Our natural resources

- **58 840** ha Area of land harvested (2023: 57 394 ha)
- **1 500mm/ha/year** Water
- Climate conditions (radiation, temperature, rainfall, etc)
- Solar energy

See page 26 for more information

## Our capital inputs

## Our core business activities

### Financial capital

- Sugar and molasses sales
- Funds sourcing
- Payments
- Hedging
- Credit management
- Finance and implement capital projects



### Intellectual capital

- Lobbying initiatives
- Customer feedback process
- Risk assessment
- Agricultural research
- Business information storage



### Human capital

- Employee recruitment and retention (**2** resignations, **2** retirements, **8** new employees, **1** termination, **1** deceased)
- Staff development (**18** people trained)
- Implementation of wellness programme



### Manufactured capital

- Cane testing
- Sugar bagging
- Sugar and molasses storage
- Movement of sugar/logistics



### Social and relationship capital

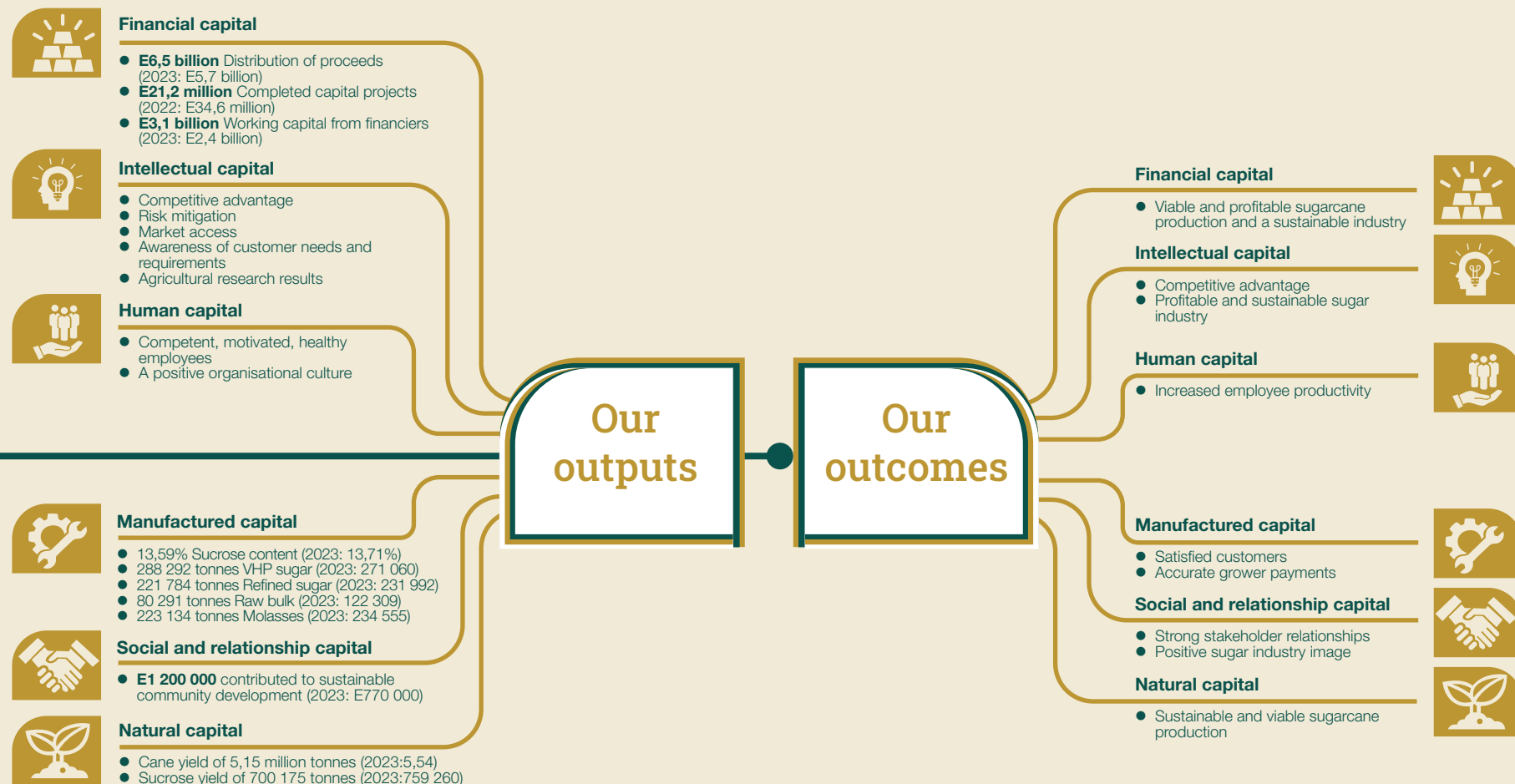
- Stakeholder engagement
- Contracts management
- CSI programmes



### Natural capital

- Provision of extension and technical services
- Cane variety testing
- Seedcane production
- Securing and monitoring water resources
- Quota allocations

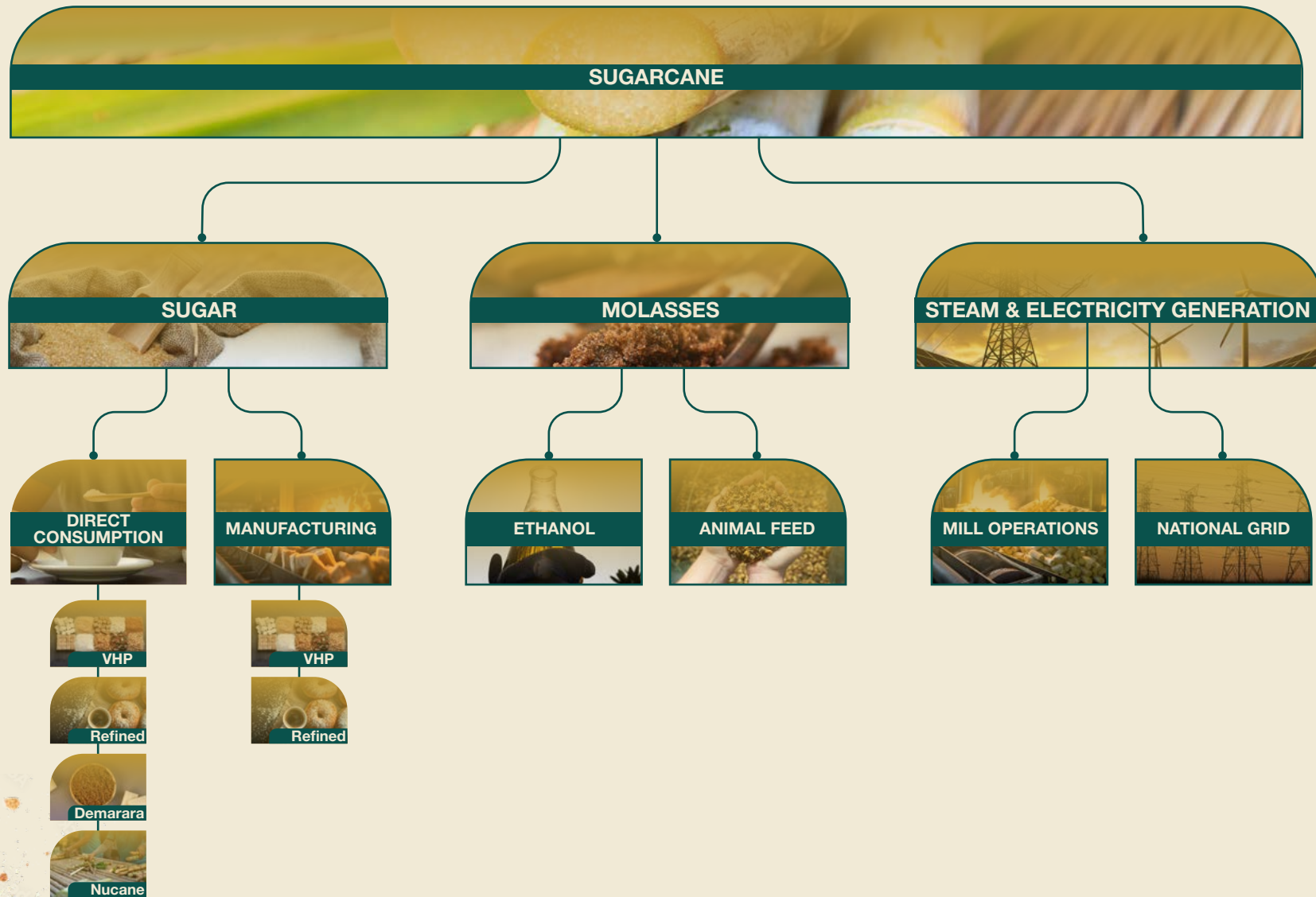


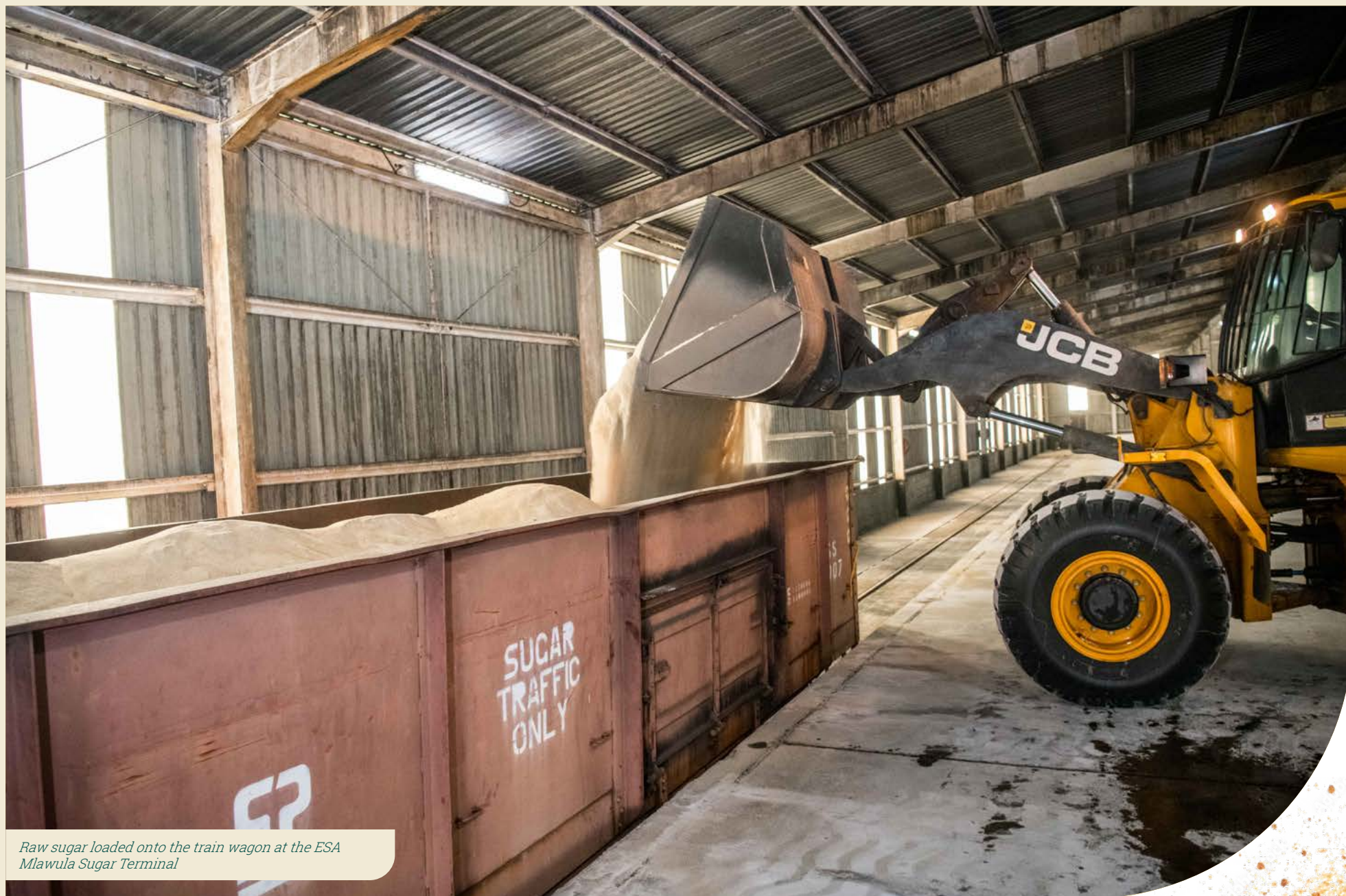




# How we create value (continued)

## Our value chain





*Raw sugar loaded onto the train wagon at the ESA Mlawula Sugar Terminal*



# Our strategy and resource allocation

Our key strategic objectives and enablers

27



## In the long-term, we look to continue to explore ways to broaden the sugarcane industry.

This year under review marks the third year of our Corporate Strategy and Marketing Plan 2021–2026. Our overarching strategic goals and priorities have remained fundamentally unchanged following the bi-annual review of the plan, and our commitment to building a sustainable and profitable industry that can weather future challenges and ensure long-term growth is unwavering. We stand steadfast in our drive to maximise production, remain competitive, and expand our markets on both a regional and international front.

The shift towards value-added and specialty sugars will enable us to meet evolving consumer demands and preferences while generating higher revenues. At the same time, implementation of industry-wide sustainability improvements will enhance our reputation as a respected supplier across global value chains.



*Pan Boiler inspects formation of crystals on the massecuite*

## Our key strategic objectives and enablers

### Strategic Objectives



Sustainability through land allocation, efficient resource management, certification to core standards, and research and development



Industry alignment



Diversification across new markets, products, and the supply chain



Beneficiation across sugar and bagasse

### Enablers



Research and development



Expansion of roles and responsibilities



Skills development



Beneficiation of bagasse



Technology



Infrastructure development

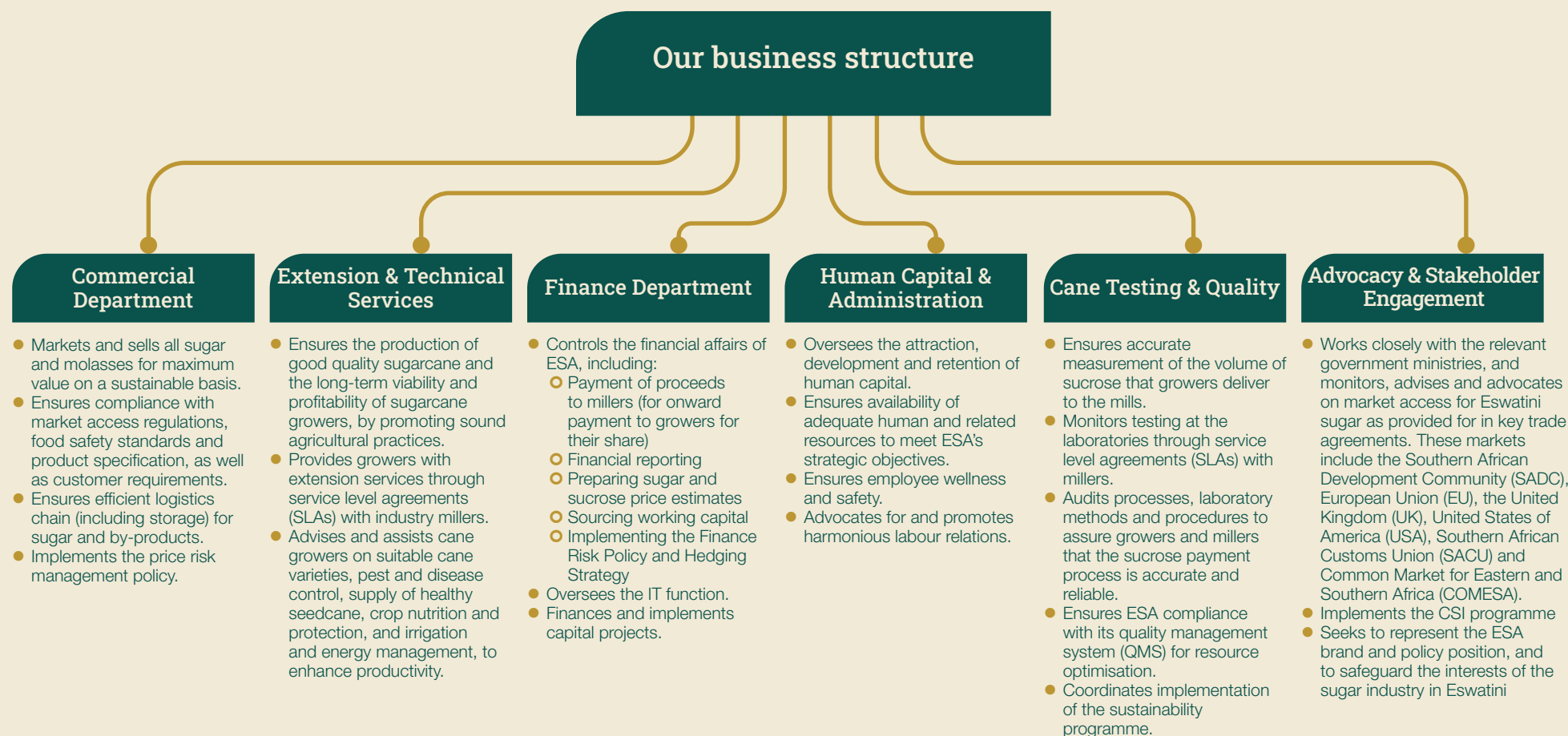


Stakeholder alignment



# Our business structure

*Raw sugar on a conveyor belt*





# Our operations

Extension and technical services	31
Cane and quality testing	34
Commercial department	34
Human capital	36

*Sugarcane fields in Siphofaneni*





**The success of our business rests on our ability to swiftly respond and adapt to changes in our operating environment.**

*Sugarcane going through the cane receiver kicker drum*

Global challenges underscore the complexity and interconnectedness of the factors shaping industry performance, factors that ESA was successfully able to navigate. If we are to remain competitive in the face of shifting consumer behaviour, climate change, adverse weather conditions, geopolitical events and sustainability concerns, we are to embrace innovation and technological advances.

### Extension and technical services

During the year under review, the extension and technical department focused on water management in the form of assisting growers with the rehabilitation of underperforming irrigation systems, and on promoting best practices in irrigation.

**Our overarching goal was to increase the performance of small-scale growers to 93% of large-scale growers in line with the industry's Best Management Practice Manual.**

### Projects and initiatives

#### Transition to solar

We encouraged growers to convert to solar energy for irrigation due to the cost and efficiency benefits of using solar power during the day. Although moving off the grid entirely is not feasible based on the number of growers and their levels of energy consumption, prioritising daytime solar irrigation has proven to be more economical.

To facilitate this transition, we approached donors to assist small-scale growers in managing their irrigation expenses more efficiently, particularly those who lack the financial means to install solar.



Read more about our performance on page 38.

We are cognisant that new technology will not always be adopted at the same pace by all our growers. Furthermore, not all growers have the financial resources to adopt the latest crop management practices. As facilitators, ESA's role is to offer guidance, advice and technical training, which we provide through our extension officers.



## Our operations (continued)

### Extension and technical services (continued)

#### Projects and initiatives (continued)

##### Stakeholder energy forum

We are actively involved in government's national stakeholder energy forum that invites independent power producers, including growers, to contribute to energy initiatives. We are also investigating ways to assist growers to obtain installer accreditation, to ensure that they get up to standard installations to last the intended lifetime of the investment.

##### Biodiversity and healthy soil

Preserving biodiversity is crucial to a healthy ecosystem and to long-term sugarcane productivity, and we protect our biodiversity by promoting sustainable land management, avoiding deforestation and encouraging practices to improve soil fertility, reduce erosion, and sustain organic matter.

To this end, we offer growers guidance on soil amelioration, preventing erosion, maintaining organic matter and the judicious use of agrochemicals.

##### Trial sites underway/Boosting overall quality

Extension and technical services provide a comprehensive and seamless service, overseeing requests for new seedcane, managing the production and distribution of seed, and supervising the replanting of new fields.

Trials of 20 new varieties of sugarcane that are resilient to climate change are underway, alongside efforts to identify optimal varieties for specific locations. We have similarly prioritised the use of herbicides to manage weed growth and ripeners to boost sucrose content, with the aim of improving the overall quality of our sugarcane yield.

We also encouraged growers to apply ripener early in the season to enhance the sucrose quality ahead of harvesting in April. Unfortunately, heavy rainfall in December and January negatively affected the quality of cane, inhibiting it from maturing fully and resulted in a poor harvest. Being unable to access the fields served to further compound the issue.

##### Refining weather forecasting methods

The agricultural sector was beset by adverse weather conditions, with a number of fields being severely damaged by heavy rains, hail and strong winds, consequently affecting the crop and reducing the yield.

We continually monitor field conditions, recommend replanting or carrying over crops where necessary, and fertilise to mitigate the effects of nitrogen that may have been leached from the soil. However, the industry is extremely vulnerable to these unpredictable and volatile weather patterns, and extension and technical services are relentless in our search for more effective strategies to mitigate the impact of climate change.

Later in the season, temperatures approaching 40°C brought about further challenges, which we were able to manage through a strategic irrigation regime. In addition, we liaise with meteorologists to warn growers about storms and any necessary precautions. The models used are no longer accurate, however, and we are collaborating with meteorologists to refine forecasting methods to allow for issuance of early warnings when necessary.

##### Integrated pest management

We recognise the impact of pesticides on both the environment and on human health and advocate for integrated pest management strategies, using natural and biological pest control wherever possible, with the responsible use of chemical pesticides only when essential. We also promote adherence to the usage of agrochemicals as regulated.

We again encountered biosecurity challenges in the year, with an outbreak of plant hoppers due to high rainfall, humidity and very high temperatures. However, in collaboration with other sugar industries, we were able to find a suitable chemical to address the situation.

Furthermore, there was a resurgence of yellow aphids, arising from the high temperatures and rainfall. We are carefully monitoring the situation, and workers and teams on the estates have been trained to track and manage the disease.

Integrated pest management is part and parcel of the process, and regular surveys of prevailing pests and diseases are conducted to assist growers in this regard.

**Setting aside climate change and other factors beyond our control, the outlook for the industry looks promising.**

### Building capacity

Growers attend annual training on topics ranging from corporate governance to skills development. We have also budgeted for formal training to build the technical, managerial, financial and business management skills of as many growers as possible. Notably, we have seen a marked improvement in the performance of farms who have employed people with relevant qualifications, and hope this trend will gain momentum into the future.

Our annual Smallholder Sugarcane Growers' Competition, run with support from other public and private sector organisations, recognises high-performing small-scale growers for sustainable farming methods and best practice. As one of the prizes, winners are enrolled in a certificate course in sugarcane husbandry offered by the South African Sugarcane Research Institute (SASRI), empowering them to acquire the skills necessary to become active players in the sugar industry.

During the year under review, three people from extension and technical services and five growers attended the course. Our intention is to increase participation substantially in the year ahead.

### Field mapping milestone

The completion of the field mapping project to digitise our land parcels represents a significant milestone. This data will be available through GIS software and will facilitate better land management and future decision making.

### Water storage dams progressing

One of our climate resilience goals was to ensure sufficient water storage dams to accommodate industry expansion. Construction of the Mpakeni Dam is progressing steadily, a feasibility study of the Silele Dam is underway, and budget for the final dam, Silingane, has been allocated for in the new financial year by the Government of Eswatini.

### Performance of green energy

A pilot satellite-based irrigation scheduling system has been introduced to replace the current manual system. Once the cane is harvested, we will be able to measure the accuracy and benefits of storing data in the cloud.

### Drone surveillance

We are exploring two technological innovations to boost operations: Firstly, a trial of drone surveillance of fields began in March and will assist us in monitoring a far broader area in a shorter space of time. Secondly, we are employing satellite technology to estimate yields and identify crops that are under stress, for early intervention. If these trials are successful we will consider rolling out these technologies in the future.

### Looking ahead

**In the long-term it would be wise for the industry to embrace technology and forecasting models, including the integration of early warning systems and artificial intelligence (AI), akin to those used by countries such as Australia, Brazil and Mauritius.**

The use of drones in operational management is gaining popularity, and the industry would do well to embrace innovation and smart farming to remain both competitive and sustainable.

The industry's interest is to grow cane with high sucrose levels, to support the required high level of sugar production. On the other hand, with co-generation taking place, a variety that contains more bagasse and high biomass is required, and yet these varieties then tend to have lower sucrose levels.

A balance therefore needs to be struck when choosing varieties to achieve the overarching vision. The need to explore different, climate-resilient sugarcane varieties in conjunction with the broader value chain proposition is therefore essential.

We are committed to nurturing long-term viability, resource efficiency and sustainability in the industry, and we are exploring alternative models to ensure compliance with standards and pay out dividends to growers, is one option.

**A united vision for the industry is pivotal to our collective success. There is no doubt that with sustainable crop production and consensus on products, processes and outputs, the industry will continue to grow.**



## Our operations (continued)

### Cane and quality testing

ESA's independent cane testing service at the mills is a critical element of production to ensure that millers and growers are equitably compensated according to pol % cane.

Cane testing helps to pinpoint variations or abnormalities in the quality of the cane, enabling potential issues to be addressed early. It is the cornerstone of quality control across the production process.

Last year, in collaboration with the University of Eswatini, ESA established the country's first independent sugar testing laboratory. This laboratory will decrease reliance on sugar quality testing outside the country, and drastically reduce the cost of testing and the turnaround time of results.

The laboratory has enrolled in an inter-laboratory proficiency scheme with other sugar testing facilities to build capacity, benchmark best practices, and improve the accuracy and reliability of test results. The scheme forms part of the accreditation process scheduled for completion by end 2024/25.

### Commercial department

The commercial department enjoyed a predominantly positive year, meeting its strategic objectives and targets in almost all respects this year, despite only achieving sales of 583 202 tonnes (2023: 605 556 tonnes).

**Despite external pressure and a myriad of challenges largely beyond our control, we are satisfied with our performance.**

Pricing and revenues performed well despite the negative effect of lower production volumes and out-of-specification sugar quality. Delays experienced during the crushing season, logistical hurdles, and congestion at the ports, and other delayed services exacerbated our ability to deliver seamlessly.

Although minor compared with other challenges, volatile global freight costs in the latter part of the year, driven by developments in the Red and Black Sea regions, contributed to an already complex situation. While we do not ship to those areas and were not directly impacted, its impact was felt by the whole shipping industry. Learning over the past two years have led us to implement different strategies to mitigate exposure to these varying freight costs.

However, we aim to enhance our logistical capabilities by establishing a warehouse in Durban to manage our bulk stock destined for overseas markets more efficiently and ensure flexibility in the flow of shipments, given challenges in South Africa.

### New partnerships boost sales

At the start of the year, our primary focus was to catch up on shipments that had been deferred in the previous reporting period due to shortfalls in production, and to boost the sale of specialty products such as demerara, particularly into the EU market.

We pride ourselves on producing the highest quality sugar in the region, but the effects of climate change and inclement weather left us unable to meet our sales targets. We were therefore obliged to reassess our approach to maintain reasonable returns and explored a number of new avenues to market the product that deviated slightly from specification.

Additionally, we formed partnerships with food manufacturers who use sugar to supplement feedstock for molasses or who refine sugar from raw state.

### Market expansion

Efforts to increase the volume of our specialty sugars, Demerara and Nucane was met with obstacles, but the primary goal of the commercial department was to achieve a remunerative price for our product, and in this we succeeded.

In line with our strategic objectives, we constantly explore opportunities to add value to our products and reduce our costs of logistics.

**In addition, we are cautiously considering expansion into other markets such as Taiwan as part of our market diversification strategy, and if our sales trial proves successful, we hope to ship larger volumes next season.**

Since returns fluctuate across geographies, the flexibility to seize opportunities as they present themselves to optimise returns is key.

## AfCTFA a source of growth

AfCTFA, the continental free trade agreement holds promise and we hope to grow in this market. At this stage, however, there have been no tangible commercial outcomes and returns are not sufficient to warrant switching from existing markets. We are very pleased though with the opportunities the Agreement presents for us to grow across the continent. With changing dynamics in our other traditional markets such as the EU, there is scope to divert into the continent to create more value.

## Growing demand for bagged sugar

Bagging direct consumption sugar offers a higher return than raw bulk sugar and the growing demand for 50kg and 25kg bags in the EU market presented us with a valuable opportunity.

An assessment of the mills' capacity to bag all the sugar produced for direct consumption, provided it met quality standards, established that only Ubombo and Simunye mills have adequate capability. Furthermore, our bagging facilities only operate during crushing. We consequently invested E35 million in capital expenditure to increase the bagging capacity at Mhlume mill to capitalise on this opportunity.

We expect to enjoy the fruits of these investments in the new season.

Our focus on increasing the manufacturing of Nucane and Demerara stem from responding to changing consumer preferences and we will continue to seek out valued-added opportunities. We believe our low-GI sugar offering will set us apart in Africa, and as a long-term strategy, we plan to convert all our brown sugar to low-GI.

## Sustainability pivotal

We realise that consumer emphasis on sustainability considerations are set to reshape the market landscape and, while we have not faced any direct compliance requirements, we are taking proactive steps to meet future expectations. Further to working towards attaining Bonsucro certification, we are implementing a programme to ensure that our sugar is sustainably produced over the next decade.

**We firmly believe that our sustainability certification will become a cornerstone of our value proposition and provide a distinct competitive advantage.**

## Operating smoothly

Our primary obstacle was the quality of sugar produced, leading to customer complaints, and penalties in some instances. Moreover, delays in production meant that by the time sugar was available, market conditions had shifted, and prices had fallen from the levels they may have been during negotiations of the sale.

In addition, during the year under review, the EU allowed unlimited volumes of Ukrainian imports, in all likelihood as a way of supporting the country during the war. This influx of sugar contributed to an oversupply and the market collapsed.

To optimise profitability, we prioritised supply into the European market over the regional market, but were consequently unable to meet regional demand due to the drop in production volume.

## Looking ahead

We expect the world sugar price to decline once geopolitical tensions related to Russia and Ukraine cease, although the potential impact on our business is uncertain. Since our sugar is predominantly for export markets, any decrease in prices adversely affects us. Moreover, concerns regarding market access, including the threat of sanctions and other geopolitical factors may likewise affect returns.

Moreover, the current benefits from SACU sugar import tariff regime may not be permanent, potentially jeopardising our sales to SACU countries. Finally, the outcome of South Africa's upcoming elections presents further risk if there are shifts in government policies pertaining to tariffs and industry support.

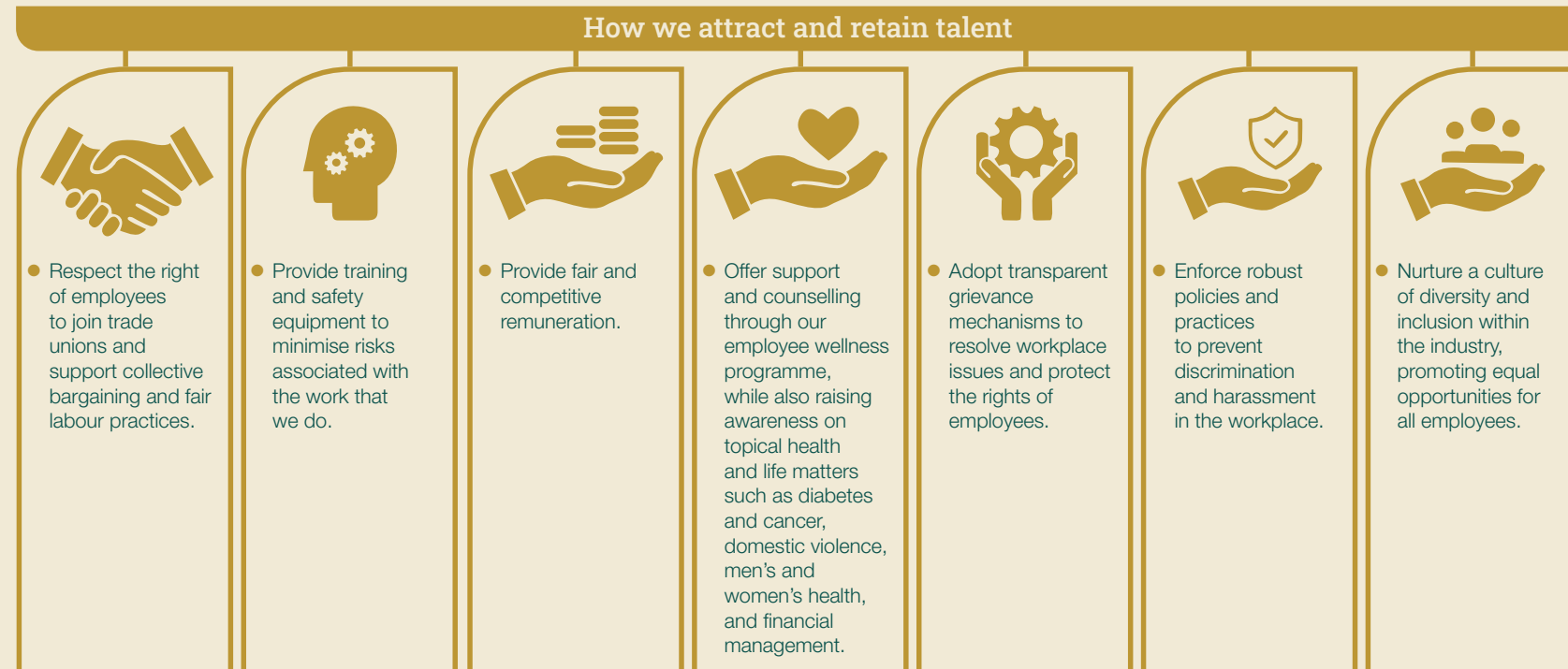
Our business success relies on both the quantity and quality of sugar produced, with climate change exerting a significant influence on our production levels. We will continue to closely monitor all these factors and adapt our strategy where necessary, to become an innovative, competitive and sustainable sugarcane entity that delivers world-class sugar to our members and stakeholders.

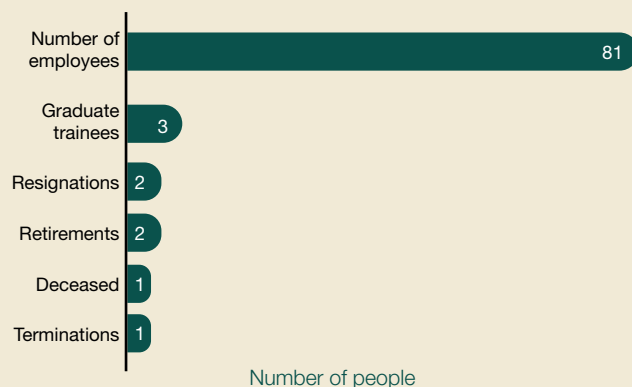


# Our operations (continued)

## Human capital

Our people are one of our strategic enablers and we recognise the role their experience and expertise play in our continued success. We are proud of our low staff turnover rate; a reflection of our ability to attract and retain talented people.

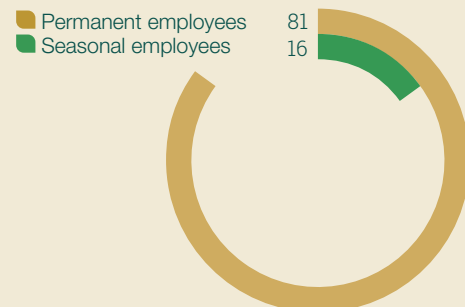




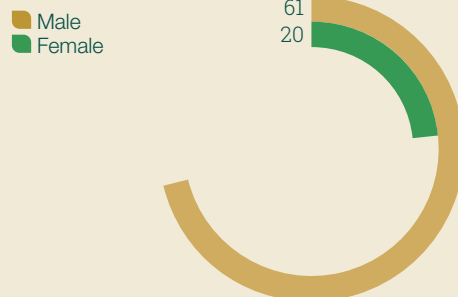
#### Staff turnover

4,94%

#### Number of employees



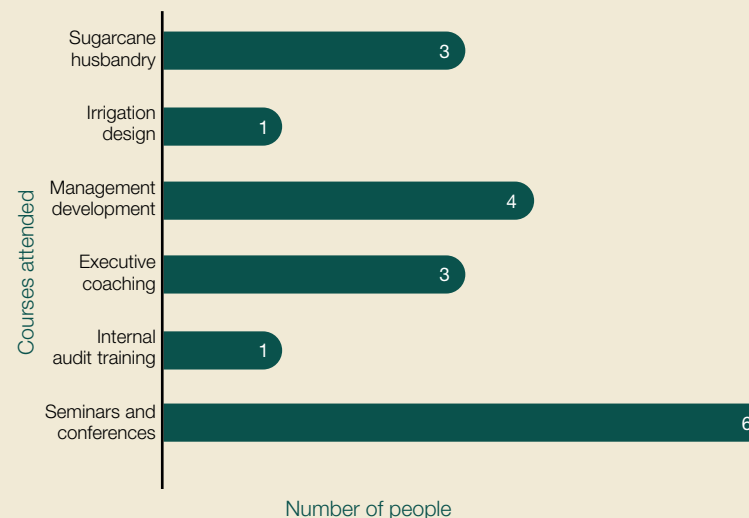
#### Gender



## Training and development

**We see training and development as fundamental to the long-term viability of our business.**

Our ongoing investment in employee development, succession planning, executive and leadership development, and technical training serve to build our talent pool, simultaneously empowering our people to meet the demands of an ever-evolving work environment.



**22%** of employees attended training

#### ERP on track

SAP S/4HANA Public Cloud, our new enterprise resource planning system (ERP) that will enable us to enhance customer support and data accuracy is scheduled to go live in April.



# Our performance

Performance against strategy

39



The industry has grappled with an array of complex macro-challenges that have impacted both performance and growth over the past year. Yet, despite these factors, we have for the most part, successfully delivered on our strategic objective.

Our 2023/24 performance has shown moderate improvement over the previous year's disappointing results. Sales decreased by 3,7% (2023: 605 556 tonnes) and, despite poor yields and the quality of sugar challenges, revenue is up by 13% (2023: E6,44 billion). This is mainly due to high world market sugar price supported by a favourable foreign exchange rate. Despite a tough year, we successfully navigated our challenges and are pleased with our results. After all, "if a centipede loses a leg, it does not prevent him from walking" – Senegalese Proverb.

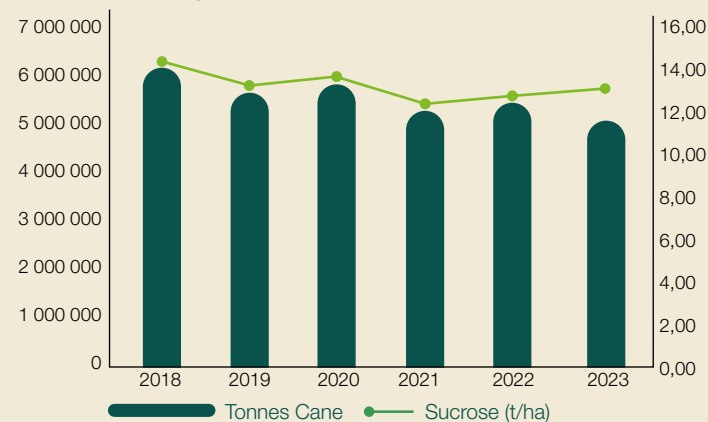


Read more about our results on page 39.

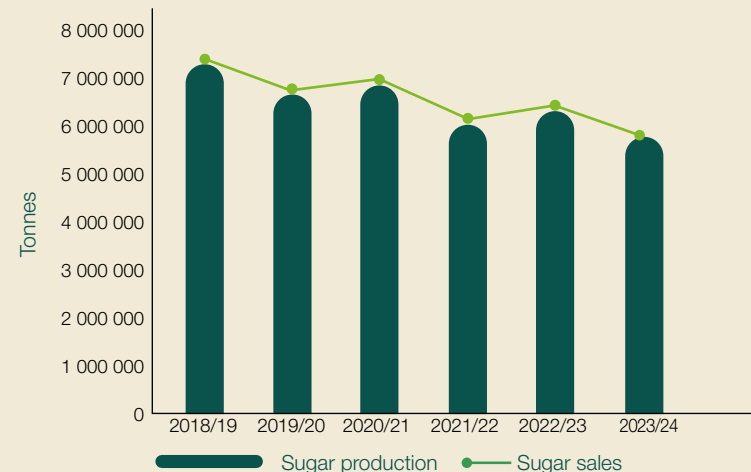
## Performance against strategy

We aimed to achieve a 96° pol sugar price that was 3% higher than was budgeted.

### Cane and sucrose yields



### Production and sales







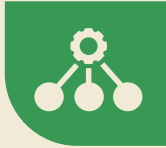

A Warehouse Stacker tying a 1-ton bag of sugar









## Our performance (continued)

### Performance against strategy (continued)

#### Market dynamics

European Union		
	Market was favourable over the past year – high prices were realised	<b>Outlook</b>  Prices started to fall due to improved domestic EU production and increased imports from Ukraine
	We were able to sell more VHP DC sugar in the market	
	Heightened efforts to sell speciality sugars dampened by low production	
USA		
	Fixed supply through a tariff rate quota	<b>Outlook</b>  A few countries not able to supply their quotas creating room for increase of reallocation volumes
	Additional allocations are given when there is a shortage in the market	
	ESA strives to supply these additional allocations because of the premium	

COMESA		
	Production in Kenya dropped in the past year. Prices were high, but low production was a challenge	<b>Outlook</b>  Competition remains high as most sugar producers in the region are increasing their production capacity
	To increase supply into the market, imports from all origins were allowed into the market – presenting stiff competition for Eswatini sugar	
	Aggressively pursuing greater market share in the region – Rwanda, DRC, Zimbabwe	
SACU		
	South Africa seeing a recovery in their production for the new season	<b>Outlook</b>  Pressure from non-sugar producers to import sugar from the world market into SACU still ongoing
	Tongaat Hulett business operations have been bought – could improve production	
	South African «Buy Local» campaign has gained traction	

## Strategic focus areas

Our strategic focus areas underscore the industry's unwavering commitment to optimise production, enhance market penetration, and nurture innovation with the goal of remaining competitive in both domestic and international markets.



*Trucks offloading sugarcane onto the spiller table at the Ubombo Sugar Mill receiving area*



## Our performance (continued)

### Performance against strategy (continued)

#### Strategic focus areas (continued)

##### MARKET & PRODUCT DIVERSIFICATION

###### Deliverable

Diversification across new markets, products and supply chain segments

###### Measurement

- 1.1 Achieve production target of 10 000 tonnes and sales of 8 000 tonnes of specialty sugar (Nucane and Demerara) sold in the SACU and EU markets.
- 1.2 Increase the volume of specialty/DC sugar sold to the export markets, on condition that their net return is higher than bulk sugar.
- 1.3 Formulate a proposal on the development of new value-added products or projects.

###### Outcome

- Achieved production of 4 392 tonnes Nucane and 8 256 tonnes Demerara.
- A total of 70 200 tonnes of specialty/DC sugar was sold to export markets – increases on FY23 volumes.
- Work to identify a project is ongoing.

##### SUSTAINABILITY

###### Deliverable

Sustainability – land use, efficient resource management, certifications and R&D

###### Measurement

- 2.1 Coordinate and support identified industry members to achieve Bonsucro standard certification.
- 2.2 Review of the industry Best Management Practices (BMP) manual to improve and align it with sustainability production standards.
- 2.3 Achieve target for small-scale growers to achieve at least 93% of large-scale growers' performance by the end of FY 2023/24 in terms of tonnes cane per hectare per annum (TCH/AN) and tonnes sucrose per hectare per annum (TSH/AN).

###### Outcome

- Work is ongoing.
- Review of BMP completed and manual was launched.
- Achieved 97,83 TCH/AN and 13,36 TSH/AN for the industry. For SSGs, TCH/AN reached 90,5% of last-scale grower performance. TSH/AN was 96,3%.

1

2

**INDUSTRY ALIGNMENT**

**Deliverable**  
Industry alignment

**Measurement**

- 3.1 Develop advocacy plan for biofuel sector development.
- 3.2 Pursue development of a framework aimed at industry-wide adoption to facilitate discussions on areas of misalignment.

**Outcome**

- Regulations for the biofuel sector are to be presented to Parliament. Construction of a fuel blending facility to be started in 2024/25.
- The miller-grower forum has met several times to discuss matters and craft a way forward.

**PROJECT IMPLEMENTATION**

**Deliverable**  
Implementation of projects

**Measurement**

- 4.1 Finalise procurement of the ERP and prepare to go live on 1 April 2024 within the approved budget.

**Outcome**

- Procurement was finalised and implementation on track for April 2024 go-live.



# Managing risk

Material matters  
Risk register 2023/24

45

46



## Material matters

Our material matters encapsulate those factors with the potential to significantly impact our ability to create value in the short-, medium-, and long-term.

ESA conducts a comprehensive annual review of the material issues that could affect our ability to deliver on the strategic objectives contained in our Corporate Strategy and Marketing Plan and that may influence the value we create over time. We assess the potential impact of each risk and rank the likelihood of it occurring. The risks as outlined were deemed material for our operations and strategic in nature, thus necessitating rigorous monitoring and mitigation measures. Additionally, operational risks were monitored at departmental level and mitigation measures put in place.

The risk register below reflects the mitigation measures for the year under review. Internal Audit further engaged with Management to ensure that the mitigating actions implemented adequately addressed the associated risks. No emerging risks were identified during the course of the year.

Council is ultimately responsible for ESA's risk management strategy, overseen by the Audit and Risk Committee, whereas day-to-day risk management falls within the ambit of ESA's management team.

## Probability (P)

Probability Level	Description (Frequency)	Frequency (years)
Rare	The event may occur only in exceptional circumstances	Once in 20 years
Unlikely	The event hasn't happened before but could occur at some time	Once in 10 years
Moderate	The event could happen and has happened before	Once in 5 years
Likely	The event will probably occur in most circumstances	Once in 2 years
Almost certain	The event is expected to occur in most circumstances	Annually

## Impact vs Probability (Likelihood) Matrix

IMPACT	Catastrophic	5	L	H	VH	VH	VH
	Critical	4	L	H	H	VH	VH
	Serious	3	L	M	H	H	VH
	Significant	2	L	L	M	M	M
	Minor/ Insignificant	1	L	L	L	L	L
			1	2	3	4	5
			Rare	Unlikely	Moderate	Likely	Almost Certain
			PROBABILITY				

VH	Very High Risk
H	High Risk
M	Medium Risk
L	Low Risk




# Managing risk (continued)

## Risk register 2023/24

### Risk #1

#### Adverse developments in SACU and regional markets.






H

Strategic objective impacted	Potential impact	Mitigating actions	Capitals affected
Increase in sugar price	Adverse developments in SACU and regional markets could reduce the value of sales for the industry due to factors such as decreased demand for Eswatini sugar; changes in the SACU arrangement impacting access into the market; increased competition from other sugar-producing countries or barriers to market access.	<ul style="list-style-type: none"> <li>Regular engagements were held with counterparts in the region to get the necessary updates to determine if remedial action was necessary. There were no adverse developments in SACU or the region that negatively affected market share or value of sales.</li> </ul>	

### Risk #2

#### Unreliable production forecast and an inability to meet quality specifications.

H

Strategic objective impacted	Potential impact	Mitigating actions	Capitals affected
New markets, products and supply chain	Production forecasts resulted in lower volumes of sugar produced than was anticipated, putting a strain on sales commitments and having sugar to offer to new customers. Sugar produced out of specification could not be sold. Both elements have led to reputational damage.	<ul style="list-style-type: none"> <li>Means to improve the production forecasting being explored.</li> <li>Frequent engagement with production team were held to get the on-time updates, enabling the sales team to adapt their marketing plan and revenue expectations timeously.</li> <li>Mills' capabilities to produce the required quality of sugar was closely monitored, with a comprehensive complaint tracking process in place to ensure the matters are resolved.</li> </ul>	    

VH

Very High Risk

H

High Risk

M

Medium Risk







L

Low Risk

**Risk  
#3**

**Failure to meet Bonsucro certification requirements will affect the viability of small-scale sugarcane growers given changes in legislation and global supply chain disruptions.**




**H**

Strategic objective impacted	Potential impact	Mitigating actions	Capitals affected
Sustainability – land use, efficient resource management, R&D	<p>Potential loss of customers due to their growing awareness of and requirement of product compliance with sustainability standards.</p> <p>Costs may escalate if growers are not VAT-registered and unable to claim input VAT.</p> <p>A lack of funding for key cane-growing inputs, such as fertiliser could reduce cane yields, prompting some farmers to move away from growing cane.</p>	<ul style="list-style-type: none"> <li>Stakeholders were sensitised on sustainability standards and customer requirements.</li> <li>Critical players in Bonsucro certification were trained, and progress continually monitored.</li> <li>Grower cost survey was conducted to identify key cost drivers to inform priorities and development of action plans to help contain those costs.</li> </ul>	     

**Risk  
#4**

**Lack of remunerative alternative products.**

**H**

Strategic objective impacted	Potential impact	Mitigating actions	Capitals affected
Beneficiation of sugar, bagasse, molasses	Loss of revenue attributed to the volume of sugar sold at lower market price as a result of no alternative products produced.	<ul style="list-style-type: none"> <li>With biofuel as a possible alternative product to be explored, the legislative landscape to develop this was confirmed to be available, with the regulations for biofuels ready for presentation to Parliament.</li> <li>The construction of the fuel reserve and blending facility to start in 2024.</li> <li>Efforts to improve the beneficiation of sugar were made by: <ul style="list-style-type: none"> <li>improving sugar quality so that more sugar can be bagged and sold for direct consumption;</li> <li>invested in bagging capacity to increase sugar that can be sold for direct consumption.</li> </ul> </li> </ul>	  

**VH****Very High Risk****H****High Risk****M****Medium Risk****L****Low Risk**



# Sustainability

Sustainability projects	49
Environmental protection	49
Bonsucro certification	49
Deforestation	49
Farm sustainability assessment	49
Carbon and water footprint reduction	48
How we reduce carbon footprint in irrigation	50
Transitioning to green energy	51
Social responsibility and community engagement	51
Fairtrade market and certification	51
Fairtrade expansion	51
Supply chain integrity	51

*Fertiliser application at the Maphobeni  
Farmers Association's sugarcane fields*



**Our impact extends beyond the regulation and development of Eswatini's sugar industry, and the marketing of Eswatini sugar. We recognise the role that we can and should play in fostering environmental stewardship and tackling wider social and environmental issues.**

We have consequently prioritised the implementation of responsible and sustainable practices across all facets of our operations. This commitment is reflected in our ongoing efforts to improve environmental protection, promote responsible agricultural practices, and foster the well being of all our stakeholders.



Read more about our initiatives on page 52.

#### Sustainability focus areas



## Sustainability projects

This year ESA focused predominantly on three of our five sustainability focus areas: environmental sustainability, social responsibility and supply chain integrity.

### Environmental protection

#### Bonsucro certification

Progress towards Bonsucro certification for the identified industry members has been hampered by a lack of expertise and capacity. In the meantime, consultants have been appointed to expedite the development of the compliance documentation being: the Biodiversity Management Plan, Climate Change Mitigation and Resilience Plan, and the Sustainability Management Plan.

In addition, training of employees responsible for implementation was deemed essential to bridge further gaps in achieving Bonsucro certification. Since July 2023, 28 production standards certificates and 16 chain of custody certificates have been issued. Internal training is being explored to capacitate the teams and we have further engaged with partners and stakeholders to leverage shared knowledge and best practices.

A gap assessment on the standard requirements was done for the industry and it found some areas that required remedial action for certification. Technical services subsequently conducted a study on a sample of growers to further assess what was pertaining on the ground. With the assistance of Bonsucro, an assessment of Bonsucro-compliant practices from other industries is now underway to allow us to benchmark accordingly.

#### Deforestation

Deforestation is a thorny issue across the global sugar industry, particularly with regard to sustainability standards. During the year, we attended two workshops facilitated by ProForest, to explore possible solutions and a unified approach to deforestation remediation.

**Key takeaways were an absence of reliable data on the extent of deforestation and conversion in the sugar sector, the urgent need for traceability and engagement, and the importance of context in tackling remediation and recovery.**

ProForest is in the process of drafting a sector-specific remediation process flow as the next step to establishing sectoral alignment and striking a balance between conservation and expansion requirements. Stakeholder and community engagement, key biodiversity assets and government initiatives are essential to identifying other external factors such as cases where sugar is not the only driver of deforestation.

#### Farm sustainability assessment

One of the mills, Ubombo Sugar Limited (USL) has been certified under the Farm Sustainability Assessment (FSA) programme, and is expanding certification to outgrowers in the South to improve sustainability practices at farm level.



# Sustainability (continued)

## Sustainability projects (continued)

*How we reduce carbon footprint in irrigation*

	<b>Reduce carbon footprint in energy use during irrigation</b>	Incorporating irrigation scheduling software (Cane shed) into farm operations will prompt needs-based irrigation and reduce energy use, carbon emissions and costs. Cane shed will prompt irrigation management when to irrigate.
	<b>Reduce blue water footprint</b>	Cane shed enables irrigation based on need, and will reduce irrigation water used applying traditional methods.
	<b>Instil a culture of irrigation scheduling by sugarcane farm management</b>	To make the software an integral part of farming operations, participants will be required to use appropriate technologies to upload key water and irrigation data.
	<b>Track carbon emissions in direct sugarcane farming operations</b>	Participants will complete a monthly questionnaire on key carbon emissions parameters. The data will provide insight into key emissions per farm and will be used as a basis for further interventions.
	<b>Evaluate the effectiveness of solar energy in reducing irrigation energy costs</b>	Five growers who have solar systems will be compared with five similar growers who do not have solar.
	<b>Increased compliance of Fairtrade growers to the production standard</b>	Fairtrade growers will increase compliance with climate change, efficient energy use, greenhouse gas emissions, carbon sequestration and efficient water usage.

### Carbon and water footprint reduction

The industry is actively engaged in reducing greenhouse gas emissions associated with our operations by implementing energy efficiency measures, exploring renewable energy sources, and by the continual monitoring and management of emissions.

**The €50 000 Carbon and Water Footprint Reduction Project designed to help small-scale growers reduce their greenhouse emissions and water footprint, has made significant strides. The project is supported by Fairtrade International.**

Trials of cloud-based irrigation scheduling software used to track water usage and energy are underway. Workshops with the 42 participating small-scale growers and three of the Fairtrade-certified federations have taken place to secure buy-in, while two representatives from each participating entity will attend specialised training on the software. The project launches officially on 1 April 2024.

### Transitioning to green energy

**The high cost of grid energy remains a considerable challenge for growers, prompting many to invest in solar power as a sustainable and cost-effective alternative.**

A total of 27 (2023: 21) growers have transitioned to solar power generation, while a further two are in the process of constructing solar power plants. Solar power generation capacity has consequently grown by 1,6% from 7,271 kWp to 7,385 kWp. In addition, 1,054 kWp was installed in the 2023/24 season by seven individual growers.

The shift towards renewable energy is gaining momentum, signifying a positive step towards energy supplementing, both economically and environmentally.

### Social responsibility and community engagement

#### Fairtrade market and certification

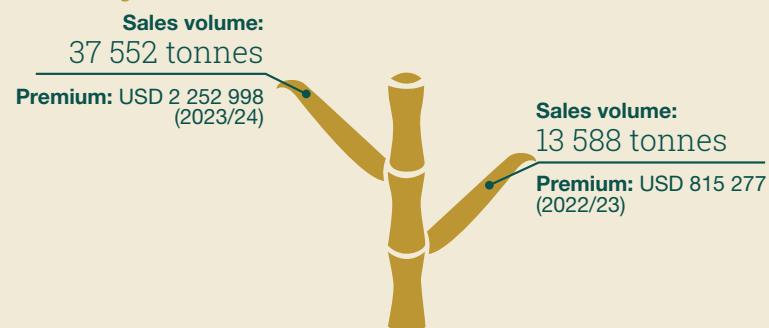
ESA is a certified trader of Fairtrade (FT) sugar, with six Fairtrade certified groups in the industry comprising 27 small-scale farmer associations. The EU is our primary market for FT sugar.

Flocert certification audits, crucial to ensure compliance with Fairtrade standards, were conducted at Maplotini, Mavalela and Phakama Mafucula Farmer Associations in the first quarter, with all three growers meeting the social, environmental and economic criteria.

**Despite a decline in volumes, premiums earned on Fairtrade sugar remained significant.**

Fairtrade sales volumes for the period 1 April 2023 to 31 March 2024 reached 37 552 tonnes, generating premiums of USD 2 252 998. This represents an 176% increase year-on-year from USD 815 277 earned on 13 588 tonnes.

#### Fairtrade sugar sales



#### Fairtrade expansion

The framework designed to ensure the responsible and sustainable expansion of the Fairtrade programme and to guide future membership approval and regulate the Fairtrade programme in the Eswatini sugar industry, was approved by Council in March 2024.

#### Supply chain integrity

ESA is committed to developing robust traceability systems to track the origin of raw materials and ensure sustainable practices across the supply chain, working closely with suppliers and partners to do so. The implementation of standards such as Bonsucro will assist in developing these systems.



# Corporate social responsibility

Corporate social responsibility  
Engaging our stakeholders

52

54



## Our corporate social responsibility initiatives in the health, environment, education and sports sectors reflect our commitment to nurture and develop communities within and beyond the sugar belt.

This financial year, E1 200 000 supported eight projects across various sectors of our communities.

### Eswatini youth biodiversity network

The Eswatini Youth Biodiversity Network (EYBN) is a youth-driven organisation that promotes conservation by establishing eco-clubs in schools and introducing permaculture practices. An affiliate of the Global Youth Biodiversity Network (GYBN), EYBN works to instil sustainable environmental practices among the youth.

Our E30 000 contribution enabled EYBN to conduct awareness sessions in four schools, reaching close to 500 students, 110 of whom joined the clubs. We believe that fostering environmental awareness among young people is an investment to ensuring environmental stewardship to preserve the environment into the future.

### STEM exhibition

The value of science, technology, engineering, mathematics, and innovation (STEM) expertise in shaping the future of the agricultural sector, the sugar industry and the economy at large, cannot be overstated. Accordingly, we contributed E20 000 to the third annual Royal Science & Technology Park (RSTP) STEM exhibition in November 2023.

Activations were held at 11 primary and high schools countrywide to inspire students to consider careers in STEM and encourage them to register research projects for the event. Over 300 people attended the exhibition. It is through such initiatives that the industry needs and skills' gaps are bridged.

### Cheshire homes plumbing project

Cheshire Homes Eswatini is a rehabilitation facility for adults and children living with disabilities. As part of our commitment to both persons living with disabilities and proper healthy water and sanitation, we assisted the home to upgrade its plumbing system at the Matsapha facility by contributing E150 000.

### Diabetes educational outreach

Our support of the Diabetes and Hypertension Community Outreach Programme underscores our commitment to nurturing a healthier society by promoting health education and empowering communities to make informed decisions regarding their well being.

We partnered with Diabetes Eswatini by contributing E200 000 to raise awareness about diabetes, sensitise communities on the disease, and dispel misconceptions surrounding its association solely on sugar consumption. As part of this initiative, Diabetes Eswatini provided educational sessions, diabetes screening and health services to five communities.

### School furniture donation

ESA donated much-needed desks, tables and chairs to the value of E200 000 to two disadvantaged primary schools in the southern sugar belt – Dlakadla Primary School at Siphofaneni and Lompala Primary School in Big Bend.

Both single-stream schools located in remote areas are thriving. The 535 learners produce excellent academic results and are regarded as beacons of hope in their communities.

### National schools sports competition

For many years, ESA has invested in school sports as a means of promoting the health, wellbeing, physical fitness, and cognitive development of school children in our communities. This year, we donated E50 000 towards the Eswatini Schools Sports Association (ESSA) National Schools Sports competition.

### Dental outreach

The Rotary Club of Mbabane holds an annual dental-cum-health outreach to provide children with access to dental and health care and to allay misconceptions about sugar consumption on dental health. This year we donated E50 000 towards the upcoming outreach in the Shiselweni region.

### Baphalali Eswatini Red Cross Society

Our E500 000 contribution to the Baphalali Eswatini Red Cross Society helped to build houses for seven people around the country who found themselves destitute after their homes were destroyed by heavy storms and winds. The restoration of dignity to these families across the countries sought to demonstrate the industry's concern and interest in its main stakeholder - consumers of sugar.



## Corporate social responsibility (continued)

### Baphalali Eswatini Red Cross Society (continued)

Organisation	Amount E
Eswatini Youth Biodiversity Network (EYBN)	30 000
Royal Science & Technology Park (RSTP)	20 000
Cheshire Homes of Eswatini	150 000
Diabetes Eswatini	200 000
School furniture	200 000
Eswatini School Sports Association (ESSA)	50 000
Dental outreach	50 000
Baphalali Eswatini Red Cross Society	500 000
<b>Total</b>	<b>1 200 000</b>

### Engaging our stakeholders

Maintaining regular and effective communication with key stakeholders is essential in building and sustaining long-term, meaningful relationships.

**We are committed to understanding and addressing the evolving needs and legitimate expectations of all our stakeholder groups and the potential impact that their concerns may have on our ability to create value.**

### Stakeholder overview

Our stakeholder engagement prioritises the stakeholders who we consider material to ESA and who exert significant influence on how we do business and create value.



*A patient receiving dental services from Rotary Club of Mbabane*

## Employees



### Level of engagement

They are key in the x of ESA's vision, strategy and business objectives.

### Their material issues

- Healthy working environment.
- Conducive working conditions.

### Our response

- Adequate skills, development and training.
- Adequate resources to facilitate execution of duties.

## Sugarcane growers

### Millers

### (both as principals and service recipients)



### Level of engagement

Facilitate continuous improvement and optimum service delivery on an ongoing basis.

### Their material issues

- Identification of needs.
- Presentation of opportunities and solutions.

### Our response

- Optimum service delivery.
- Maximum returns.

## Government



### Level of engagement

Raise awareness of industry matters.

### Their material issues

- Viability and growth of the industry for economic development.

### Our response

- Build political support for the industry.
- Lobby for policy development aligned with industry needs.

## Customers and potential customers



### Level of engagement

Understand changing and varying customer environments and requirements to enhance service delivery and improve relations.

### Their material issues

- Varying requirements.

### Our response

- Enhance service delivery.
- Meet customer requirements and standards.

## Financiers



### Level of engagement

Ensure availability of financial capital.

### Their material issues

- Availability of financial capital.

### Our response

- Financial prudence.

## Service providers



### Level of engagement

Provision of goods and services to enable us to meet our obligations.

### Their material issues

- Efficient delivery of goods and services.

### Our response

- Ensure value for money.
- Meet service obligations.

## General public



### Level of engagement

Share information.

### Their material issues

- Lack or poor understanding of ESA, the industry and its operations.

### Our response

- Keep the public informed on ESA, the industry and its operations, and the benefits derived from them.

## Media



### Level of engagement

Maintain healthy media relations and interest.

### Their material issues

- Keep the public informed.

### Our response

- Create interest in and share industry stories.

## Organised business



### Level of engagement

Nurture relations with the business community.

### Their material issues

- Collaborate and lobby for national business agenda.

### Our response

- Nurture relationships.
- Contribute to national strategies and policies.

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# Our governance

Our leadership	57
Governance framework	58
Executive committee	59
Management team	62
Our governance structure	63
Committees and mandates	64

*A field of seed cane under centre pivot irrigation.*

**We regard sound corporate governance as an integral part of creating value.**

Good governance steers our business, ensuring that our conduct is fair, ethical, responsible, and transparent at all times, and supports us in delivering on our mission to “develop the Eswatini sugar industry into an innovative, competitive and sustainable sugarcane entity promoting long-term stakeholder wellbeing”.

Council is committed to applying the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) as a framework for managing ESA. Council recognises that full implementation of King IV will be gradual and requires an in depth understanding and contextual interpretation of its principles.

## Our leadership



### **Meshack Kunene (64)**

**Chairman**

Appointed: September 2022

Qualifications: BEng

Meshack Kunene is a former Managing Director of the Eswatini Electricity Company (EEC). His career here spanned more than four decades during which time he held various positions, including technician, planning engineer, distribution manager, and general manager. Mr Kunene has been the Chairman of Council since September 2022.

Stuart Geldenhuys has over 30 years’ experience in the sugarcane and citrus-growing industry and is currently Estate Manager at Tambuti Estates.

He was appointed President, after being nominated by the Eswatini Cane Growers Association, with his term of office starting 1 April 2024.

Mr Geldenhuys has served as a member of Council for 15 years.

### **Stuart Geldenhuys (67)**

**President**

Appointed: September 2023

Qualifications: Diploma in Agriculture



### **Nick Jackson (59)**

**Vice President**

Appointed: September 2023

Qualifications: Biochemistry (Honours)

Nick Jackson was appointed Vice President of ESA following his nomination by the Eswatini Sugar Millers Association (ESMA). Mr Jackson is currently Managing Director of the Royal Eswatini Sugar Corporation and Chairman of the Board at Enviro Applied Products.

He previously held the role of CEO at the Guyana Sugar Corporation in the Caribbean. Mr Jackson is actively involved in various other Boards of prominent Eswatini institutions and has been a member of Council for 15 years.



## Our governance (continued)

### Governance framework

ESA is committed to upholding robust corporate governance practices notwithstanding our unique business structure, compared to that of conventional corporate entities. Our members comprise the Eswatini Sugar Millers Association (ESMA) and the Eswatini Cane Growers Association (ECGA), whose representatives are appointed to Council as required by existing statutes and, while their independence may be constrained as they represent their respective associations, all decisions are expected to be made in the best interests of the sugar industry. Any derived benefits or losses are distributed among members according to predetermined criteria.

### Council members

Council consists of 24 members who oversee and manage the business affairs of ESA, led by an independent Chairman. Council members have extensive industry experience and expertise that extends across sugar milling, financial, legal, commercial and agricultural operations. Millers and growers are equally represented.

### Eswatini Sugar Millers Association

Council members nominated by the Eswatini Sugar Millers Association (ESMA) comprise senior executives from RES and Ubombo Sugar – the 3 mills operating in Eswatini. They possess a broad skillset that encompasses sugar milling operations, finance, legal, commercial and agricultural operations. Council members have an average of 18 years' industry experience, with average tenure of nine years on Council.

### Eswatini Cane Growers Association

Council members nominated by the Eswatini Cane Growers Association (ECGA) consist of senior executive managers from prominent sugar estates and Tibiyo Taka Ngwane, as well as independent growers. Their expertise lies in the cultivation of sugarcane and farm management. On average, they have 22 years' industry experience and 10 years' tenure as Council members.

### Chairman of Council

The Chairman is a person of good standing with no direct or indirect interest in the growing, milling or disposal of sugarcane or sugar in Eswatini. The Chairman is nominated and appointed at the Annual General Meeting (AGM) and is responsible for leading Council and Marketing Executive Committee meetings. In the event of votes being tied, the Chairman may cast a vote once the relevant constitutional processes have been exhausted.

### President and Vice President

The President and Vice President are elected at the AGM from among nominated delegates. These roles are filled by a miller and grower representative, and alternate annually. The President chairs the AGM and represents ESA in public forums when mandated to do so by Council. The Vice President assumes these duties if the President is not available.

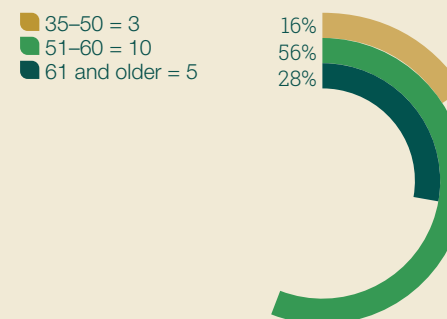
### Company Secretary

The Financial Director fulfils the role of Company Secretary (Secretary). The Secretary's responsibilities are prescribed by ESA's Constitution, and include any additional duties that Council deems fit from time to time. The Secretary plays a key role in guiding Council members on the execution of their duties. The Secretary's duties are defined by statute and Council is satisfied that there is no conflict between this secretariat and the executive role.

#### Council members: Years of service



#### Age of Council members



## Executive Committee

The CEO oversees the day-to-day operations of ESA, assisted by an Executive Committee (Exco) comprising six members. Exco meets at least once a month to review operations and monitor the implementation of ESA's key strategic objectives.



### **Banele Nyamane (45)**

#### **Chief Executive Officer**

LLB, BCompt (Hons), CA (SA)

Mr Nyamane served as ESA's Financial Director for eight years before taking over the reins as Chief Executive Officer (CEO) in December 2022. He is a dynamic, results-driven leader with strong financial and strategic skills honed during his 19 years in the manufacturing, energy and Telco industries. He has a proven track record in implementing strategic initiatives and driving organisational change, with a keen focus on cost management. Mr Nyamane possesses extensive stakeholder management experience and is a prominent figure in both the local and global socio-economic and political arenas. He is an Independent Non-Executive Director of Standard Bank Eswatini, and a Member of the South African and Eswatini Institutes of Accountants.

A qualified chartered accountant with senior management experience in both the sugar manufacturing and financial services sectors, Ms Mendes manages all financial activities, including budgeting, financial reporting and auditing. She is an exceptional team leader with an aptitude for analysing and evaluating financial information to inform decision-making and possesses a comprehensive and in-depth understanding of International Financial Reporting Standards (IFRS). Ms Mendes is responsible for the implementation of financial policies to ensure optimum use of organisational assets while safeguarding against any financial risk, in addition to overseeing ESA's information technology systems. She also holds the position of Company Secretary. She serves as a Commissioner on the Board of Eswatini Competition Commission.

### **Andrea A Mendes (35)**

#### **Financial Director and Company Secretary**

CA (SD & SA)





## Our governance (continued)

### Executive Committee (continued)



#### Walter Matsebula (46)

##### Commercial Director

MSc International  
Economics

An accomplished international trade economist, Mr Matsebula is responsible for overseeing the development and execution of ESA's marketing and logistics strategy. This encompasses developing new niche products and markets for the industry, in addition to liaising with ESA's logistics (warehousing and distribution) and marketing functions to ensure sales are executed effectively and efficiently, at maximum value.

Mr Matsebula has served on a number of Boards of national enterprises, including the Eswatini Competition Commission, the National Maize Corporation, the Housing Board and the Financial Services Regulatory Authority.

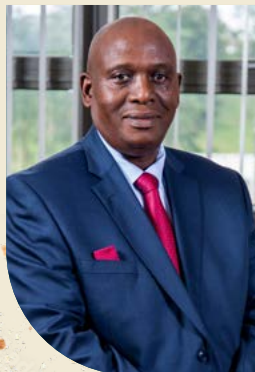
Ms Motsa oversees the attraction, recruitment, placement and retention of the right skills and experience for ESA. Her role also includes overseeing learning and development to ensure that our people are capacitated to achieve ESA's strategic objectives, and nurture organisational culture. She also ensures that employee relations are managed with the different social partners; the enforcement of human capital related policies and procedures; and ensures that these are aligned to best labour practice and to employment legislations, while advising leadership and employees on any changes.

Her portfolio also looks after the occupational safety and health of employees as well as general wellness of human capital to safeguard a safe, caring, and nurturing working environment.

#### Lungile Motsa (49)

##### Head: Human Capital and Administration

Master in Business  
Leadership (MBL)



#### Noah Dlamini (58)

##### Head: Extension and Technical Services

MSc Agricultural  
Engineering

Mr Dlamini manages and oversees ESA's technical and extension services and advises on all aspects of sugarcane growing. His role encompasses the coordination of industry crop production research, water resource management, energy 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.

He also manages conflicts among growers by providing sociological support. He is a member of the South African Sugar Technologists Association (SASTA) and the South African Irrigation Institute (SABI).



## Sipho R Dlamini (59)

### Head: Cane Testing and Quality

Bachelor of Science  
Concurrent Diploma in  
Education  
Program in Business  
Leadership

Mr Dlamini oversees the industry's sugar laboratory infrastructure which measures sucrose to facilitate the payment of sugarcane growers. This infrastructure includes the three cane testing laboratories located at each of the mills, as well as the methods and standards necessary to accurately determine the amount and quality of the sugarcane delivered by each grower, and the monetary value due to each grower.

In his role as Head of Cane Testing and Quality, Mr Dlamini supports the establishment of an independent and accredited sugar testing laboratory and drives the industry sustainability agenda and certification. He also manages the ISO 9001 system and certification and chairs tender committee processes. He is a member of the South African Sugar Technologists Association (SASTA).

Ms Mabuza is an economist and trade specialist with eight years' experience in the field of sugar market access and trade policy. She has a deep understanding of sugar trade, trade policy and strategic trade advocacy issues. She had a background in development finance in various sectors having worked for a development partner in Eswatini for 10 years.

She represents ESA at national, regional and international forums to advocate for, promote and protect the interests of the Eswatini sugar industry. Ms Mabuza works closely with the government to secure market access for sugar across various markets. Her role also includes coordinating public relations and corporate social investment initiatives undertaken by ESA. She also serves as a Commissioner on the Board of Eswatini Competition Commission.

## Nontobeko Mabuza (43)

### Head: Advocacy and Stakeholder Engagement

MPhil Development  
Finance



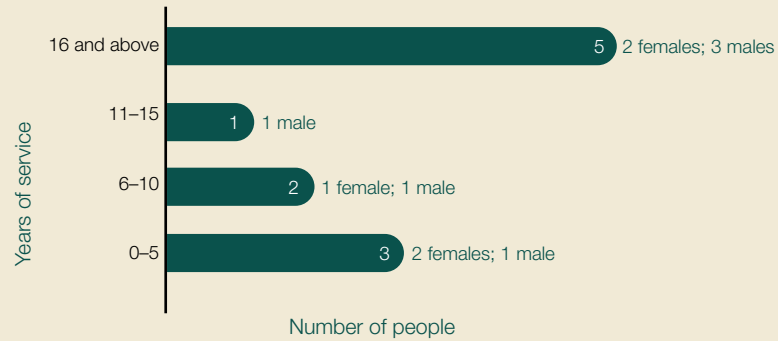


## Our governance (continued)

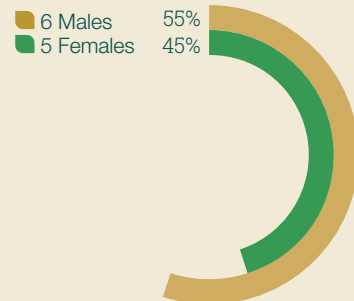
### Executive Committee/Management team

#### Diversity and tenure

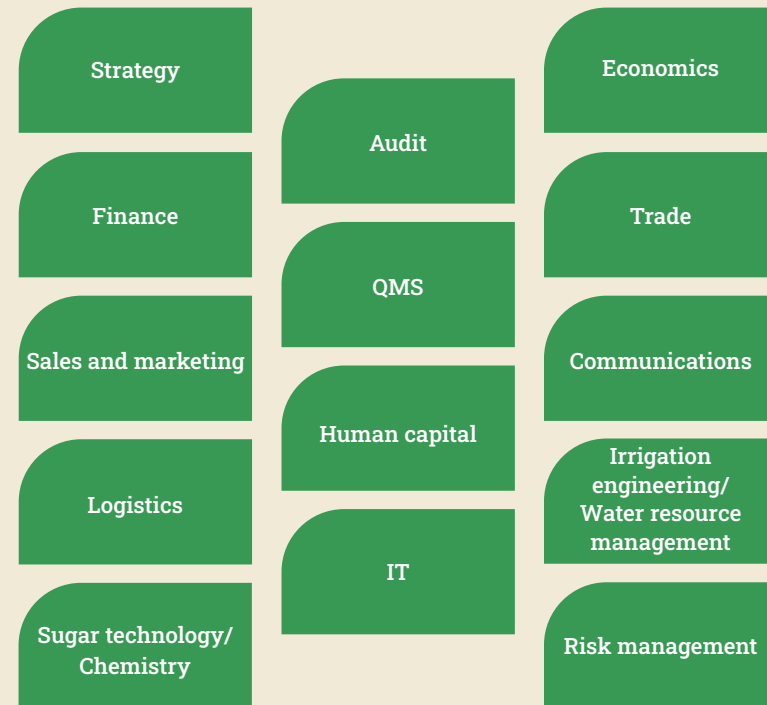
Exco is supported by a management team of four, whose diverse skills and experience provide valuable insights that inform business decisions.



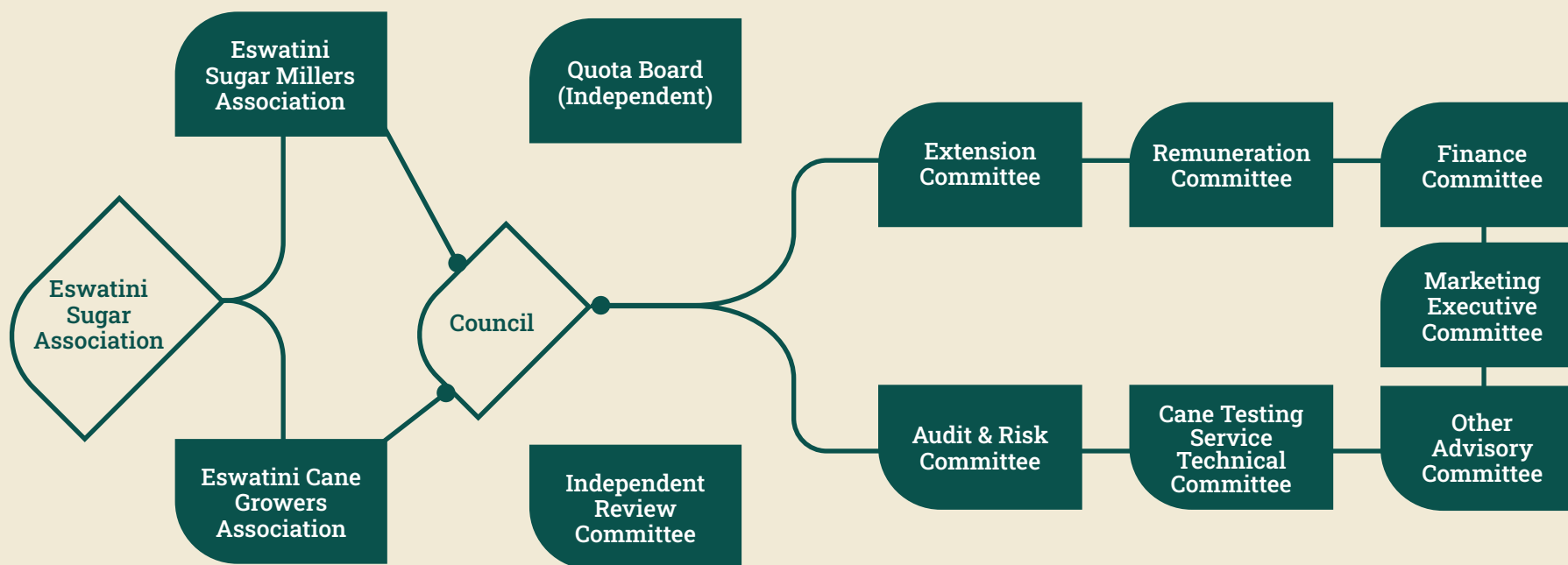
#### Gender



### Expertise and experience



## Our governance structure





## Our governance (continued)

Council oversees and manages the business affairs of ESA and exercises all powers conferred on the Association, the Council or its committees. Millers and growers are equally represented.

In accordance with ESA's Constitution, Council members and committees are nominated and appointed at the AGM held annually in September. All members have extensive operational knowledge and skills, as well as considerable experience in the Eswatini sugar industry.

In addition to the duties described in the Constitution, Council determines strategy, approves major policies and plans, monitors risk management, and provides oversight to ensure accountability. To ensure effectiveness, Council delegates some of its responsibilities to its subcommittees. Seven subcommittees assist Council in the discharge of its duties.

Council is entrusted with ensuring a sustainable future through diligent oversight, effective management, regulatory compliance, adherence to good corporate governance, and mitigation against avoidable or unnecessary risks. During the year under review, Council intensified its focus on integrating ESG across the business.

Council is satisfied that it has fulfilled its duties in accordance with ESA's Constitution and has applied the relevant principles and practices of King IV.

### Leadership structure and profile

ESA's leadership is appointed by Council. Decisions at Council and its subcommittees are reached by consensus, with each association casting one vote. Council assesses the relevant competencies and experience of candidates in considering subcommittee appointments. The individual members of the governance structures were thus deemed appropriate for appointment in the year under review.

### Key governance processes and activities

The role of Council is defined in the Constitution, which primarily involves strategic leadership and guidance, ultimate oversight, accountability and responsibility. Council has delegated the execution of its activities to subcommittees that are equally represented by millers and growers. Decisions are typically reached by consensus.

### Code of Conduct

ESA's Code of Conduct details the minimum standards required of all ESA committee members to ensure that the principles of integrity, accountability and legal compliance are upheld at all times. There are separate codes of conduct for ESA employees and suppliers of goods and services.

### Internal controls

ESA has adopted a combined assurance approach to optimise oversight of all risks identified by management, internal audit and external assurance providers. Risks are identified, assessed and mitigated through strategic actions, insurance and specific internal controls.

Our internal controls and systems provide reasonable assurance on the integrity and reliability of ESA's financial and operational management information system. They safeguard assets against material loss and ensure that transactions are properly recorded and authorised.



For more on risk management and internal audit, see pages 44 and pages 64, respectively.

### Council discussions

Council meetings follow a standard agenda so that each meeting can address all sections of the business. Material matters, including those that form part of the marketing strategy and management objectives, are closely monitored and reported on at appropriate intervals. The latter are reported on half-yearly, while others are reported on either quarterly or annually.

The following organisational activities and performance are reported on at each meeting:

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

### Committees and mandates

Seven subcommittees assist Council in the execution of its oversight duties. The committees are integral to enabling effective governance, and report on their activities at each Council meeting. Millers and growers are equally represented, and decisions are typically reached by consensus. The committees were established in accordance with the Companies Act and King IV and each has clearly defined roles and responsibilities.



Read more about committees on page 64.

## Council



**Standing (left to right):** C Shabangu; D Dhlwayo; B James; M Maziya; M Jele; M Kunene; L Ndzimandze; P Myeni; M Mabuza; R Dlamini; T Nkambule  
**Seated (left to right):** S Geldenhuys; T Sifundza; S Magagula; P Nxumalo; M Siyaya; Dr AT Dlamini; N Jackson

### Membership and meeting attendance

The requisite minimum quorum of six members was met for all Council meetings. Growers and millers have one vote each.

### Council members and meeting attendance 2023/24

Council met four times during the year

COUNCIL	N Jackson	P Myeni	T Sifundza	M Siyaya	L Ndzimandze	P Nxumalo*	MI Maziya
	4/4	3/4	4/4	4/4	4/4	4/4	4/4
	P Mweli	D Dhlwayo	M Jele	B James	C Shabangu	S Magagula	S Geldenhuys
	2/4	4/4	4/4	4/4	4/4	4/4	4/4
Members and attendance	Dr AT Dlamini	M Mabuza	T Nkambule	P Malandula	A Zikalaka	M Mdzebele	R Dlamini
	4/4	4/4	4/4	3/4	3/4	4/4	3/4

\*Joined as an observer – assumed office on 1 July 2023

### Significant matters deliberated

In consultation with the current IRC, a consultant was appointed to develop a more transparent and easily understood model to determine annual allowances and the beneficial use of bagasse. The consultant will oversee the model for three years, after which it will be implemented fully if all parties are satisfied with its performance.



## Our governance (continued)

### Marketing Executive Committee

The committee met four times in FY2023/24.

The committee is entrusted with the purchase, marketing, sale and disposal of Eswatini sugar and with the purchase, marketing, sale and disposal of sugar by-products manufactured in Eswatini.

It consists of six members, with equal representation of millers (one from each mill) and growers (one from each planters group). It is led by an independent Chairman, M Kunene, who was reappointed on 21 September 2023.

MEC	<b>N Jackson</b> 4/4	<b>D Dhlwayo</b> 4/4	<b>M Siyaya*</b> 4/4	<b>L Ndzimandze</b> 4/4	<b>P Nxumalo**</b> 4/4	<b>MI Maziya</b> 4/4	<b>P Mweli</b> 2/4
	<b>B James</b> 4/4	<b>C Shabangu</b> 4/4	<b>S Magagula</b> 4/4	<b>S Geldenhuys</b> 4/4	<b>Dr AT Dlamini</b> 3/4	<b>T Nkambule</b> 4/4	<b>P Malandula</b> 3/4
	<b>R Dlamini</b> 3/4	<b>M Mdzebele</b> 4/4					

\*Was not a member yet. started attending from September.

\*\*Joined as observer – took office on 1 July 2023

### Finance Committee

The committee met four times in FY2023/24.

The Finance Committee advises Council on industry-related financial matters to oversee the sugar price estimate process, manages the foreign exchange hedging policy and supervises the raising of working capital for ESA. The committee comprises four members with equal representation of millers and growers. It is chaired by the CEO.

FINANCE	<b>P Nxumalo</b> 3/4	<b>D Dhlwayo</b> 3/4	<b>Z Dlamini</b> 4/4	<b>S Magagula</b> 4/4	<b>L Ndzimandze*</b> 4/4	<b>M Zwane*</b> 3/4	<b>N Mthembu*</b> 1/4
	<b>A Ngcobo*</b> -						
Members and attendance							

\*Ngcobo, Zwane, Mthembu and Ndzimandze are alternates

### Audit and Risk Committee

#### Opinion on internal financial controls

Based on a review of internal control systems, conducted by the Internal Auditor, with input from management and the external auditors, the committee confirms that our system of internal controls is effective and forms the basis for the preparation of reliable financial statements for the year under review. Additionally, no material breaches of any laws, legislation, internal controls, or procedures were reported.

To the extent that it is practical, the committee has ensured that the external auditors were able to complement the work of the Internal Auditor.

#### Committee activities

The Chairman of the committee holds regular and direct discussions with management to discuss pertinent issues, as needed. The committee and Internal Auditor also schedule closed meetings with the external auditors on matters that are relevant to the performance of their duties.

The committee met four times in FY2023/24.

The Audit and Risk Committee assists Council in fulfilling its oversight function. It is responsible for evaluating the adequacy and efficiency of accounting policies, internal financial controls, ensuring the accuracy of estimate processes, external financial reporting and compliance with all applicable laws, regulations and policies. The committee further ensures that the 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. The committee comprises four members with equal representation of millers and growers. It is chaired by an independent chairman, D Ngwenya.

ARC	P Nxumalo	D Dhlwayo	Z Dlamini	S Magagula	L Ndzimandze	M Zwane	N Mthembu
	3/4	3/4	4/4	4/4	4/4	3/4	1/4
Members and attendance	A Ngcobo 4/4						

### Risk management

While Council is ultimately responsible for maintaining an effective risk management process, the committee, in conjunction with management, assists Council to evaluate the adequacy of our risk management process given that the committee oversees financial and operational risks. During the year under review, the committee assessed the risk management approach and key risks and believes the approach to be appropriate and that all key risks are adequately addressed by management.



For more on risk management, see page 44.

### Internal audit

On behalf of the committee, Internal Audit affirms the adequacy, integrity and efficacy of ESA's internal controls, risk management practices and financial reporting systems. Internal Audit further proposes improvements to the control and risk management framework and reviews compliance with relevant policies, plans, procedures, laws and regulations.

The principle of independence of the internal audit function is upheld and the Internal Auditor reports to the CEO.

Particular attention is placed on internal controls to safeguard assets and information against loss, theft, or misuse, as well as on those controls that ensure the integrity of key transactional information.

### Financial statements

The committee reviewed ESA's statutory financial statements and confirmed that they comply with International Financial Reporting Standards (IFRS). In addition, the committee assessed management's evaluation 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 the information presented in the Integrated Annual Report aligns to the annual financial statements and recommended that Council approve the 2023/24 Integrated Annual Report.

### Expertise, resources and experience of the finance function

The committee reviewed the expertise and experience of the finance department and deems it proficient to fulfil its responsibilities. The committee further concluded that the expertise, resources and experience of the finance department are appropriate, taking into account the nature, complexity and size of the operations.



## Our governance (continued)

### Extension Committee

The committee met four times in FY2023/24.

The six-member Extension 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. Millers and growers are equally represented, and the role of Chair rotates between a representative from either the millers or growers.

In the upcoming year, the Extension Committee will focus on reducing grower costs, addressing grower sociological issues, and tackling declining yields.

EXTENSION	<b>O Mabuza</b> 4/4	<b>E Nzimandze</b> 4/4	<b>L Msibi</b> 4/4	<b>L Ngwenya</b> 3/4	<b>S Mahlalela</b> 3/4	<b>M Gama</b> 4/4	<b>N Mkhonto</b> 4/4
	<b>R Malaza</b> 4/4	<b>V Malubane</b> 4/4	<b>K Mudima</b> 2/4	<b>K Dube</b> 4/4			
Members and attendance							

### Cane Testing Committee

The committee met four times in FY2023/24.

This committee supervises the cane-testing service at the mills in addition to advising ESA on all matters pertaining to cane testing in Eswatini. The committee consists of six members with equal representation by millers and growers. It is alternately chaired by a representative of either millers or growers.

CANE TESTING	<b>O Mabuza</b> 4/4	<b>E Nzimandze</b> 4/4	<b>L Msibi</b> 4/4	<b>L Ngwenya</b> 3/4	<b>R Dlamini</b> 4/4	<b>S Mahlalela</b> 3/4	<b>W Simelane</b> 4/4
	<b>T Kunene</b> 3/4	<b>M Maphalala</b> 3/4	<b>L Mavundla</b> 4/4	<b>B Muirhead</b> 2/4			
Members and attendance							

### Remuneration Committee

The Remuneration Committee is chaired by the President and consists of four other members of Council representing the growers and the millers.

The committee met twice in FY2023/24.

The Remuneration Committee oversees the implementation of fair and responsible remuneration policies and practices for the industry. This entails establishing a clear correlation between corporate and individual performance, taking statutory and regulatory requirements into account. The committee's objective is to attract, retain and motivate executive management to ensure the successful operation of ESA.

REMUNERATION	<b>M Siyaya (Chairman)</b> 2/2	<b>S Geldenhuys</b> 2/2	<b>Dr AT Dlamini</b> 1/2	<b>N Jackson</b> 2/2	<b>S Magagula*</b> 2/2
Members and attendance					

### Remuneration of employees

Our remuneration philosophy aims to attract and retain appropriately skilled employees at all levels to support the achievement of ESA's strategic objectives. It further ensures that ESA remains competitive in the market.

### Remuneration of non-independent and independent members

With the exception of the independent chairpersons, members of Council and its subcommittees receive no remuneration. They are reimbursed only for costs incurred in conducting ESA business, which typically include accommodation and travel expenses.

### Quota Board

The Quota Board meets annually and is responsible for issuing permits or licenses to grow cane for manufacturing sugar.

S Mkhonta (Independent Chairman)  
 B James (Alternate: C Shabangu)  
 S Geldenhuys (Alternate: T Nkambule)  
 P M Malandvula (Alternate: S Mahlalela)  
 L Thobela (Alternate: P Myeni)  
 K Mudima (Alternate: K Dube)  
 M Gama (Alternate: R Malaza)  
 D Earnshaw (Independent)  
 SP Mbatha (Independent)

### Independent Review Committee

The committee did not meet in FY2023/24.

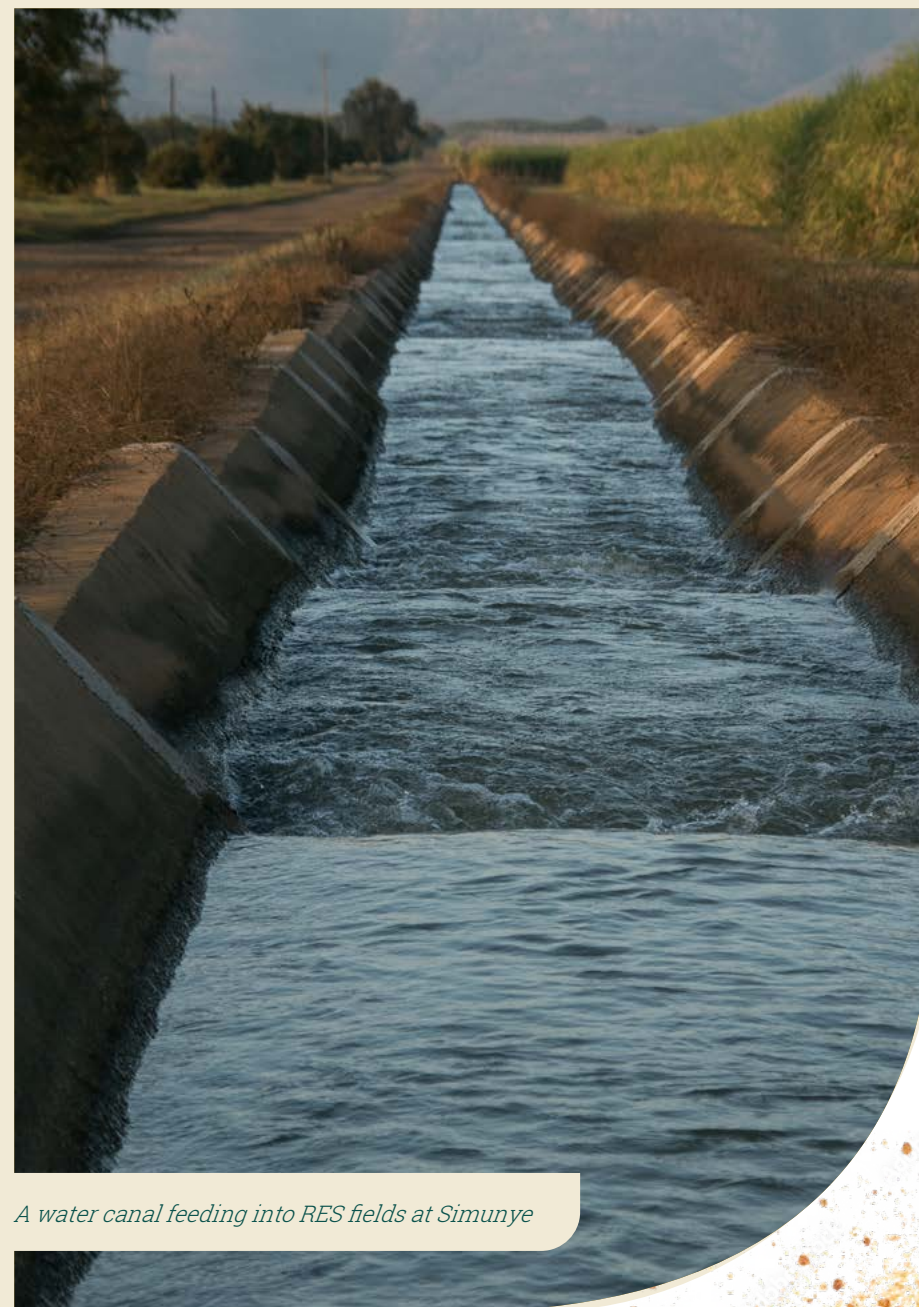
The Independent Review Committee (IRC) is appointed by ESA to oversee technical matters referred to it by Council. The committee consists of a chairperson plus two members, all of whom have sugar processing, finance and legal expertise.

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.

One of the primary goals for FY2024/25 is to reconstitute the IRC, following the resignation of two members.

### Whistleblowing hotline

ESA promotes ethical business practices and fosters a culture of transparency and accountability within the industry. We operate a whistleblowing hotline, monitored by the Internal Auditor, where stakeholders can anonymously report issues that are potentially fraudulent or unethical. All employees and stakeholders are required to report any conduct known, or suspected to be, unethical or illegal. The Internal Auditor co-ordinates the follow-up of all reported issues and forwards them to the Audit and Risk Committee. Retaliation against whistleblowers is not tolerated.



*A water canal feeding into RES fields at Simunye*



# Financial statements

for the year ended 31 March 2024

Council Members' responsibility statement for the consolidated and separate financial statements	71
Independent auditor's report	72
Council members' report	74
Consolidated and separate statement of comprehensive income	75
Consolidated and separate statement of financial position	76
Consolidated and separate statement of cash flows	77
Consolidated and separate statement of changes in reserves	78
Notes to the financial statements	80



# Council members' responsibility statement

for the year ended 31 March 2024

## 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 internal 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 75 to 86 were approved by the council members on 27 June 2024 and signed on its behalf by:



**M. Kunene**  
Chairman



**B. Nyamane**  
Chief Executive Officer

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# Independent auditor's report

To the Members of Eswatini Sugar Association

## Our opinion

These summarised Financial Statements should be read in conjunction with the complete set of Financial Statements for the year ended 31 March 2024, 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  
Partner: Makhosazana Mhlanga  
Registered Auditor  
P.O. Box 569  
Mbabane  
Date: 19 July 2024



*Sugar Analyst checking colour in the laboratory*

# Council members' report

## for the year ended 31 March 2024

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 2024.

### 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 2024 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 E7,42 billion (2023: E6,44 billion). The increase in revenue is mainly attributable to an increase in the selling prices and exchange rates compared to the previous year. The cost of sales increased from E6,10 billion to E7,04 billion in line with an increase 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 69,31 million (2023: 24,74 million), increasing mainly because of an increase in freight rates from the previous year.

Foreign exchange gain of 36,15 million was realised compared to a loss of 84,98 million in the previous year. Interest paid increased from E121,35 million to E228,85 million mainly due to an unanticipated increase in the sugar price per ton when compared with the previous year. Total overheads increased from E105,95 million to E115,33 million mainly driven by an increase in donations made, an increase in contractual rates and other administrative related expenses.

Inventories increased from E345,24 million to E473,37 million due to higher closing stock quantities when compared to the previous year which is in line with our stock policy. Trade receivables decreased by E240,22 million due to early collection of funds from debtors. Trade payables increased by E79,15 million mainly because of higher proceeds due to members at year end. Bank overdraft decrease of E332,9 million is a direct result of the decrease in debtors.

### Going concern

The global wars coupled with climate change are increasingly affecting economic and global markets, and exacerbating ongoing economic challenges, including a rise in inflation, volatile interest rates, low global sugar production levels and global supply chain disruptions. Exchange rates, in particular the Euro and USD traded at stronger levels throughout the financial year. This coupled with favourable prices across all markets, in turn impacted positively on revenue for the Association and resultantly the overall distribution to Millers and Growers.

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 into consideration the impact of the current economic climate, 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 Association's financial resources throughout the economic conditions. 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 in 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.

### 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%

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 members' report (continued) for the year ended 31 March 2024

## 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 S Geldenhuys	President
Mr N Jackson	Vice President
Mr M Kunene	Chairman
Dr A T Dlamini	
Mr B James	
Mr M Siyaya	
Mr L Ndzimandze	
Mr D Dhlwayo	
Mr M Maziya	
Ms T Sifundza	
Mr P Myeni	
Mr P Malandula	
Mr M Mabuzza	
Mr T Nkambule	
Mr M Mndzebele	
Ms S Magagula	
Mr M Jele	
Mr C Shabangu	
Ms P Mwel	
Ms A Zikalala	
Ms P Nxumalo	
Mr R Dlamini	

## 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 M Kunene	Chairman
Mr M Hlatshwayo	
Mr P Malandula	
Dr A T Dlamini	
Mr S Geldenhuys	
Mr N Jackson	
Mr M Maziya	
Mr L Ndzimandze	
Mr B James	
Mr M Siyaya	
Mr C Shabangu	
Mr D Dhlwayo	

Ms S Magagula  
Mr T Nkambule  
Mr R Dlamini  
Mr M Mndzebele  
Mr P Mwel  
Ms P Nxumalo

## 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:

Mr B Nyamane	Chairman
Mr D Dhlwayo	
Ms P Nxumalo	
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	
Ms P Nxumalo	
Mr A Ngcobo	
Ms Z Dlamini	

## Secretary

Ms A Mendes

## Business address

Nkotfotjeni Building  
Cnr Msakato & Dzelwile Street  
Mbabane

## Postal address

P O Box 445  
Mbabane

## Auditors

PricewaterhouseCoopers Eswatini  
Mbabane

P O Box 564  
Mbabane

# Consolidated and separate statements of comprehensive income

for the year ended 31 March 2024

	Notes	GROUP		ASSOCIATION	
		2024 E'000	2023 E'000	2024 E'000	2023 E'000
<b>Revenue</b>	2	<b>7 422 875</b>	6 435 692	<b>7 422 875</b>	6 435 692
Cost of sales	4	<b>(7 037 505)</b>	(6 101 812)	<b>(7 069 822)</b>	(6 133 888)
<b>Gross profit</b>		<b>385 370</b>	333 880	<b>353 053</b>	301 804
Other income/expense		<b>(7 899)</b>	3 040	<b>(7 899)</b>	3 040
Distribution costs		<b>(69 314)</b>	(24 742)	<b>(69 252)</b>	(24 671)
Administrative expenses	3	<b>(115 326)</b>	(105 945)	<b>(113 183)</b>	(97 321)
Foreign exchange (losses)/gains	4	<b>36 148</b>	(84 979)	<b>36 148</b>	(84 979)
<b>Operating profit before financing costs</b>		<b>228 979</b>	121 254	<b>198 867</b>	97 873
Finance income		–	–	<b>30 447</b>	23 646
Finance expense		<b>(228 854)</b>	(121 351)	<b>(228 854)</b>	(121 351)
<b>Net financing costs</b>	4	<b>(228 854)</b>	(121 351)	<b>(198 407)</b>	(97 705)
Share of profit of jointly controlled entity (net of tax)		<b>335</b>	265	–	–
<b>Profit before tax</b>		<b>460</b>	168	<b>460</b>	168
Income tax expense		<b>(460)</b>	(168)	<b>(460)</b>	(168)
Profit for the year		–	–	–	–
<b>Transfer to distributable reserves</b>		–	–	–	–
<b>Other comprehensive income</b>		–	–	–	–
<b>Items that are or may be reclassified to profit or loss</b>		–	–	–	–
Unrealised cash flow hedges		<b>6 979</b>	3 726	<b>6 979</b>	3 726
<b>Total comprehensive income for the year</b>		<b>6 979</b>	3 726	<b>6 979</b>	3 726

\*The above Consolidate and Separate statement of comprehensive income should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# Consolidated and separate statement of financial position

at 31 March 2024

	Notes	GROUP		ASSOCIATION	
		2024 E'000	2023 E'000	2024 E'000	2023 E'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	291 441	277 570	22 804	10 408
Investment in subsidiaries		–	–	–	–
Jointly controlled entity		47 596	44 583	39 362	39 362
<b>Total non-current assets</b>		<b>339 037</b>	<b>322 153</b>	<b>62 166</b>	<b>49 770</b>
<b>Current assets</b>					
Loans to subsidiaries		–	–	268 340	266 864
Inventories		473 373	345 234	473 373	345 234
Trade and other receivables		716 925	957 144	716 925	957 144
Derivative asset		6 979	3 726	6 979	3 726
Financial Investment as amortisation cost		–	–	–	–
Cash and cash equivalents		9 540	206 846	9 540	206 846
<b>Total current assets</b>		<b>1 206 817</b>	<b>1 512 950</b>	<b>1 475 157</b>	<b>1 779 814</b>
<b>Total assets</b>		<b>1 545 854</b>	<b>1 835 103</b>	<b>1 537 323</b>	<b>1 829 584</b>
<b>Reserves and liabilities</b>					
Non-distributable reserve		3 934	3 934	3 934	3 934
Cash flow hedge reserve		6 979	3 726	6 979	3 726
<b>Total reserves</b>		<b>10 913</b>	<b>7 660</b>	<b>10 913</b>	<b>7 660</b>
<b>Non-current liabilities</b>					
Long-term borrowings	6	192 690	61 138	192 690	61 138
<b>Current liabilities</b>					
Bank overdraft		369 842	702 726	369 842	702 726
Current tax Liability		539	79	539	79
Short-term borrowings		285 735	456 511	285 735	456 511
Trade and other payables		686 135	606 989	677 604	601 470
<b>Total current liabilities</b>		<b>1 342 251</b>	<b>1 766 305</b>	<b>1 333 720</b>	<b>1 760 786</b>
<b>Total liabilities</b>		<b>1 534 941</b>	<b>1 827 443</b>	<b>1 526 410</b>	<b>1 821 924</b>
<b>Total reserves and liabilities</b>		<b>1 545 854</b>	<b>1 835 103</b>	<b>1 537 323</b>	<b>1 829 584</b>

\*The above Consolidated and Separate statement of financial position should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.

## Consolidated and separate statements of cash flows

for the year ended 31 March 2024

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
Notes				
<b>Cash flows from operating activities</b>				
Cash generated/(utilised) from operations	434 803	(548 689)	418 263	(584 417)
Interest paid on borrowings and overdraft	(222 066)	(96 355)	(222 066)	(96 355)
Taxation paid	–	(177)	–	(177)
<i>Net cash inflows/(outflows) from operating activities</i>	<b>212 737</b>	(645 221)	<b>196 197</b>	(680 949)
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(31 229)	(38 943)	(14 689)	(3 215)
Proceeds from financial investments and liquidation	–	120 000	–	120 000
Acquisition of financial investments	–	–	–	–
Proceeds from the sale of property, plant and equipment	122	152	122	152
<i>Net cash inflows/(outflows) from operating activities</i>	<b>(31 107)</b>	81 209	<b>(14 567)</b>	116 937
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	–	40 000	–	40 000
Principal repayments – borrowings	(46 052)	(16 020)	(46 052)	(16 020)
Proceeds from bank overdraft	369 842	702 726	369 842	702 726
Repayment – bank overdraft	(702 726)	–	(702 726)	–
<i>Net cash inflows/(outflows) from operating activities</i>	<b>(378 936)</b>	726 706	<b>(378 936)</b>	726 706
<b>Nets (decrease)/increase in cash and cash equivalents</b>	<b>(197 306)</b>	162 694	<b>(197 306)</b>	162 694
Cash and cash equivalents at the beginning of the year	206 846	44 152	206 846	44 152
<b>Cash and cash equivalents at the end of the year</b>	<b>9 540</b>	206 846	<b>9 540</b>	206 846

\*The above Consolidated and Separate statement of cashflows should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# Consolidated and separate statement of changes in reserves

for the year ended 31 March 2024

	Non-distributable reserve E'000	Other reserve E'000	Total Equity E'000
<b>Group and Association 2024</b>			
Balance at beginning of year	3 934	3 726	7 660
Total comprehensive income for the year:	–	3 253	3 253
Profit for the year	–	–	–
Prior year cashflow hedge reversal	–	(3 726)	(3 726)
Changes in fair value of cash flow hedges	–	6 979	6 979
<b>Balance at end of year</b>	<b>3 934</b>	<b>6 979</b>	<b>10 913</b>
<b>Group and Association 2023</b>			
Balance at beginning of year	3 934	–	3 934
Total comprehensive income for the year:	–	3 726	3 726
Profit for the year	–	–	–
Cash flow hedges realised and reclassified to profit and loss	–	3 726	3 726
<b>Balance at end of year</b>	<b>3 934</b>	<b>3 726</b>	<b>7 660</b>

# Notes to the summarised audited financial statements

for the year ended 31 March 2024

## 1. Significant accounting policies

### 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

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.

#### 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.

#### 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.



# Notes to the summarised audited financial statements (continued)

for the year ended 31 March 2024

## 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

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
<b>Revenue by product type comprises:</b>				
– Sugar sales	7 227 812	6 234 854	7 227 812	6 234 854
– Molasses sales	195 063	200 838	195 063	200 838
	<b>7 422 875</b>	<b>6 435 692</b>	<b>7 422 875</b>	<b>6 435 692</b>
<b>Revenue by channel comprises:</b>				
SACU market	5 123 386	4 317 622	5 123 386	4 317 622
Regional market	274 239	448 328	274 239	448 328
International market	2 025 250	1 669 742	2 025 250	1 669 742
	<b>7 422 875</b>	<b>6 435 692</b>	<b>7 422 875</b>	<b>6 435 692</b>

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

# Notes to the summarised audited financial statements (continued)

for the year ended 31 March 2024

## 3. Operating profit before financing costs

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

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
<b>Income:</b>				
Final distribution adjustment	312 513	385 464	312 513	385 464
<b>Administration Expenses:</b>				
Auditors remuneration	955	884	955	884
Depreciation	17 266	15 560	2 201	1 989
Lease expenses	1 560	1 485	1 560	1 485
Management fees				
Computer related	4 065	2 231	4 065	2 231
Payroll costs	47 400	43 974	47 400	43 974
Vehicle expenses	4 491	3 834	4 491	3 834
Cartage expenses	2 481	1 376	2 481	1 376
Spares and consumables	2 130	1 067	2 130	1 067
Travel costs	–	358	–	358
Computer costs	–	2 337	–	2 337
Contract management fees	9 679	9 278	9 679	9 278
Other expenses	25 299	23 561	38 221	28 508
	115 326	105 945	113 183	97 321

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



# Notes to the summarised audited financial statements (continued)

for the year ended 31 March 2024

## 4. Net financing costs

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
<b>4.1 Interest expense from short-term and long-term borrowings</b>				
Measured at amortised cost	(228 854)	(121 351)	(228 854)	(121 351)
Interest income on loans originated by the Association	–	–	30 447	23 646
Finance expenses	(228 854)	(121 351)	(198 407)	(97 705)
<b>4.2 Finance income on financial assets</b>				
Foreign Exchange gain	36 148	84 979	36 148	84 979
Finance income	36 148	84 979	36 148	84 979
<b>4.3 Cost of Sales</b>				
Cost incurred in operation of income	7 037 505	6 101 812	7 069 822	6 133 888
	7 037 505	6 101 812	7 069 822	6 133 888

# Notes to the summarised audited financial statements (continued)

for the year ended 31 March 2024

## 5. Property, plant and equipment

### Allocation of depreciation

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
Direct cost of sales	570	597	570	597
Direct analysis of cane	210	166	210	166
Extension services	598	461	598	461
Administration	823	765	823	765
Operating expense	15 065	13 571	–	–
<b>Total</b>	<b>17 266</b>	<b>15 560</b>	<b>2 201</b>	<b>1 989</b>

### Reconciliation of the opening and closing carrying amounts – 2023

	ASSOCIATION				
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 838	–	–	–	1 646
Leasehold land and buildings	1	–	–	–	1
Plant and equipment	4 394	3 303	(6)	–	6 596
Furniture and fittings	577	379	(11)	–	867
Motor vehicles	3 489	934	(75)	–	3 512
Capital work in progress	109	10 073	–	–	10 182
	<b>10 408</b>	<b>14 689</b>	<b>(92)</b>	<b>–</b>	<b>22 804</b>



# Notes to the summarised audited financial statements (continued)

for the year ended 31 March 2024

## 5. Property, plant and equipment (continued)

### Reconciliation of the opening and closing carrying amounts – 2024 (continued)

	GROUP				
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 838	–	–	–	1 646
Leasehold land and buildings	1	–	–	–	1
Plant and equipment	4 394	3 303	(6)	–	6 596
Furniture and fittings	577	379	(11)	–	867
Motor vehicles	4 767	934	(75)	–	4 700
Conditioning silo buildings	29 322	–	–	–	27 740
Sugar store buildings	97 058	1 491	–	–	94 827
Conditioning silo equipment	7 097	2 815	–	1 147	9 982
Sugar store equipment	121 661	12 234	–	1 301	127 068
Molasses storage equipment	6 488	–	–	–	6 022
Capital work in progress	4 367	10 073	–	(2 448)	11 992
	277 570	31 229	(92)	–	291 441

# Notes to the summarised audited financial statements (continued)

## for the year ended 31 March 2024

### 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. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 22.

	GROUP		ASSOCIATION	
	2024 E'000	2023 E'000	2024 E'000	2023 E'000
Fixed term loan from:				
Public Service Pensions Fund	150 000	–	150 000	–
Eswatini Bank	42 690	61 138	42 690	61 138
<p>The loan from PSPF will be repaid in full on 31 July 2026. Interest is negotiated on renewal and is linked to the prime lending rate.</p> <p>The Swazi Bank loan is a mortgage loan repayable over 60 months. Interest rate is equal to the prime lending rate.</p> <p>These loans are secured by a negative pledge over inventory and the trade receivable and a mortgage bond over sub-lease on portion 7 of farm No.161 in Lubombo, Eswatini.</p>				
<b>Total non-current portion</b>	<b>192 690</b>	61 138	<b>192 690</b>	61 138

Our  
operations

Our  
performance

Managing  
risk

Sustainability

Corporate social  
responsibility

Our  
governance

Financial  
statements



## Abbreviations

Abbreviations	Definition
<b>AfCFTA</b>	Africa Continental Free Trade Area
<b>AGM</b>	Annual General Meeting
<b>BLN</b>	Botswana, Lesotho, Namibia
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>DRC</b>	Democratic Republic of Congo
<b>EAC</b>	East African Community
<b>ECGA</b>	Eswatini Cane Growers Association
<b>EEC</b>	Eswatini Electricity Company
<b>EPA</b>	Economic Partnership Agreement
<b>ESA</b>	Eswatini Sugar Association
<b>ESMA</b>	Eswatini Sugar Millers Association
<b>ESWADE</b>	Eswatini Water and Agricultural Development Enterprise
<b>EU</b>	European Union
<b>EXCO</b>	Executive Committee
<b>FSSC</b>	Food Safety System Certification
<b>FT</b>	Fairtrade
<b>FTA</b>	Free Trade Agreement
<b>GI</b>	Glycaemic Index
<b>IFRS</b>	International Financial Reporting Standards
<b>IRC</b>	Independent Review Committee
<b>ISO</b>	International Sugar Organisation

Abbreviations	Definition
<b>MENA</b>	Middle East/North Africa
<b>NGO</b>	Non-Government Organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>QMS</b>	Quality Management System
<b>R&amp;D</b>	Research and development
<b>REMCO</b>	Remuneration Committee
<b>RES</b>	Royal Eswatini Sugar
<b>SACU</b>	Southern African Customs Union (consists of Botswana, Eswatini, Lesotho, Namibia and South Africa)
<b>SADC</b>	Southern African Development Community
<b>SASRI</b>	South African Sugarcane Research Institute
<b>SLA</b>	Service Level Agreement
<b>SSG</b>	Smallholder Sugarcane Grower
<b>TCH</b>	Tonnes Cane Per Hectare
<b>TRQ</b>	Tariff Rate Quota
<b>TSH</b>	Tonnes Of Sucrose Per Hectare
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>USMCA</b>	United States, Mexico, Canada
<b>VAT</b>	Value Added Tax
<b>VHP</b>	Very High Polarity (sugar)



*1-tonne bag of sugar at the bagging plant  
at RES Simunye Mill.*



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