



# INTEGRATED ANNUAL REPORT **2024**

FOR THE YEAR ENDED 31 MARCH



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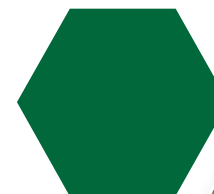
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# ABOUT THIS REPORT



This is Foskor Proprietary Limited's integrated annual report for the year ended 31 March 2024. The purpose of the report is to provide feedback to our stakeholders on our achievements and performance for the financial year. The report combines data related to Foskor's financial, social, environment and governance aspects while at the same time exploring the integrated effect of these aspects on the Company's performance.

The report is intended to explain our business, how we are governed; our strategy and how we have implemented it; and the results achieved during the reporting period.

Our approach to integrated reporting has been to gradually improve the integration of sustainability and financial performance reporting over the last few years. This year's report also shows the link among capitals employed in our business to create value; what is most important to us; and how we have performed against what we consider material.

We have been primarily guided when preparing this report by the International Integrated Reporting Framework (IIR); in accordance with the Global Reporting Initiative (GRI) G4. Sustainability Reporting Guidelines (Core) including the Mining and Metals sector supplement; the King Code of Corporate Governance; and the South African Companies Act of 2008.

## SCOPE AND BOUNDARY

This report covers the key events that took place from 1 April 2023 to 31 March 2024. The report covers all entities and divisions under Foskor's direct control and significant influence as reported in the annual financial statements. Where external entities are part of our value chain and have a significant effect on our ability to create value, their effect or potential impact are discussed.

All significant items disclosed are prepared on the same basis as the comparative periods, there have been no restatements.

This report includes summarised financial statements, the full set of financial statements is available in a separate publication and on our website. Supplementary information that provides more detail to the information included in this integrated annual report is also available on our website at [www.foskor.co.za](http://www.foskor.co.za).

## DETERMINING MATERIALITY

The material issues that have been identified and for which feedback on our performance has been discussed were determined as follows:

- review of strategic risks;
- incorporated areas of concern highlighted in the strategic review process; and
- key performance objectives set for management for the following year.

## COMBINED ASSURANCE

The annual financial statements have been audited by Deloitte & Touche.

A combined assurance approach has been adopted by obtaining assurance for financial and non-financial information from management, internal audit and external independent third parties.

The majority of the key disclosures for the non-financial information for environmental, health and safety have been externally assured through DEKRA audits and ISO certifications.

## APPROVAL BY THE BOARD

The Board is responsible for the integrity of this integrated report. The Board applied its collective mind to the preparation and presentation of the integrated report and is satisfied that the report is a fair and reasonable representation of Foskor's performance and prospects in accordance with the IR Framework. This integrated report was approved by the Board on 7 August 2024.

## FEEDBACK

For any questions or feedback regarding this integrated annual report or its contents, please contact Jubilant Speckman on +27 11 347 0612 or email [jubilants@foskor.co.za](mailto:jubilants@foskor.co.za).



# HOW WE PERFORMED

## KEY ACHIEVEMENTS

Achieved  
EBITDA of  
**R1.14  
billion**

Lost time injury  
frequency rate below  
the industry standard  
– less than 1  
**Acid at 0.07 and  
Mining at 0.17**

The business reported  
a revenue of  
**R9.98  
billion**

## CHALLENGES

### WATER SUPPLY REMAINS A CHALLENGE

Several shutdowns at uMhlathuze water led to the loss of runtime of production time at the phosphoric acid plant.

### CONTRACTOR PERFORMANCE

Poor contractor performance in north pit which had an impact on production output and safety performance.

### LOGISTICS

Rail line failures and derailments had an impact on rock supply.



# HIGHLIGHTS

## KEY FINANCIAL PERFORMANCE

For the year ended 31 March

		2024	% change*	2023	2022
<b>Financial</b>	Revenue (Rm)	9 980	(13)	11 512	6 984
	EBIT (Rm)	727	(79)	3 544	55
	EBITDA (Rm)	1 140	(39)	1 855	359
	Cash generated by operations (Rm)	1 290	13	1 145	(1)
	Free cash flow (Rm)	181	26	244	(265)
<b>Production</b>	Phosphate rock (ktons)	1 577	(19)	1 933	1 579
	Phosphoric acid (ktons)	355	15	308	294
	Granulation (ktons)	281	10	256	197
<b>People</b>	Number of employees	1 716	2	1 675	1 654
	Employee turnover (%)	4.8	17	5.8	6.1
<b>Safety</b>	Fatalities	1	(100)	–	–
	Loss time injury frequency rate – mining	0.07	33	0.24	0.28
	Loss time injury frequency rate – acid	0.14	65	0.40	0.21
<b>Environment</b>	Fresh water consumption ('000m <sup>3</sup> )	17 843	(21)	14 731	14 001
<b>Communities</b>	CSI spend (Rm)	14	52	9	3

\* Calculated on full values



# WHO WE ARE

Foskor is a producer and distributor of phosphate rock, phosphate-based fertilisers, sulphuric acid, phosphoric acid and magnetite locally and internationally.

## MISSION

To produce and enable production of fertilisers in a responsible, sustainable and inclusive manner to the benefit of all.

## VISION

To be an enabler of food security in South Africa and across the globe.

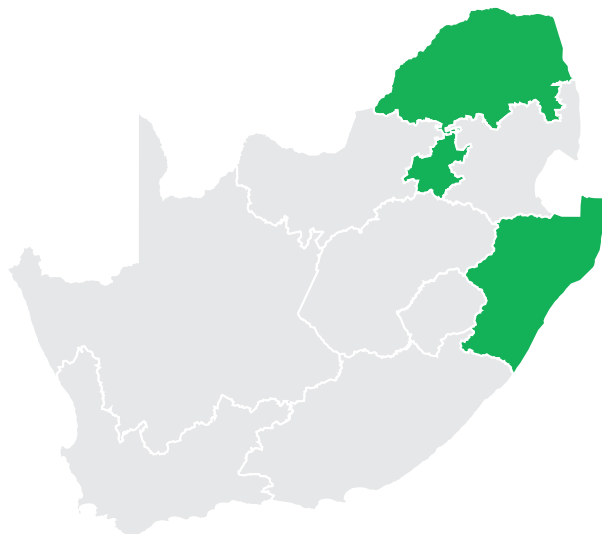
## VALUES

To deliver on customer promise we demonstrate resolve, act responsibly, earn respect and show recognition through shared rewards.

We are based in South Africa

and employ a total of **2 233 people** including contractors, of which **1 716** are permanent employees

spread across the Phalaborwa Mining Division, the Richards Bay Acid Division and the head office in Midrand.



## WHAT WE PRODUCE

We mine phosphate rock in Phalaborwa and transfer it by rail to our Richards Bay facility, where we use it to produce phosphoric acid and granular fertiliser – mono-ammonium phosphates (“MAP”).

We also produce sulphuric acid, which is used in the production of phosphoric acid, and we sell excess sulphuric acid that becomes available.

Foskor also has magnetite, a by-product of phosphate rock beneficiation which was mined in the past and stored in a stockpile. Currently, there is no magnetite mined in the process.

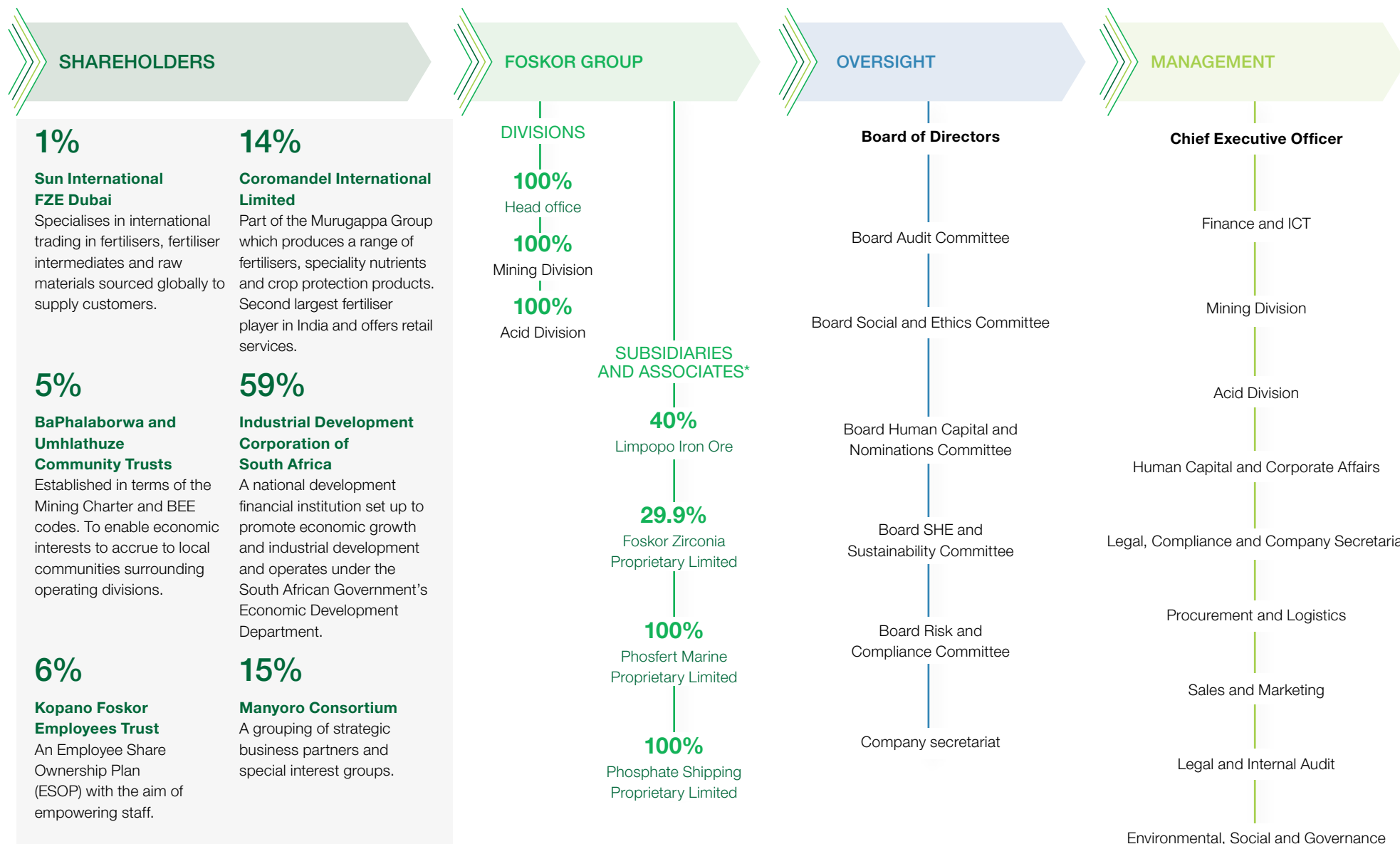
## OUR MARKETS

We are the leading domestic producer and supplier of phosphate-based products, phosphate rock, phosphoric acid and MAP.

Beyond serving the local market and SADC regional markets (DRC, eSwatini, Zimbabwe, Zambia, etc) we supply phosphoric acid to international markets such as Bangladesh, Saudi Arabia, United Arab Emirates, Europe and India.

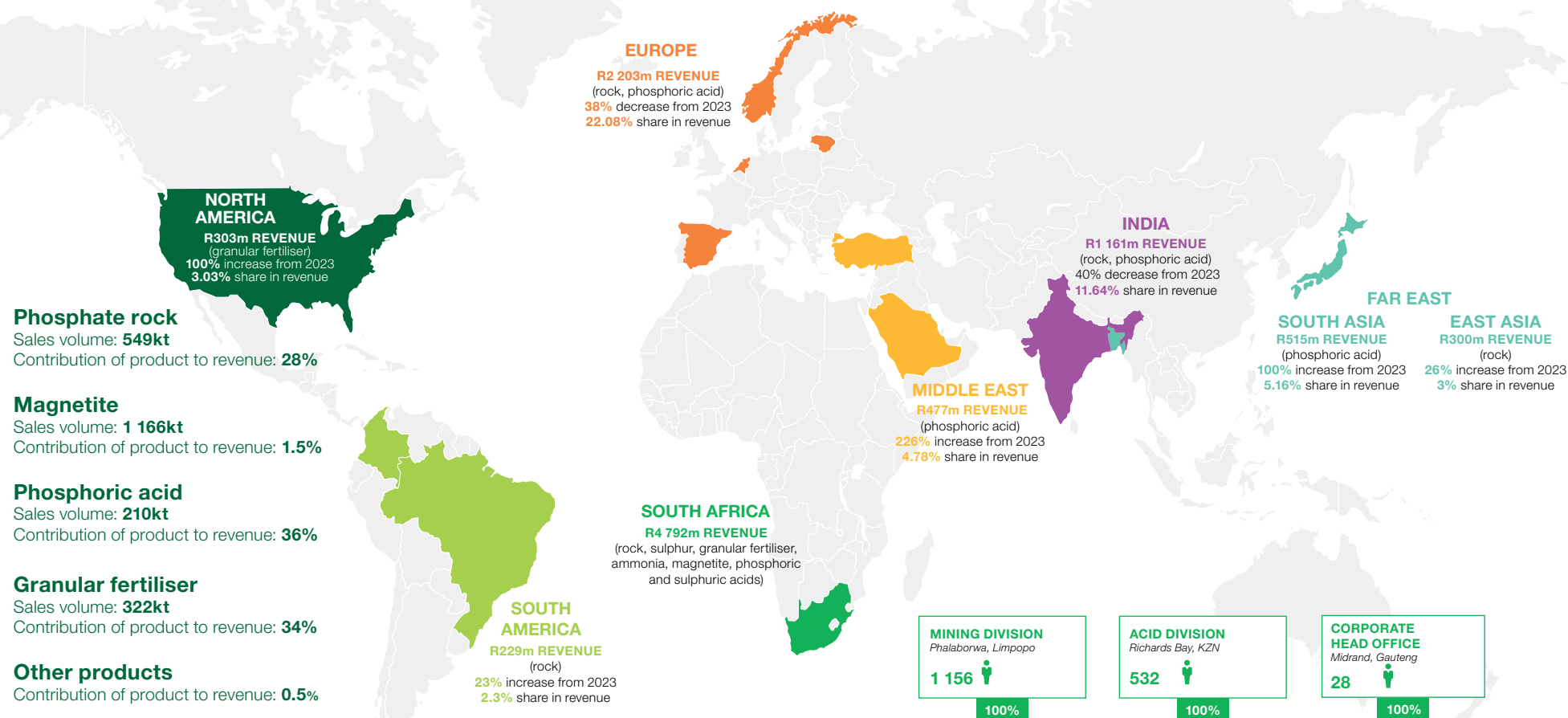
While the bulk of our phosphate rock concentrate is used in our phosphoric acid manufacturing plant, we also export available products to international markets (Europe, Asia and South America).

# HOW WE ARE STRUCTURED



\* Foskor also has interest in other entities which has no active operations.

# WHERE WE OPERATE AND WHO WE SELL TO



To deliver on our customer promise we demonstrate resolve, act responsibly, earn respect and show recognition through shared rewards.



Demonstrating resolve means we are determined to continually improve in everything we do.



Acting responsibly means that we believe in being held responsible to ourselves, our shareholders, our communities and our environment.



Earning respect means we believe that we will excel as a team by respecting diversity.



Showing recognition means we believe in rewards.





# OUR VALUE CREATING BUSINESS MODEL

We create and sustain value through mining phosphate ore that forms an input into the production of phosphoric acid and granular fertiliser products.

Our business model incorporates a wide view of our value-creating activities and incorporates the six capitals in inputs and resources, processes, outputs and measurable outcomes.

## RAIL TRANSPORT

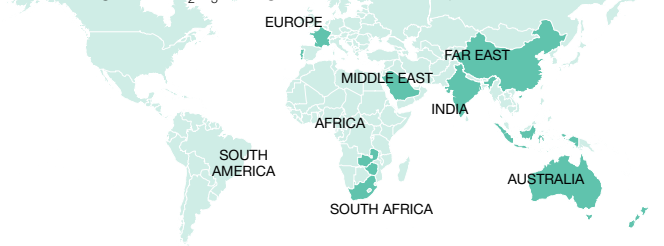
Rock and magnetite

## ROAD TRANSPORT

Rock, magnetite, granular fertiliser, phosphoric acid and sulphuric acid

## SHIPPING

Sulphur and Ammonia raw material imports  
Rock, magnetite, P<sub>2</sub>O<sub>5</sub> and granular fertiliser exports



## SENSITIVITY ANALYSIS

KEY DRIVER	MOVEMENT	EBIT IMPACT
Exchange rate	<b>R1 per US dollar</b>	<b>R440 million</b>
Phosphoric acid	<b>\$10 per ton</b>	<b>R39 million</b>
Granular	<b>\$10 per ton</b>	<b>R60 million</b>
Rock export	<b>\$10 per ton</b>	<b>R103 million</b>
Sulphur	<b>\$10 per ton</b>	<b>R67 million</b>
Acid plant efficiency	<b>1%</b>	<b>R37 million</b>

The manner in which we create value is in terms of our values. See page 6 and for our governance structures see pages 58 and 59.

The relationships with our stakeholders (internal and external) also have an impact in our ability to create and sustain value. See pages 12 to 31.

## OUR CAPITALS



### MANUFACTURED CAPITAL

Our manufactured capital is the investment of capital expenditure at our operations that are used in the generation of value. The equipment and plant that we use is monitored for its performance and impact on the environment. The outputs of production are as a result of investments made in manufactured capital.



### FINANCIAL CAPITAL

Financial capital is the source of our capital, debt and equity, and our ability to raise funding externally at an optimal cost and generate cash from internal operations. Financial capital is preserved through returns from earnings and cost control.



### NATURAL CAPITAL

Our natural capital is from our mineral reserves at our mine in Phalaborwa. The ore we mine is used in the production of phosphate rock. Preservation of our licence to operate, environmental management and rehabilitation of the environmental impacts is important in our ability to create value.



### HUMAN CAPITAL

The experience and diversity of our staff and the development of their skills is vital in the efficient conversion of our natural capital to manufactured capital. The well-being of our staff is our number one priority to produce our outputs with minimal harm to our staff and our environment.



### SOCIAL AND RELATIONSHIP CAPITAL

Maintaining our relationships with all our stakeholders is essential in our assessment of our economic, social and environmental impact as a responsible part of society.



### INTELLECTUAL CAPITAL

The combination of the technical skills of our staff with our technology generates value. Our strategy dictates the investment made in the search and development of new technology and products to sustain and grow value.

Our key external factors that impact on the Group performance:

1. Exchange rate
2. Selling prices of commodities
3. Rail networks
4. Electricity and water supply
5. Labour
6. Interest rate

Our top inherent Group strategic risks:

1. Environmental legislation and quality management standards compliance
2. Applicable laws and regulatory requirements
3. Health and safety legislation compliance
4. Supply chain constraints (loading, railing, trucking and off-loading)
5. Unreliable utilities supply – electricity and water
6. Ageing plant, equipment, and infrastructure
7. Community and labour unrest
8. Unavailability of strategic raw materials, market volatility and quality specifications
9. Market commodity price and foreign exchange volatility
10. Inability to access capital funding from external financiers
11. Inability to attract, develop and retain critical skills
12. Subsidence monitoring
13. Lack of integrated and automated business systems

The key stakeholders that are part of our value chain are suppliers of rail transport (Transnet Freight Rail) for our rock to Richards Bay and Maputo; as well as utility providers (municipalities) who provide us with electricity and water that is critical to our production process. There are other stakeholders which are important such as our suppliers/contractors, communities, government departments, financial institutions, etc.

## INPUT AND RESOURCES



- Investing in capital expenditure.
- Major investment in extending the life of the mine and asset replacement programme at both divisions.



- Investing of shareholder and debt capital.



- We mined 16.7mt of phosphate ore and have 1.35bn tons of mineral reserves.
- Magnetite by-product, available in stockpile.



- 1 397 of our permanent staff are qualified and appropriately skilled.



- Maintaining our operating licences and achieving our transformation and social responsibility goals.



- Achieving our strategic objectives through the application of our scarce skills and utilisation of independent specialised skills.

## MINE AND BENEFICIATE

### Mining

#### Drilling and blasting

**Drilling and blasting** is required to extract ore deposits from the igneous complex.

#### Loading and hauling

**Haul trucks** are loaded with the rocks (up to 1.2m in diameter) which are transported to the crushers.

#### Primary crusher

**Crushers** are used to grind large rocks of phosphate-bearing ore into smaller pebbles (to about 13mm).

#### Primary stockpile

#### Secondary and tertiary crusher

**Conveyor belts** transport the crushed ore to the mills.

#### Fine ore stockpile

### Conveyor belt

## COMMINATION AND CONCENTRATION

#### Rod milling

**The mills** grind the pebble-sized phosphate ore to sand particles. Slurry, formed by mixing water and sand, is then pumped to the flotation circuits.

#### Flotation > Tailings

**Flotation:** Reagents are added to the slurry to separate phosphates from the other minerals in the ore.

#### Thickener

Waste materials or **tailings** are collected and pumped into either the Southern or the Selati tailings dam.

#### Filtration

Phosphate concentrates recovered from the flotation circuits are pumped through **thickeners** and excess water is drained.

#### Phosphate stockpile

#### Drying

The thickened rock concentrates (in fine powder form) are conveyed to the coal-fired **drying kilns** to make a sand-like finished product.

#### Dispatch

## REACT AND CONCENTRATE

### SULPHURIC ACID PRODUCTION

#### Sulphur burning

**Sulphur** is burnt to form **sulphur dioxide**. This gas is converted to sulphur trioxide in a steam boiler and is then mixed with water to form **sulphuric acid**.

#### Sulphur dioxide

#### Catalytic conversion

### SULPHURIC ACID

## PHOSPHATE ROCK

### SLURRY PRODUCTION

#### Reacted with sulphuric acid

**Phosphate rock** concentrate from the Mining Division is treated with sulphuric acid to form weak phosphoric acid in slurry form. This is then filtered to remove gypsum particles as a waste product. After filtration, concentrated high-grade **phosphoric acid** is produced by boiling off excess water.

#### Slurry phosphoric acid

#### Filtration

#### Concentration

### HIGH GRADE PHOSPHORIC ACID

Ammonia and sulphuric acid are mixed with phosphoric acid under controlled conditions to produce **MAP slurry**, which is then granulated and dried to deliver the desired product.

#### Ammonia and phosphoric acid reactors

By adding zinc to the MAP reaction, MAP zinc is produced.

#### Granulation and rotary drying

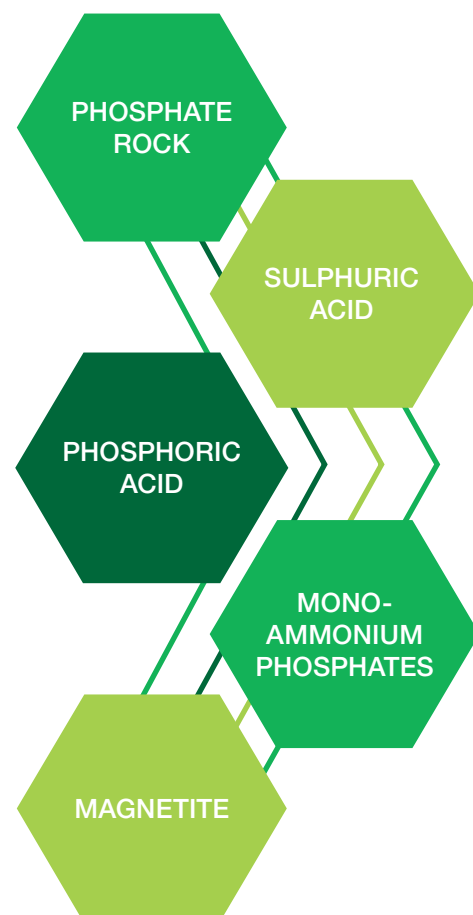
#### Granular fertiliser



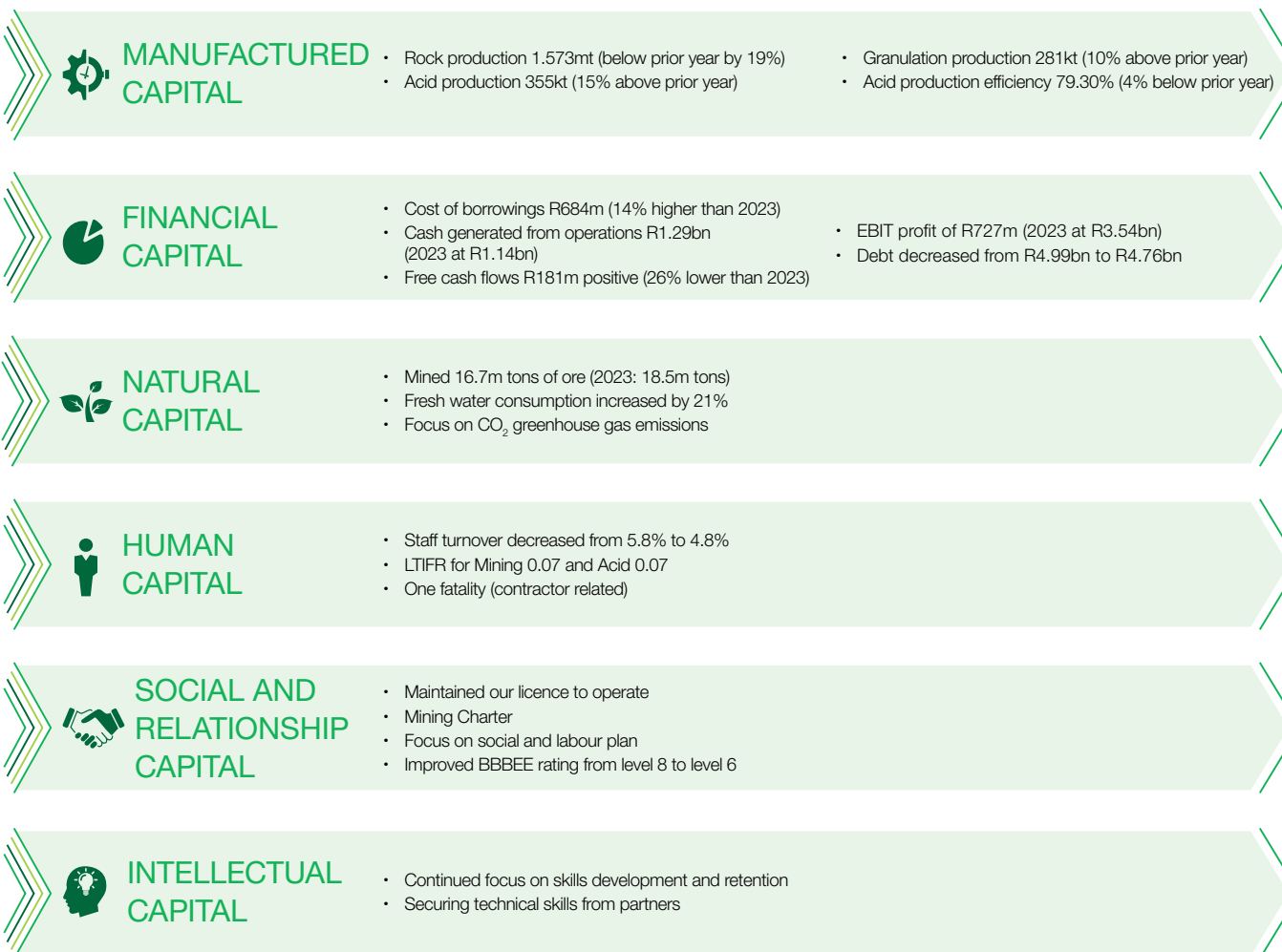
## OUR VALUE CREATING BUSINESS MODEL (CONTINUED)

### OUTPUTS

#### OUR PRODUCT



### OUTCOMES



## ENSURING AVAILABILITY OF CAPITALS

- We are planning to invest R1.36 billion in our Mine and Acid plant in the 2024 financial year.

- Business is projecting positive cash generation from operating activities which will be partly utilised to invest in the business.

- Continuous focus by the business to improve on efficiencies which ultimately increases output.
- Foskor has vast phosphate resources and at current mining rates, the life of mine is in excess of 90 years.

- Learning and development is one of the key ways we maintain and improve our intellectual capital. As a company, we at all times will try our best to ensure 100% execution of the Workplace Skills Plan, in line with the Skills Development Act.

- Ensure investment into our social and labour plan.
- Ensuring all our mining rights are in place.

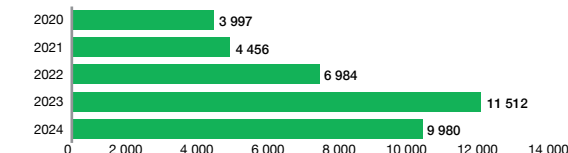
- Knowledge and skills development will remain vital to the health of our organisation.
- Securing technical skills

## KEY TRADE-OFFS

### 1 REVENUE MAINTAINED AT HIGH LEVEL

Strategy is to focus on all product streams and ensure that we supplied product at the right time while taking advantage of favourable market prices.

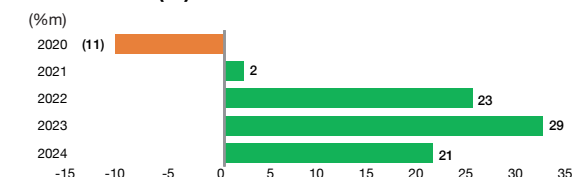
#### REVENUE (R'M)



### 2 GP MARGIN AT 21%

Business focus on recoveries and efficiencies and even with lower production output due to crusher failure managed to maintain GP margins at 21%.

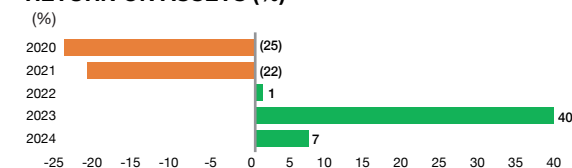
#### GP MARGIN (%)



### 3 RETURN ON ASSETS

With the improvement in business profitability, our return on assets was 7% (2023: 40% due to reversal of impairment of R2bn).

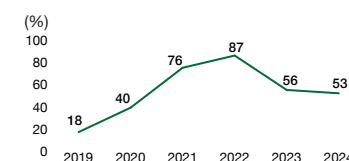
#### RETURN ON ASSETS (%)



### 4 GEARING RATIO

Business gearing ratio has improved from 56% to 53%

#### GEARING RATIO (%)



# OUR KEY STAKEHOLDERS



Foskor defines its stakeholders as people or entities who are affected by its operations or who can affect the production or delivery of our products and services.

## We seek to engage all our stakeholders productively and proactively and deliver on all our commitments.

The stakeholders represent the macro-environment in which we operate such as regulators, the communities in which we operate, and in which our employees reside and the industry in which we operate.

The media also operates in the macro-environment.



## ENGAGING WITH STAKEHOLDERS

Opportunities for dialogue are created through meetings, forums, surveys, briefings, interviews and our website.

Other internal and external communication channels are also available for stakeholders to engage with the Company. We use these channels to inform stakeholders of the Company's activities and obtain feedback from them.

Our stakeholder engagement programme has been specifically designed to:

- Continually update our understanding of our operating environment, to better identify and define the risks facing the Company and allocate resources to seeking solutions;
- Learn about market developments and social dynamics and feed this knowledge into product enhancements;
- Build trusting relationships and creating awareness around the importance of our business; and
- Give Corporate Social Investment ('CSI') recipients a voice in the decision-making processes and tailor initiatives to their needs.

Feedback from our stakeholders is collected through our Corporate Affairs department from employees, communities, environmental interest groups, directors and shareholders. The Marketing department receives feedback from customers, the Procurement department from suppliers, and the Finance department from insurers and financial institutions. The heads of the various departments would then prioritise the feedback and present to the Board.

We have good relations with our stakeholders. We try our utmost best to meet the basic expectations of our stakeholders. In instances where we cannot meet their expectations, we communicate efficiently and make our position clear.

The activities undertaken as part of stakeholder engagement were not specifically undertaken as part of the report preparation process, these activities occur through the normal course of business throughout the period.




Foskor Group stakeholders are key in the management of the organisation. Consciously identifying, listening to, and acting on the proprieties of each individual group of stakeholders is the foundation of constructing a strong reputation. They have a vested interest in the running of the business. Engaging stakeholders brings important issues to light and encourages us in driving food security.

- Improving relationships with our key stakeholders is very important in pursuing competitiveness.
- As an organisation we strive to ensure that all our key stakeholders are engaged.
- A detailed report on key stakeholders is detailed over the next few pages of this report.

**FOSKOR**


## OUR KEY STAKEHOLDERS


Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Employees and Trade Unions</b></p> <p><b>Foskor has a total workforce size of 2 233 employees including contractors, of which 1 716 are permanent employees. These figures are as at 31 March 2024. The Trade Unions, affiliation level within permanent employees equates to 90% across Foskor. These unions have been formed to represent employees on labour related matters as well as their interests in the organisation. Foskor respects and embraces employees' rights to freedom of association with the union of their choice, as enshrined in the Constitution of the Republic of South Africa.</b></p>	<ul style="list-style-type: none"> <li>Real-time face-to-face communication through the management and supervisors hierarchy.</li> <li>General notices from the communications desk, staff briefs, alerts and memo's issued by management.</li> <li>Intranet and electronic media; computer screen flashes; employee self service app; WhatsApp group-chats; bulk SMS; audio-visuals.</li> <li>Employees' surveys, such as workplace satisfaction or staff morale surveys.</li> </ul>	<ul style="list-style-type: none"> <li>Fair remuneration and benefits, as well as general conditions of employment.</li> <li>Health, safety, risk and environment.</li> <li>Fraud and corruption.</li> <li>Succession planning and management.</li> </ul>	<ul style="list-style-type: none"> <li>Employment Equity Forum.</li> <li>Substantive negotiations of employment (salary negotiations), as well as payment of quarterly production bonus where performance targets are met.</li> <li>Maintaining ISO 9001, ISO14001, ISO45001, SANS 451:2008 and SANS 16001 certifications.</li> </ul>	<ul style="list-style-type: none"> <li>Pay progression implementation on employees within Job Levels 1 to 7.</li> <li>The December 2023 provisional bonus targets not met in the Mining Division, which resulted in no bonus payments. CCMA dispute was then lodged.</li> <li>Employees' financial well-being, resulting in demands for additional pay or allowances, or even selling of leave days.</li> <li>No consequence management.</li> </ul>	<ul style="list-style-type: none"> <li>A review was undertaken to set guidelines for pay progression to ensure that implementation is supported by meaningful upskilling and improved capabilities by employees, as per set criteria.</li> <li>Change in culture towards ensuring that incentives and bonuses payments are based on meeting performance targets.</li> <li>Employee wellness interventions, including financial awareness and effective debt management.</li> <li>Instil a culture of discipline as appropriate. The disciplinary procedure was revised to ensure process effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced remuneration competitiveness; Improvement in staff morale and skills retention.</li> <li>Performance culture mobilisation and trajectory.</li> <li>Employee wellness enhancement, which is essential for good staff morale and productivity.</li> <li>Mobilise a culture of discipline essential for operations and labour stability.</li> </ul>

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <b>Employees and Trade Unions (continued)</b>	<ul style="list-style-type: none"> <li>Monthly staff briefings departmental meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Group incentive schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Safety and environmental awareness days.</li> <li>Revival of the safety structures</li> </ul>	<ul style="list-style-type: none"> <li>Identification of protégé's and developmental opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a well-structured talent identification and succession readiness mobilisation.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced talent management and career progression essential for a preferred employee value proposition. Well-developed talent also contributes to business performance given the skills-based nature of Foskor's business.</li> </ul>
	<ul style="list-style-type: none"> <li>Daily business area meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Employee wellness programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Anonymous tip-off.</li> </ul>	<ul style="list-style-type: none"> <li>Skills churn and staff turnover in critical roles.</li> </ul>	<ul style="list-style-type: none"> <li>Rolled-out career growth conversation programme; stay-in interviews; employee satisfaction surveys and remedial steps; remuneration benchmarks and responsive action. Revised STIP and LTIP Schemes approval obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced talent management measures execution; contribution to employee value proposition: career growth and progression; contribution to organisational capability.</li> </ul>
	<ul style="list-style-type: none"> <li>Notice boards and monthly meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Training and development.</li> </ul>	<ul style="list-style-type: none"> <li>Internal audits and forensic investigations.</li> </ul>	<ul style="list-style-type: none"> <li>Impact of crusher-plant collapse on employees' earning such as bonuses, given lower production processing.</li> </ul>	<ul style="list-style-type: none"> <li>Contingency measures were swiftly implemented to mitigate effects of the crusher-plant collapse on production. The re-construction of the crusher-plant was executed expeditiously.</li> </ul>	<ul style="list-style-type: none"> <li>Business and operations continuity; operations excellence; remedied employee morale; and workforce engagement.</li> </ul>




## OUR KEY STAKEHOLDERS (CONTINUED)


Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <b>Employees and Trade Unions (continued)</b>	<ul style="list-style-type: none"> <li>Performance contracting and appraisals/reviews.</li> </ul>	<ul style="list-style-type: none"> <li>Career progression.</li> </ul>	<ul style="list-style-type: none"> <li>Advancement opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of critical skills and competent employees.</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and placement capability was enhanced through the purchase of talent search engines; Internal career progression was enabled and enhanced; Rigorous selection processes to ensure employment of high calibre talent; and focused skills transfer programmes which included expat placements of experienced acid plant staff from our shareholding partner in India, Coromandel.</li> </ul>	<ul style="list-style-type: none"> <li>Skills and talent provisioning; Organisation capacity and capability.</li> </ul>
	<ul style="list-style-type: none"> <li>Internal communications campaigns and events.</li> </ul>	Balanced work-life.	<ul style="list-style-type: none"> <li>Career pathing and conversations.</li> </ul>	<ul style="list-style-type: none"> <li>Under-representation of female employees as well as people living with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Revised employment equity plan with focus on enhancing representation of minority groupings in employment; Leverage on career progression opportunities; Focused search of female candidates in learnership programmes; Workplace audit to create and sustain enabling environment; and support to women in mining/chemical manufacturing committees.</li> </ul>	<ul style="list-style-type: none"> <li>Organisational transformation; Embraced diversity; Drive equitable career opportunities.</li> </ul>
	<ul style="list-style-type: none"> <li>One-on-one conversations/meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Performance recognition.</li> </ul>	<ul style="list-style-type: none"> <li>Job Levels 1–7 quarterly bonus scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Competitive remuneration.</li> </ul>	<ul style="list-style-type: none"> <li>Performance incentivisation.</li> </ul>	<ul style="list-style-type: none"> <li>Organisational performance culture; and Linkage of performance and recognition to the business objectives.</li> </ul>
	<ul style="list-style-type: none"> <li>Virtual meetings, teleconference.</li> </ul>	<ul style="list-style-type: none"> <li>Risk benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Develop senior management interim incentive scheme.</li> </ul>			

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <b>Employees and Trade Unions (continued)</b>	<ul style="list-style-type: none"> <li>• Company newsletter or magazine.</li> <li>• Unions and management engagement forums.</li> <li>• Various committees focusing on specific aspects such as Health and Safety; Production planning; Dispute resolution Forums; Employment equity; Women in Mining/ Manufacturing; etc.</li> <li>• Individual specific letters or written communication such as contracts of employment; company policies and procedures; etc.</li> <li>• Employees' grievance hearings.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication.</li> <li>• Fair labour practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement quarterly incentive scheme for middle management.</li> <li>• Employee assistance practitioner employee consultations.</li> <li>• Talent management and succession readiness profiling.</li> <li>• Implementation of workplace skills plan and Individual Development Plans ('IDPs').</li> <li>• Enhanced communication and regular management and unions' engagement.</li> </ul>			


## OUR KEY STAKEHOLDERS (CONTINUED)


Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Board of directors</b></p> <p><b>We have 11 directors (seven independent, two non-executive and two executive directors) whose aim is to lead and supervise the company throughout different business functions or goals.</b></p>	<ul style="list-style-type: none"> <li>• Board meetings.</li> <li>• Board committee meetings.</li> <li>• Memos.</li> <li>• Annual reports compliance</li> <li>• Board strategy sessions.</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability.</li> <li>• Sustainable growth.</li> <li>• Driving transformation.</li> <li>• Job creation.</li> <li>• Contribution to economic growth.</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Discharging duties through committee meetings.</li> <li>• Requiring regular feedback on executive management's execution and delivery on key performance indicators ('KPIs').</li> <li>• Risk management.</li> <li>• Internal controls.</li> <li>• Policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieving the objectives set.</li> <li>• Turnaround the business so that it is sustainable in future.</li> </ul>	<ul style="list-style-type: none"> <li>• Set objectives with quarterly audit of performance against set objectives.</li> <li>• Review strategic direction of the company.</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of the updated strategic "Journey to 2028" plan.</li> </ul>




Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Shareholders</b></p> <p>The owners of the Group are IDC, BEE shareholders and two India-based shareholders.</p>	<ul style="list-style-type: none"> <li>Shareholders' meetings.</li> <li>Letters.</li> <li>Annual reports.</li> </ul>	<ul style="list-style-type: none"> <li>Dividends.</li> <li>Sustainable profits.</li> <li>Capital growth.</li> </ul>	<ul style="list-style-type: none"> <li>Generating profit.</li> <li>Generating positive cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving objectives to provide return on investment.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has started implementing various changes in the strategy in order to ensure that we meet the future objectives.</li> <li>The financial year 2023/24 is the first year of the "Journey to 2028" plan and the outcome is encouraging, especially positive net profit and cash generation.</li> </ul>	<ul style="list-style-type: none"> <li>The Group EBIT for the year is a profit.</li> <li>We have now entered the second year of the five-year strategy, Journey to 2028. This has been developed to grow the business and make it sustainable in the long run. This will ensure that the business would generate EBIT profit and positive cash generation in future years.</li> </ul>

## OUR KEY STAKEHOLDERS (CONTINUED)


Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Customers</b></p> <p>Our customers are the foundation of our business success and we currently earn 48% of revenue from local customers and 52% from foreign customers.</p>	<ul style="list-style-type: none"> <li>• Meetings.</li> <li>• Site visits.</li> <li>• Business associations.</li> <li>• Conferences and seminars.</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability of product supply.</li> <li>• Quality products.</li> <li>• Competitive prices.</li> <li>• Customer service.</li> <li>• Timely deliveries.</li> <li>• SHERQ/ESG compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Optimise product stock-holding in accordance to seasonality.</li> <li>• Continued focus on product quality.</li> <li>• Improve operational efficiency and turn around times.</li> <li>• Improve customer relationships and becoming a customer-centric organisation.</li> <li>• Maintain pricing relative to market.</li> <li>• Improved focus on ESG/SHERQ compliance through resource employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Our customers are concerned about availability of our products when needed.</li> <li>• Certain customers are concerned about consistent supply of quality, on-specification products.</li> <li>• Some local customers have requested variations in pricing policy for some of our products.</li> </ul>	<ul style="list-style-type: none"> <li>• We have reviewed our operations' maintenance and annual shut-down planning and execution, to ensure products are available in line with customer demand.</li> <li>• Product pricing and competitiveness were reviewed and tested.</li> <li>• Compliance to all laws and regulations is being maintained.</li> <li>• Import of MAP during peak season.</li> </ul>	<ul style="list-style-type: none"> <li>• Execution of planned maintenance, shutdowns, production and materials handling has improved to ensure on-specification products are available in line with customer demand.</li> <li>• Pricing policies have been reviewed and implemented to ensure competitiveness of our products.</li> <li>• Alternate product specifications were successfully implemented for various geographical locations (Western Cape, South Africa, Japan and Europe).</li> </ul>

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Suppliers and service providers</b></p> <p><b>We have approximately 2 696 active suppliers on Foskor's supplier database. 30% of our total procurement spend is with black-owned suppliers and 15% of the total procurement spend is with Black Women-owned Suppliers. We would like to ensure that services and goods supplied to Foskor are of acceptable standard to ensure continuous business operations.</b></p>	<ul style="list-style-type: none"> <li>• Meetings and emails.</li> <li>• Printed media.</li> <li>• Foskor's Internet.</li> <li>• National Treasury's e-tender portal.</li> <li>• CIDBs I-tender portal.</li> <li>• Site visits.</li> <li>• Tenders and supply contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise and supplier development.</li> <li>• Payments on time.</li> <li>• Payment term.</li> <li>• Procurement opportunities.</li> <li>• Duration of contracts.</li> <li>• Contract opportunities and training.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face engagement.</li> <li>• Electronic communication.</li> <li>• Regular feedback and communication.</li> <li>• Procurement proposal submission training.</li> <li>• Favourable supplier payment terms.</li> <li>• We have spent R8m on supplier development and R4m on Enterprise Development during the 2024 financial year.</li> </ul>	<ul style="list-style-type: none"> <li>• Delayed payments.</li> <li>• Suspension of accounts and services.</li> <li>• Non-compliance to public sector procurement legislation.</li> <li>• Updating of the vendor master.</li> <li>• Access to the website during load-shedding.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has procurement committees to ensure that business is operating in accordance with the prescribed public sector legislation, quality, technical capability, BBBEE and price.</li> <li>• Improve the company's creditworthiness.</li> <li>• Create awareness on the new procurement way of working.</li> <li>• Comply with all legislative prescripts.</li> <li>• Value creation for Foskor</li> <li>• Opportunities are now advertised on various government portals such as: <ul style="list-style-type: none"> <li>• Foskor's internet.</li> <li>• National Treasury's e-tender portal.</li> <li>• CIDBs I-tender portal.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Continuous focus on security of supply.</li> <li>• Fair, equitable, transparent, cost effective and competitive procurement practices.</li> <li>• Enhanced focus on community, enterprise and supplier development.</li> <li>• We continuously focus on providing opportunities to black-owned and black women-owned SMMEs.</li> <li>• Improvement in legislative compliance.</li> <li>• Vendor training is provided on a regular basis.</li> <li>• We have spent R8.1m on supplier development and R4m on enterprise development during the 2024 financial year.</li> </ul>


## OUR KEY STAKEHOLDERS (CONTINUED)

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Suppliers and service providers (continued)</b></p>	<ul style="list-style-type: none"> <li>Local community engagement.</li> <li>Performance reviews and audits.</li> </ul>	<ul style="list-style-type: none"> <li>Community procurement opportunities.</li> <li>Availability of business opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on providing opportunities for local SMMEs.</li> <li>Handling supplier complaints system.</li> </ul>	<ul style="list-style-type: none"> <li>An Enterprise and Supplier Development Strategy ('ESD') for Foskor.</li> <li>The requirement for the creation of a Procurement Ombudsman role within the governance function in the Procurement Structure as per National Treasury.</li> </ul>	<ul style="list-style-type: none"> <li>The development and approval of the ESD strategy in the 2024/25 Financial Year.</li> <li>This requirement is being incorporated into the new draft procurement structure.</li> </ul>	<ul style="list-style-type: none"> <li>A need has been identified to have the ESD Strategy approved, and communicated to all the required stakeholders, re-iterating Foskor's commitment to community and enterprise development.</li> <li>This is a legislative requirement and will be included in Foskor's Procurement Procedures Manual.</li> </ul>




Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Communities</b></p> <p>Foskor's Communities include the eight communities that fall under the Ba-Phalaborwa Municipality in Limpopo, as well as communities that fall within uMhlathuze Local Municipality in KwaZulu-Natal (KZN). The communities are regarded as an integral part of business sustainability. Accordingly, an extensive stakeholder analysis, mapping and issue ranking was done. Our approach towards community engagement in respect of Ba-Phalaborwa communities is through the Social and Labour Plan ('SLP') under the auspices of the Minerals and Petroleum Resources Development Act, whereby Local Economic Development ('LED') Programmes, Enterprise and Supplier Development, sponsorships and Corporate Social Investment initiatives are implemented. While SLP does not necessarily apply to the Richards Bay operation, as a good corporate citizen, Foskor has been utilising CSI and LED to enhance community development for the area, as this remains the right thing to do.</p>	<ul style="list-style-type: none"> <li>Meetings with community structures.</li> <li>Meetings with local authorities (local government, and traditional authorities).</li> <li>Community trust meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable socio-economic development through employment, training, and business opportunities.</li> <li>Stability in communities.</li> <li>Sustainable socio-economic development through employment, training, and business opportunities.</li> <li>Ownership stake of Foskor.</li> </ul>	<ul style="list-style-type: none"> <li>Investment in communities through local economic development projects and CSI initiatives.</li> <li>Availing employment, training, and business opportunities.</li> <li>Participation in stakeholder meetings to share updates regarding community development.</li> <li>Investment in communities through local economic development projects and CSI initiatives.</li> <li>Regular updates through engagements with community development trustees.</li> </ul>	<ul style="list-style-type: none"> <li>Creation of employment opportunities, SMME development and local procurement.</li> <li>Business and employment opportunities.</li> <li>Blockages of roads by community members.</li> <li>Instability in communities.</li> </ul>	<ul style="list-style-type: none"> <li>Foskor enhanced the corporate affairs structure and made use of engagements with community structures to disseminate information.</li> <li>Prioritisation of community members for entry-level jobs.</li> <li>Engagement with community development trustees.</li> </ul>	<ul style="list-style-type: none"> <li>Improved community relations; Stakeholder engagement; Shared understanding; and Influencing expectations.</li> <li>Improved community relations; Engaged stakeholders; and Social partnerships in various interventions.</li> <li>Improved community relations; Inclusive growth and development; community empowerment.</li> </ul>

## OUR KEY STAKEHOLDERS (CONTINUED)

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <b>Communities (continued)</b>	<ul style="list-style-type: none"> <li>Social and Labour Plan application and reporting to the relevant State Department.</li> <li>CSI adjudication committee.</li> <li>Economic development forums.</li> </ul>	<ul style="list-style-type: none"> <li>Community development; unemployment crisis; Limited business opportunities.</li> <li>Community development needs and socio-economic ills.</li> <li>Pollution, safety and health matters.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to social capital investments through our social and labour plans.</li> <li>CSI strategy and initiatives with budget allocation; Consultations with community representatives; Inclusive growth/development initiatives.</li> <li>CSI initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Unemployment escalation, and competition for limited economic or procurement opportunities.</li> <li>Community instability and protests against the local municipality, as well as against business entities, i.e. the mining houses in particular. Such protests interfere with business operations and logistics.</li> <li>Suspected gas leaks.</li> </ul>	<ul style="list-style-type: none"> <li>Community empowerment programmes.</li> <li>Continuous engagement with communities stakeholders; partnership with local businesses; Enhanced branding and narrative on Foskor's contribution to society; Social and labour plans consultations with local stakeholders; Social capital support alignment with municipalities.</li> <li>Community based on funds and resource availability.</li> </ul>	<ul style="list-style-type: none"> <li>Support alleviation of socio-economic ills; Empowerment of communities; and Meaningful transformation.</li> <li>Good corporate citizenship; Brand equity enhancement; Making a positive difference in peoples' lives.</li> <li>The business always considers local procurement as well as ensuring employment of local labourers when the need arises.</li> </ul>

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <b>Government and regulatory bodies</b>  <b>These bodies comprise of Department of Mineral Resources and Energy; Employment and Labour; Environment, Forestry and Fisheries; Water and Sanitation; Trade and Industry; the National Nuclear Regulator; the National Railway Safety Regulator; the Information Regulator; the South African Revenue Services; the Competition Commission; the Companies and Intellectual Property Commission and Local Authorities. As a business, these bodies would like to be satisfied that the Company is complying with all regulatory requirements.</b>	<ul style="list-style-type: none"> <li>Meetings.</li> <li>Written communications.</li> <li>Presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Statutory and legal compliance.</li> <li>Transparent and full disclosures of Group's structures and activities.</li> <li>Safety, health and environmental matters.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting assurance activities with the support of internal departments, including internal audit, compliance and risk as well as external auditors.</li> <li>Regular meetings and presentations to departments and government bodies.</li> <li>Providing periodic progress updates on action plans and implementation thereof as well as reporting in accordance with licence and regulatory conditions and/or requirements.</li> </ul>	<ul style="list-style-type: none"> <li>SHERQ matters.</li> <li>Transformation matters.</li> <li>SHERQ matters.</li> <li>Compliance matters.</li> </ul>	<ul style="list-style-type: none"> <li>Assurance activities conducted by internal departments and through external service providers.</li> <li>Planned engagements with the authorities.</li> <li>Adherence/Improvements to/of internal policies and processes.</li> <li>Adherence to legal and regulatory requirements.</li> <li>Engagement with government agencies and regulatory bodies in addressing concerns and finding appropriate solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Measures are put in place to address and manage areas of risk.</li> <li>Improved compliance regarding licences to operate.</li> <li>Greater alignment with regulators' requirements.</li> <li>Improved compliance regarding licences to operate.</li> <li>Enhanced relationships with authorities.</li> <li>Improved compliance regarding licences to operate.</li> <li>Enhanced relationships with authorities.</li> </ul>


## OUR KEY STAKEHOLDERS (CONTINUED)


Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Government and regulatory bodies (continued)</b></p>	<ul style="list-style-type: none"> <li>Audits.</li> <li>Attending workshops.</li> </ul>	<ul style="list-style-type: none"> <li>Local economic development.</li> <li>SHERQ matters.</li> <li>Economic growth through fostering healthy competition.</li> <li>SHERQ matters.</li> <li>Implementation of regulatory changes.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of adequate policies, procedures and programmes to ensure compliance with regulatory requirements.</li> <li>Third party verification.</li> <li>Identify areas for improvement and implement corrective controls to mitigate risk.</li> <li>Benchmarking of best practises.</li> <li>Keep detailed records of all actions taken to address concerns.</li> <li>Internal regulatory universe developed.</li> <li>Reviewing and updating of internal policies/procedures as required.</li> </ul>	<ul style="list-style-type: none"> <li>SHERQ matters.</li> <li>Economic growth through fostering healthy competition.</li> <li>SHERQ matters.</li> <li>Economic growth through fostering healthy competition.</li> <li>SHERQ matters.</li> </ul>	<ul style="list-style-type: none"> <li>Assurance audit activities conducted by internal departments and through external service providers.</li> <li>Alignment with internal procedures.</li> <li>Tracking and closure of audit findings and continual improvement.</li> <li>Benchmarking of best practises.</li> <li>Internal regulatory universe developed.</li> <li>Reviewing and updating of Internal policies/procedures as required.</li> </ul>	<ul style="list-style-type: none"> <li>Improved compliance regarding licences to operate, through continuous improvement.</li> <li>Enhanced understanding of regulators' expectations and of legal/regulatory requirements.</li> <li>Continuous improvement.</li> <li>Internal regulatory universe in place to keep abreast of regulatory changes.</li> </ul>




Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Local and International Media</b></p> <p><b>Media engagement is a strategic way of providing information and managing Foskor's reputation.</b></p>	<ul style="list-style-type: none"> <li>• Networking and briefing sessions.</li> <li>• Press releases.</li> <li>• Telephonic and other interviews.</li> <li>• Invitation to events.</li> </ul>	<ul style="list-style-type: none"> <li>• Company news.</li> <li>• New developments.</li> <li>• Latest developments at Foskor.</li> <li>• CSI/LED project handover invitations.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular face-to-face contact briefings and networking.</li> <li>• Regular press statement regarding Foskor initiatives, business performance and other related matters.</li> <li>• Making ourselves available for interviews.</li> <li>• All key stakeholders are included in our year plans.</li> </ul>	<ul style="list-style-type: none"> <li>• The media would like to have regular engagements with the business.</li> <li>• Media would like to know the stability of the business and its operation.</li> <li>• Very little media coverage.</li> <li>• Financial resources curtailed our activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider filing the position of Public Relations Officer.</li> <li>• Corporate Strategy.</li> <li>• Both local and international media coverage to be increased.</li> <li>• Increase budget allocation for effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve Public Relations with the media; Foskor's reputation enhancement and risk management.</li> <li>• Foskor is accurately reported across the media platforms as per our communication strategy; Publication of Foskor's narrative and key messages as required.</li> <li>• Boost company image and public relations.</li> <li>• Adequate coverage of all CSI events; Good corporate citizenship contribution; Brand Equity enhancement.</li> </ul>

## OUR KEY STAKEHOLDERS (CONTINUED)

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Financial institutions and other lenders</b></p> <p><b>Transactional bankers and providers of debt capital and trade facilities concerned with the liquidity position of the business.</b></p>	<ul style="list-style-type: none"> <li>Meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity position.</li> </ul>	<ul style="list-style-type: none"> <li>Prudent liquidity risk management, maintaining sufficient cash, managing cash flows and raising adequate borrowing facilities.</li> </ul>	<ul style="list-style-type: none"> <li>The institutions and lenders are concerned on business not achieving objectives and what risk mitigating factors the business has in place to manage the liquidity position.</li> </ul>	<ul style="list-style-type: none"> <li>Provide regular updates to these institutions on financial and operational performance.</li> </ul>	<ul style="list-style-type: none"> <li>Extension of shareholder funding facilities.</li> </ul>
	<ul style="list-style-type: none"> <li>Letters.</li> </ul>	<ul style="list-style-type: none"> <li>Risk management and exposure.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous business update meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Consistency in profit making given the history of negative results.</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder support that provides comfort to these institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Access to new facilities, extension of older lines with less restrictions.</li> </ul>
	<ul style="list-style-type: none"> <li>Emails.</li> </ul>	<ul style="list-style-type: none"> <li>Gearing ratio.</li> <li>Interest cover.</li> </ul>		<ul style="list-style-type: none"> <li>Financial effects to Foskor if market prices of products sold go down.</li> </ul>	<ul style="list-style-type: none"> <li>Demand of phosphates throughout the world.</li> </ul>	

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Insurers</b></p> <p><b>Our insurance providers provide cover for the Group on machinery breakdown and business interruption on catastrophic events.</b></p> <p><b>Credit insurance providers ensure that we trade with reputable companies to minimise our risk to debt exposure.</b></p>	<ul style="list-style-type: none"> <li>Meetings.</li> <li>Site visits.</li> <li>Reports.</li> </ul>	<ul style="list-style-type: none"> <li>Adequate risk management and insurance administration.</li> <li>Internal controls.</li> </ul>	<ul style="list-style-type: none"> <li>Rigorous maintenance and regular inspections limit insurance claims.</li> <li>Competent risk administration team and insurance committee in place.</li> </ul>	<ul style="list-style-type: none"> <li>Our insurers are concerned that we ensure all mitigating factors and additional controls are in place for high risk areas.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that risk recommendations from surveyors are addressed.</li> <li>Our credit committee pays close attention to all aspects of risk consideration including recommendation by credit insurers before approving any credit risk on our debtor's book.</li> </ul>	<ul style="list-style-type: none"> <li>We have continuously improved on our risk rating by implementation of surveyor's recommendations as well as capital investment in business to address ageing equipment. Risk rating is in the top 20% of all companies rated by the internationally recognised surveyor.</li> <li>Our credit risk committee has ensured that exposure to debt risk is limited. Very low actual credit losses experienced.</li> </ul>

## OUR KEY STAKEHOLDERS (CONTINUED)

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Industry associations, regulators and suppliers</b></p> <p><b>Industry associations, community action groups, environmental activists.</b></p>	<ul style="list-style-type: none"> <li>• Forum meetings.</li> <li>• Conferences and seminars.</li> <li>• Participate in Panel Interviews.</li> <li>• Profile the CEO and other Exco members on national and international publications.</li> </ul>	<ul style="list-style-type: none"> <li>• Safety, Health and Environmental matters.</li> <li>• Regulatory changes.</li> <li>• Economic drivers.</li> </ul>	<ul style="list-style-type: none"> <li>• By complying with legislation and regulations.</li> <li>• International Fertiliser Association.</li> <li>• Fertiliser Society of Southern Africa.</li> <li>• KZN Growth Coalition.</li> <li>• Zululand Chamber of Commerce and Industry.</li> <li>• Richards Bay Clean Air Association.</li> <li>• Umhlathuze Pipeline Forum.</li> <li>• Umhlathuze Emergency Planning Forum.</li> <li>• Olifants River Water Catchment Forum.</li> </ul>	<ul style="list-style-type: none"> <li>• Air emission levels.</li> <li>• Environmental conservation issues.</li> <li>• Food security.</li> <li>• Health and well-being of the community at large.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing monitoring of environmental impacts.</li> <li>• Conduct study to determine capital investment required to lower the level of air emissions.</li> <li>• Monitor tailings dams, storm water drainage, dust emissions, water usage, power usage, waste disposal and all other nature conservation matters to ensure acceptable outcomes in terms of applicable legislation.</li> <li>• Continuous update on business activities, transformation initiatives such as SMME development and SLD/SLP initiatives.</li> <li>• SMME Development and recruitment opportunities.</li> <li>• Environmental reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced relationship with stakeholders.</li> <li>• Study completed. Implementation plan is in place.</li> <li>• No negative outcomes.</li> <li>• Stable community relations enabling the business to operate without the interruptions.</li> </ul>

Stakeholder	How we communicate with them	What matters to them	How we respond to their concerns	Material concerns in the reporting period	Strategic responses	Outcomes realised
 <p><b>Industry associations, regulators and suppliers (continued)</b></p>			<ul style="list-style-type: none"> <li>• Transnet's Environmental Forum Meeting in accordance with the Environmental Management Plan for Port Operations.</li> <li>• Kruger National Park Environmental Management Forum.</li> <li>• Ba-Phalaborwa Community Forum.</li> <li>• North Coast Community Workers Forum.</li> <li>• Kruger National Park Environmental Management Forum.</li> <li>• Leolo Community Trust.</li> <li>• Phalaborwa Foundation.</li> </ul>			



# VALUE-ADDED STATEMENT

For the year ended 31 March 2024

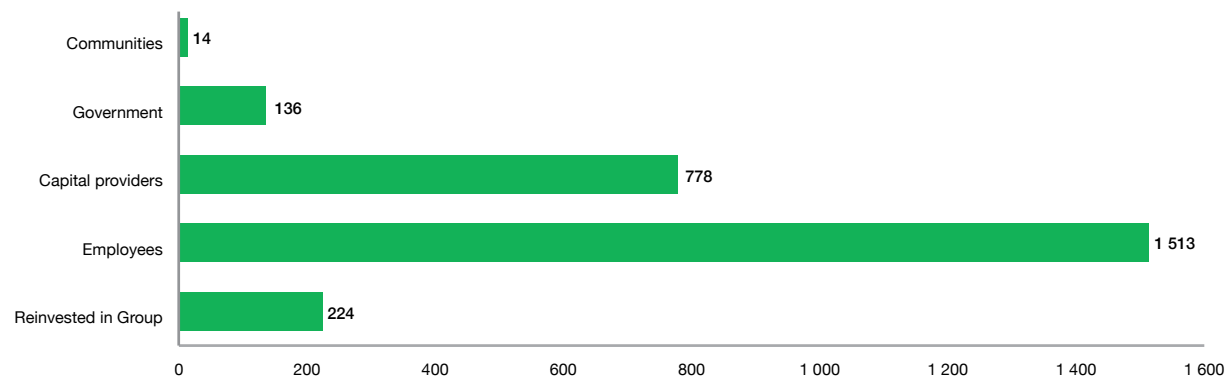
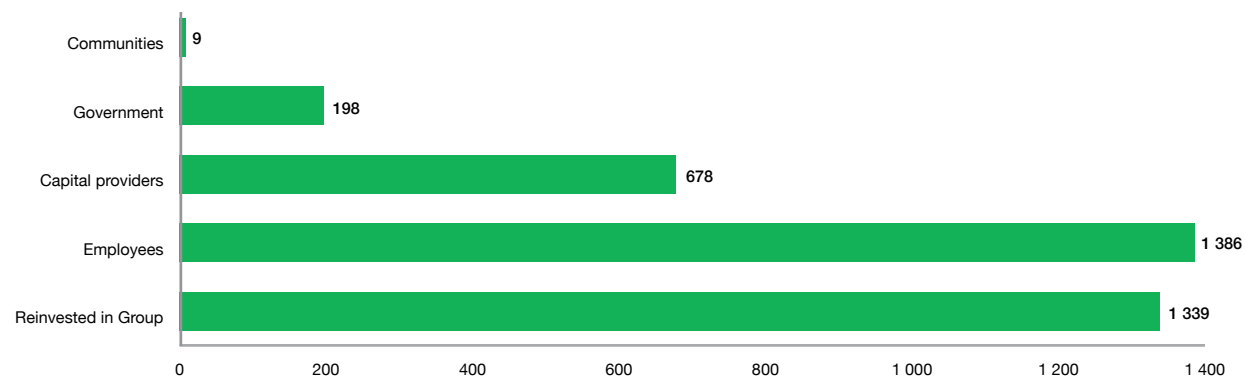
## VALUE ADDED IS DEFINED AS A MEASURE OF THE WEALTH CREATED BY THE GROUP AND ITS EMPLOYEES

This statement shows the total value created and how it was distributed.

	Notes	2024 Rm	%	2023 Rm	%
<b>Revenue</b>		<b>9 980</b>		<b>11 512</b>	
Paid to suppliers for products, materials and services		(7 856)		(8 142)	
<b>Value added from trading operations</b>		<b>2 124</b>	<b>80</b>	<b>3 370</b>	<b>93</b>
Finance income		95	4	76	2
Other income		446	16	164	5
<b>Total value created</b>		<b>2 665</b>	<b>100</b>	<b>3 610</b>	<b>100</b>
<b>Wealth distribution</b>					
Employees	1	1 513	57	1 386	38
Capital providers		778	29	678	19
Government	2	136	5	198	6
Communities (corporate social investment)		14	1	9	–
<b>Reinvested in Group to maintain and develop operations</b>		<b>224</b>	<b>8</b>	<b>1 339</b>	<b>37</b>
Depreciation and amortisation		412		310	
Retained profit		79		981	
Deferred taxation		(267)		48	
		<b>2 665</b>	<b>100</b>	<b>3 610</b>	<b>100</b>
<b>VALUE ADDED RATIOS</b>					
Number of employees <sup>a</sup>		1 716		1 675	
Revenue created per employee (R'000) <sup>a</sup>		5 816		6 873	
Value created per employee (R'000) <sup>b</sup>		1 553		2 155	
<b>NOTES</b>					
<b>1. Employees</b>					
Salaries, wages, overtime payments, commissions, bonuses and allowances, employer contributions		1 513		1 386	
		<b>1 513</b>		<b>1 386</b>	
<b>2. Government</b>					
Tax – normal, royalties, dividend withholding		109		174	
Rates and taxes paid to local authorities		11		9	
Skills development levy		16		14	
		<b>136</b>		<b>197</b>	

<sup>a</sup> Number of employees at end of year

<sup>b</sup> Based on the number of employees at end of year

**FY2024 EVA Distribution: R224 million****FY2023 EVA Distribution: R1 339 million**

# OUR STRATEGIC APPROACH



Way forward towards a strong future in our “Journey to 2028” – enable food security in South Africa and across the globe. Building on the robust operations achieved during the business turnaround phase and looking ahead into the next phase of growing a more sustainable, strong business.

2024 represents the first year of our “Journey to 2028” strategy. We faced numerous headwinds influenced by unfavourable macroeconomic factors as well as external and internal challenges that impacted the delivery of our strategy in 2024.

Despite the challenges, we have begun to make inroads with the initiatives that will support growing Foskor into a strong and sustainable business.

We remain committed to achieving our objectives to becoming a stronger and more sustainable business.

Highlights on delivery of committed strategic focus areas:

## ESG:

- Established an ESG function to coordinate all objectives related to three pillars of ESG.
- Developed an ESG strategy, its implementation to commence in the 2025 financial year.

## COMPLIANCE:

- Legislation applicable to the Foskor value chain is assessed and mapped out in a consolidated regulatory universe with a focus on ensuring that there are adequate and effective controls in place for legislation classified as high risk for the business. Regular regulatory landscape assessments are ongoing.

## BUILDING CAPABILITIES:

- Approved and implemented strategy on the intake of Graduates in trainees (“GIT”).
- Formalised transfer of skills implemented in the Expat placements in our operations.
- Provided external mentor-ship to individuals occupying critical roles as part of skills transfer.

## DOWNSTREAM EXPANSION:

- Various discussions with market players that are consumers of gypsum, and various options are to be considered.

## PRODUCT DIVERSIFICATION:

- Review of feasibility studies in extraction of rare earth oxides contained in the gypsum, various possible options are being explored.

## GREEN ENERGY:

- Advanced efforts to provide green alternative energy to our operation in Phalaborwa.

## OPERATIONAL EXCELLENCE:

- Achieved increased year-on-year  $P_2O_5$  Production at 355kt compared to 308kt in the 2023 financial year.
- Managed to restore operations after the Secondary West Crusher failure at the mine within seven months after incidence occurrence as opposed to the original indicative 12-month plan.
- Rental of reliable equipment in north pit to ensure continuity of operational performance.

## MITIGATE LOGISTICS CHALLENGES:

- Continuous engagement with Transnet for better collaboration.
- Developed contingency plans to ensure that the downstream processes are not impacted by the incumbent logistical challenges, these include sourcing affordable phosphate rock from other operators.

## ENHANCE PROJECT MANAGEMENT:

- Review of structure to ensure better facilitation and execution of projects considering magnitude of capital budget at Foskor.

## CHALLENGES:

1. Low rock level at the mine and Richards Bay.
  - Due to failure of the secondary west crusher at the end of the previous financial year.
  - Under-performance of the North-pit mining contractor which was subsequently terminated.
2. Fire at neighbouring facility in Richards Bay resulted in negative impact on production.
3. Power failures due to unplanned municipal stoppages.



## STRATEGY LOOKING AHEAD:

### PRODUCT DIVERSIFICATION

- New products introduction from by-products.
- Diversification of the business to enhance product mix and flexibility with market dynamics.

### ENHANCE PROJECT MANAGEMENT

- Identify, scrutinise, prioritise and plan project portfolio to enable strategy implementation.
- Deliver compliance, improvement, sustainability and expansion of multi-billion project portfolio successfully and gain value for investment.

### OPERATIONAL EXCELLENCE

- Improve productivity and efficiencies, optimise costs, and improve asset reliability, care and maintenance.
- The world-class operation, engineering standards, innovation and continuous improvements.

### MITIGATE LOGISTICS CHALLENGES

- Continuous engagement with service providers and escalate the challenges to the government level.
- Find alternative ways of conducting business value chains to reduce stress on logistics.

### GREEN ENERGY

- Establishment of a green, reliable and cheaper energy supply to reduce our carbon footprint.

### COMPLIANCE

- Proactively develop and implement a programme to achieve changing legislation requirements and remain compliant as a responsible business.

### DOWNSTREAM EXPANSION

- New downstream expansion in the value chain.
- Development of gypsum business and other by-products.

### BUILDING CAPABILITIES

- Augment structures, recruit skilled and capable people, implement succession planning, as well as training and development.
- Graduate Trainee Programme and Foskor Training and Development Academy.

# CHAIRMAN'S STATEMENT

**ROBERT  
MICHAEL  
GODSELL**  
CHAIRMAN



“The decline in prices that we saw towards the end of 2023 continued to materialise in 2024, though this was better than our expectations. Despite challenges faced at the mine and acid division, Foskor managed to generate EBITDA of R1.4 billion, which gave the board comfort regarding the turnaround that was previously achieved. This performance demonstrates our resilience and ability to navigate difficult market conditions while maintaining our commitment to operational excellence and sustainable growth.”

After an exceptional prior year, Foskor has just completed a comprehensive strategy review and budgeting process for 2024. The beginning of the 2024 financial year was marked with some uncertainty due to the decline in market prices and the impact of the crusher failure at the mine. These challenges tested our operational resilience and strategic planning capabilities, prompting us to adapt quickly to changing market dynamics.

In the State of the Nation address at the beginning of 2023, President Cyril Ramaphosa highlighted the cost-of-living crisis as one of the top challenges that South Africans were going to face. This prediction indeed materialised as consumers experienced a substantial increase in the cost of living during 2023. The rising prices of essential goods and services put significant pressure on households across the country, affecting their ability to meet basic needs and maintain their standard of living.

With Foskor's vision to enable food security in South Africa and across the globe, we wanted to ensure that we continue to support South Africa's agriculture industry and play our part in mitigating the impact of high food prices. We took proactive steps to address this challenge, including the strategic importation of MAP (granular fertiliser) utilised in the agriculture industry during the peak of the season. By doing so, we wanted to ensure that farmers and consumers alike had access to essential agricultural inputs at competitive prices.

Although we still face some challenges relating to logistics between our mine and our processing plant, and power-related challenges after a year that has had the most significant load-shedding in South Africa, Foskor remains committed to working with providers of these services being Transnet and Eskom. Our aim is to collaborate and keep open dialogue for the benefit of South Africa as a whole, recognising that our success is intrinsically linked to the broader economic and social well-being of the country.

## BOARD CHANGES

As I reported during the 2023 Integrated Annual Report, during the financial year we appointed two new board members, Ms May Hermanus and Ms Penny Zulu. We have indeed seen the valuable contribution that they have already made to the Foskor board during their first year of tenure. Their diverse expertise and fresh perspectives have enriched our board discussions and decision-making processes.

We are, however, deeply saddened that on 30 April 2024 we lost one of our board members, Mr Thero Setiloane, who was appointed to the board in June 2019. His expertise and contribution to the board will be sorely missed. Mr Setiloane's strategic vision and deep understanding of the South African business landscape were invaluable assets to Foskor. His commitment to sustainable development and ethical business practices helped shape many of our key initiatives over the years.



We extend our sincere condolences to his family and friends. To honour his memory and legacy, we are committed to continuing the work he was passionate about, particularly in the areas of sustainable development and community empowerment.

## ESG

Although the three pillars of ESG (Environmental, Social, and Governance) existed within Foskor, the Foskor board approved a comprehensive ESG strategy, the implementation of which will commence in the 2025 financial year. This marks a significant step forward in our commitment to sustainable and responsible business practices.

As a company that has turned around within the past two years, we commit to not only focus on financial performance but also elevate the importance of non-financial indicators and benchmark ourselves against world-class standards. This holistic approach to business performance reflects our understanding that long-term success is intrinsically linked to our environmental stewardship, social responsibility, and robust governance practices.

Please refer to page 44 of the IAR for further information on our ESG strategy and focus areas. We believe that this comprehensive approach to ESG will not only contribute to our long-term sustainability, but also create value for all our stakeholders.

## STRATEGY

Foskor has been on a turnaround, and we are now implementing our new strategy “Journey to 2028”, which will manifest operational excellence, growth, and ESG, amongst other focus areas. This strategy represents our roadmap for the next five years, outlining how we plan to build on our recent successes and address ongoing challenges.

While implementing out new strategy, governance remains a key priority for the group and the board has emphasised the importance of compliance as one of the principles to upload good governance principles.

Page 34 of this report highlights the strategy in more detail, providing a comprehensive overview of our objectives and the steps we are taking to achieve them.

## SAFETY

Regrettably, during the financial year, we unfortunately lost one of our contractors on-site in Richards Bay. This tragic incident serves as a stark reminder of the critical importance of safety in our operations. We continue to extend our sincere condolences to the deceased’s family, friends and colleagues. The loss of any life is unacceptable, and this incident has deeply affected the entire Foskor family.

In response to this tragedy, we have:

1. Conducted a thorough investigation to understand the root causes of the incident.
2. Implemented additional safety measures and protocols across all our operations.
3. Enhanced our safety training programs for both employees and contractors.
4. Strengthened our safety culture by promoting open communication and encouraging all staff to report potential hazards.

As Foskor, we will continue to prioritise the safety of our staff above all else. We are committed to creating a zero-harm workplace and will spare no effort in achieving this goal.

## APPRECIATION AND OUTLOOK

I would like to extend my sincere gratitude to my fellow board members for their unwavering support and valuable insights during the year. The loss of one of our board members has once again made us all aware of the value and contribution that each board member brings to the table based on their skills and expertise, and we will miss Mr Setiloane dearly. His legacy will continue to inspire our efforts in sustainable development and ethical business practices.

Thank you to the management team under the leadership of Mr Julian Palliam and all the Foskorites for a good year and the way they have handled the challenges faced during the financial year. Their resilience, dedication and innovative thinking have been crucial in navigating the complex business environment we operate in.

As we move forward, we remain mindful of the dynamic global economic landscape and the specific challenges facing our industry. However, we are well-positioned to capitalise on opportunities and overcome obstacles. Our strong foundation, coupled with our strategic focus on operational excellence, sustainable growth, and ESG integration, provides us with the tools we need to thrive in the years ahead.

In conclusion, I would like to thank all our stakeholders – our employees, customers, suppliers, communities and shareholders – for their continued support and trust in Foskor. Together, we are not just building a successful company; we are contributing to a more food-secure and sustainable future for South Africa and the world.

**Robert Michael Godsell**  
Chairman

7 August 2024

# CEO'S REVIEW

**JULIAN  
THEODORE  
PALLIAM**  
CEO



Our mission to help enable food security in South Africa is also a profound responsibility, and more than ever has this been highlighted by the global food crisis we collectively are facing. As Foskor we will seek to rise up and answer the global call to increase nutrient production and ultimately ensure more sustainable food production. We will do this by our unofficial motto “inch by inch”.

The financial year 2023/2024 was characterised by a volatile commodity price environment with numerous headwinds, global macro-economic uncertainty and closer to home the infrastructure challenges experienced in South Africa made it a complex business environment across all industries not only in our sector. Looking internally we suffered the loss of part of mining crushing system late in the previous financial year and while initial estimates had put the reinstatement of this equipment up to 12 months, the great men and woman of Foskor rallied and in true Foskor spirit brought this system back four months earlier than planned. This great achievement ensures the continuity of operations at the Richard bay facility.

We have launched our new strategy – “Journey to 2028” – “Foskor moves from good to great.” This strategy builds on from the initial turnaround strategy. We will accelerate our operational excellence program where we focus on improving productivity and efficiencies, cost optimisation, and improve overall asset reliability.

This has seen the sensible deployment of capital and maintenance resulting in over R1.5 billion being collectively invested in these elements which will bear fruit into the future. This will also enhancement in our project management as we continue invest back into the business. The strategy is underpinned by the right people , as such we will leverage our current capabilities and augment them as the business gears for growth. While safety remains a core principle, we were deeply saddened at the loss of a contractor, Mr Zulu at the acid plant. Foskor will intensify its quest to zero harm.

Our story over the last 24 months has been focused on back to basics creating a foundation and we likened it to a plant, we now see a good root foundation, strong green shoots have now turned into strong branches, highlighting the fundamental principles of our commercial growth in revenue and building a strong support ecosystem that helped turn the business around. We are now seeing at the end of the branch young fruit or profits that all stakeholders will soon enjoy. The key will be to harvest at the correct time. Foskor now stands as a proud new plant, solid in foundation with unlimited possibilities ahead.

As a result we see revenue of R9.98 billion (2023: R11.52 billion) and through management of costs our EBITDA for the 2024 financial year was R1.14 billion as compared to the 2023 financial year at R1.86 billion. Our bottom line is R365 million as compared to prior year of R2.81 billion. This is still an excellent performance year taking into account the impairment reversal of R2 billion which is included in the prior year's numbers.

With regard to operational performance in the mine, the Mining Division produced 1.557 million tons (2023: 1.933 million tons) of phosphate rock which is 19% lower than the previous year due to negative impact of Second West Crusher failure. The overall processing efficiency of 76.33% was an increase compared to the 2023 achievement of 74.64%. This was mainly impacted by the revised milling strategy after the Secondary west plant bin failure and the lower throughput impacted positively on the total recovery performance at the start of the year.

At the Acid Division, the phosphoric acid plant produced 355 192 tons (2023: 307 720 tons) and the granulation plant produced 280 939 tons (2023: 256 429 tons). The phosphoric acid production was above the target by 15.44%. Maintaining operational discipline and running plants within design parameters to ensure that the recovery of valuable  $P_2O_5$  is adhered to has resulted in plant efficiency of 79.30% (2023: 82.27%).

## BUILDING ON FROM BUSINESS TURNAROUND

This year marked the first year post the three-year business turnaround journey, and we have managed to maintain the momentum of strong financial performance, in the face of the tough macroeconomic environment and challenges we faced as a business. We remain committed in our pursuit of building a stronger business into the future as we make inroads with our “Journey to 2028” and continuing to accomplish our mission to help enable food security in South Africa and in the world.

## YEAR ONE TO JOURNEY 2028

In this year, we initiated numerous initiatives that serve as the building blocks for Foskor to undergo transition into a strong business. The business has taken it upon itself to ensure that ESG takes centre stage in everything that is undertaken by the business. To this end, a function to coordinate all the efforts in respect to ESG has been established and the corresponding strategy developed successfully.

To see to it that Foskor remains compliant with the various legislations that have an impact on the Foskor value chain we mapped out a regulatory universe with a focus on setting in place effective controls for legislations that are deemed as high risk for the business. Going forward, regular regulatory assessments will be carried out to ensure that we conduct our operations responsibly.

We have made concerted efforts to transform our sales models, optimised product mix and balancing the overall value chain. Our sales and marketing activities were focused on advancing our pursuits of niche markets and strengthening our efforts in new market territories. These activities have contributed to the strong bottom line we achieved. Additionally, work has been initiated to further diversify our product mix with numerous feasibility studies being conducted. We will be ramping up our efforts to introduce to the market new and/or complementary products into the product mix.

To support the downstream activities of the business, the mining division, albeit plagued by some challenges, was able to produce slightly lower than planned phosphate rock at approximately 1.5 million that feed into our downstream processes.

Despite the challenges that ranged from unavailability of trains, derailments that impacted our operations from moving the phosphate rock from Phalaborwa to either our newly established export channel through Maputo Port or Richards Bay we were able to haul all the available rock. Additionally, to support both offloading and loading of raw materials and finished products respectively, we have implemented numerous initiatives that have improved the overall process, resulting in a reduction in demurrages paid upon delays at the port(s).

The Acid division's operations were hampered by low rock availability linked to the challenges faced in the mining division, raw material delivered to Foskor being of unusable quality, equipment failure, unreliable supply of electricity and water amongst others. In the face of these challenges, our team was able to implement corrective measures that are expected to yield even more stellar performance in the years to come.

In project delivery, improvements were made in that the procurement operating model was implemented under a centralised project department which will focus on ensuring all the capital investments requirements and prioritisation will be carried out effectively. The results of these groundwork are expected to be visible in the coming years.

The procurement has undergone a major transformation to be in line with the current operating environment, with new structures that will spearhead the improvements in operational efficiencies.

The “Journey to 2028” where Foskor will be a transformed stronger business has just begun, however, the initiatives set in place are already proving to be putting the business on the right track.

## FOCUS ON THE COMING YEAR

We will push ahead with our ESG strategy implementation in all aspects of the business as driver of the growth we aim to achieve.

Reduction on reliance on the electricity utility that has proven to be unreliable over the years, while considering options to acquire alternative green energy solutions, simultaneously pursuing initiatives that would reduce our water usage.

Ramp up our efforts on diversification of our product mix, which is expected to create new market opportunities and grow the business.

Push ahead with capital expenditure programme to achieve sustainability of the business while adhering to legislation.

Ensure that we have a capable human resource that are the cornerstone of our operations, execution of our mission to enable food security.

## PROCUREMENT AND LOGISTICS

Foskor's ability to move sufficient stocks was partly constrained by the country's infrastructure. On the commodity side, we have seen a decrease of 27% in Sulphur prices and 18% on ammonia prices as compared to the previous year. This was mainly impacted by supply and demand impacted by external market conditions. The average delivered Sulphur purchase price decreased from US\$140 per ton in 2023 to US\$102 in the year under review and the average ammonia prices decreased from US\$450 per ton to US\$370 per ton.

## CEO'S REVIEW (CONTINUED)

During the financial year ended March 2024, the Richards Bay Division achieved an average of 23.12% (2023: 45.82%) while Phalaborwa Division achieved an average of 30.48% (2023: 43.43%) spend with black-owned business.

Foskor Group has achieved an average of 26.80% (2023: 44.63%) spend on these businesses. The special nature of Foskor's operation, which is a hazardous manufacturing operation, and remote mining operations, results in certain services only being sourced from certain suppliers such as OEMs and these are mainly not B-BBEE certificated or compliant. In particular, raw material products not available in South Africa, have to be imported, thereby negatively affecting the total B-BBEE spend.

The Richards Bay Division spend on black woman-owned suppliers totalled an average of 14.60% (2023: 19.84%) and the Phalaborwa Division has achieved an average of 15.50% (2023: 16.24%). The overall Foskor Group achievement on this key indicator averaged 14.90% (2023: 8.04%).

This area of focus is critical to achieve in the medium to long term, key transformational objectives and the retention of operating license going forward, as it directly talks to the Mining charter.

In Phalaborwa, Foskor has spent at least 14.26% (2023: 29.97%) on suppliers in the province where the Company operates, and in Richards Bay, Foskor has spent at least 34.54% (2023: 23.86%) on suppliers. This is a good reflection on the efforts on preferential procurement.

The financial report indicates that Foskor has achieved an average of 14.83% (2023: 28.08%) on SMMs spend for the total Group. Supplier/Enterprise development programmes are in place to assist SMMs with capacity building. For the financial year ended March 2023, Foskor did not manage to spend on Enterprise and Supplier Development initiatives which aims to develop the beneficiaries and in return benefit the company.

## PRUDENT MANAGEMENT OF FINANCES

The business will continue to focus on our initiatives to increase volume of production and sales as well as control operating expenses during the coming financial year. We also intend investing on the capital expenditure programmes that are required for compliance, sustaining, improvement and growth of the business.

## ENVIRONMENT, HEALTH AND SAFETY

### MINING DIVISION

The Mining Division remains committed to a zero harm approach in all aspects relating to Safety, Health and the Environment.

Consultation with regard to safety and health with organised labour is an ongoing process through the agreed Safety Committee structures as required by the Mine Health and Safety Act. As per the Recognition Agreement with National Union of Mineworkers and requirements in the Mine Health and Safety Act, the Division Safety Steering Committee and Departmental Safety Committees continue to engage as required.

The Department of Mineral Resources and Energy ('DMRE') conducted eight audits. No Section 54 instructions were received during the year and DMRE visits did not result in any direct production loss. Foskor continues to foster a positive relationship with DMRE and actively drives the goal of ZERO harm through safety campaigns (like our STAR and festive season campaigns). Five lost-time injuries were recorded during the year compared to seven in 2023. Other minor injuries increased from 14 in 2023 to 19 in 2024. The division retained all management system certifications in the annual external verification audit performed by DEKRA.

The Mining Division's water use license is valid until 2026. Water seepage is an unavoidable aspect of open-cast mining. In order to regulate the impact of our mining activities on underground water, continuous monitoring of underground water resources is done. All plant surface run-off water is captured and stored for re-use in the onsite Van Rysen catchment dam. Relevant impact mitigation plans and projects are being investigated and implemented continuously to improve compliance to Water Use License (WUL) condition and the company's goal to minimise the impact on natural resources.

Foskor operates with an approved Air Emission License ('AEL'). The monitoring and measurement of emissions is conducted as required by the AEL. Quarterly emission reports were submitted to the applicable authorities as required. Scheduled inspections and audits are also conducted by Mopani District Municipality (Environmental Management Inspectorate).

The division will continue to demonstrate responsible mining to limit the impact on the environment and initiated new projects and procedures this year to improve environmental management efficiencies.

### ACID DIVISION

In the division's pursuit of a zero-harm culture, we prioritise accountability to all stakeholders in our manufacturing activities.

Our recent Life Saving Rules campaign, focusing on leading safety and health indicators, further reinforces our commitment to achieving zero harm.

In the 2023/2024 reporting period, our lost-time injury frequency rate ('LTIFR') target was 0.5, and we achieved 0.14, an improvement from the previous year's 0.4 LTIFR. Our safety initiatives have contributed to this reduction.

Currently all our licences and permits required to operate are valid. The continuous verification of plant compliance pertaining to our licences and permits are conducted and checked monthly by our environmental personnel. We are operating under AEL issued by the King Cetshwayo District Municipality.

We have been granted postponement in the implementation of the new limits for sulphur dioxide ("SO<sub>2</sub>") and have until March 2025 to implement initiatives to comply with the new limits. The implementation of 2025 compliance projects is underway.

During the financial year, investigations into certain environmental matters were undertaken by regulatory authorities and independent consultants. After these investigations, provisions were made to address environmental matters as per the recommendations of the independent consultants.

The annual DEKRA audit was conducted at the Acid Division and the division retained certifications in ISO 9001:2015, 14001:2015 and is awaiting confirmation of ISO 45001:2018 certification from DEKRA after closure of 1 major finding that was raised relating to Canteen Facilities.

The division has a monthly SHREQ system training, awareness campaigns, inspections, and audits to maintain standards.

A risk-based system is used for both business and activities are considered to assess worker and plant safety. In addition to the above initiatives, Acid Division has embarked on the implementation of the Process Safety Management ('PSM') system. The system is part of our zero harm initiatives and also aims at ensuring Division's compliance with the MHI regulations.

Annually, employees are expected to undergo their medical checkups at the onsite clinic which is provided to employees free of charge. It is crucial for maintaining employees' health and well-being. Regular health screenings and assessments help to detect any potential illnesses or conditions early on, enabling timely intervention and treatment. Employees are also encouraged to do their health evaluations when there are awareness campaigns which aim to provide employees and contractors on site with health information and other services that are arranged throughout the year. Occupational hygiene program helps identify and assess potential hazards in the workplace, such as exposure to harmful chemicals, noise levels, and ergonomic issues, etc. By conducting these surveys,

therefore, we implement appropriate controls and measures to protect the employees from health risks. This ultimately leads to a safer workplace environment, improves productivity, and reduces the likelihood of accidents and illnesses among workers.

There were two section 24 incidents reportable to the Department of Labour in terms of the OHS Act 85 of 1993. One was a fatality and the other a finger amputation injury.

Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard methodology is well established and used as a carbon footprint baseline against which to measure future progress. The carbon footprint monitoring system has been established throughout the division and more accurate emissions readings have been obtained and as reported electricity accounts for 80% of the total emissions showing a 6% reduction compared to last year (86%).

As Foskor we recognise our obligation to use water responsibly as a scarce resource. Consequently, the focus on the footprint reduction will be overall reduction in water consumption and efficiency improvements to optimise the pinch technology to utilise more waste heat generated as part of the exothermic chemical process. Acid Division's endeavours to reuse and recycle water from within the site and from other industries wherever practically possible. We continue engagements with relevant authorities on sustainable and responsible water use and supply.

## HUMAN CAPITAL

Foskor creates and delivers value through people, given the skills-based nature of our business. Therefore, the management of our Human Capital remain an integral part of Foskor's business and the execution of our strategy. It is for this reason that we continued to have the people aspects of the business on our radar for operations excellence as well as for business strategic reasons.

We are encouraged by the observed trajectory in our journey to enhance human capital capacity, capabilities, as well as engagement to Foskor's business.

The below are key Human Capital strategic levers and business solutions we continue to focus on, as part of value creation through people:

- Institutionalise and embed the Human Capital Strategy in contribution to business objectives;
- Ensure the Organisational Structure is responsive to and aligned with the company strategy;
- Continue to enhance Human Capital capacity and capabilities across the business;
- Mobilise and sustain future skills readiness;
- Core business and technical skills-bench enhancement;
- Define and socialise Employee value Proposition;
- Drive Talent Succession and Career Progression readiness;
- Optimal and streamlined Human Capital Management systems and processes;
- Monitor and enhance staffing costs and efficiencies;
- Drive constant organisational performance culture; and
- Influence organisational culture and behaviour.

Constant progress is being made and closely monitored to have these implemented in support of business sustainability.

The Three-Year Collective Agreement on Substantive Conditions of Employment entered into with Trade Unions our Mining Divisions has been secured to benefit both employees and operations stability. This has been achieved without any work stoppage nor involvement of the third parties dispute resolution remedies as provided by the Labour Relations Act The Acid Division collective bargaining has since been elevated to centralised bargaining as both Foskor and its majority Trade Union are affiliates of the Chemical Sector Bargaining Council. This essential development will help mobilise strategic alignment within the sector.



## CEO'S REVIEW (CONTINUED)

The externally/independently facilitated Relationship Building by Objectives sessions between Management and Trade Union representatives have been rolled-out in both operating Divisions to purposefully mobilise sound labour relations climate. Constant engagement with Organised Labour across all levels of their formations remains our essential thrust in effort to enable meaningful partnerships in the interest of both employees and that of the business sustainability.

The legislative aspects of Human Capital Management are afforded the due attention, which includes the successful submission and implementation of the Workplace Skills Plan; Employment Equity Plan; as well as securing of Ministerial Determinations where required. The access in these areas leverage on the partnership we have with our Organised Labour stakeholders where we are all unified by Foskor's success as well as that of our employees.

Supervisory, Management and Leadership Development Programmes continue to be implemented in conjunction with our tertiary academic partners, which includes UKZN; University of Johannesburg; and University of Free State. These are being executed towards strengthening supervisory, management and leadership through skills empowerment.

In addition, Foskor continues to offer study finance grants to suitable employees as part of enabling the realisation of their personal optimal capabilities and performance. As Foskor, we continue to pride ourselves about the Prestigious Bursary as well as the Graduates in Training Programmes where young talent is afforded education and workplace exposure opportunities, instead of being left alone to join the queue of unemployed graduates.

Total Reward for its employees tailored for requirements at multiple employment levels remains on Foskor's radar. To this extent, Foskor continue to improve its competitiveness where these includes the recently rolled-out Short-term and Long-term Incentive programmes in Management.

Employees in non-management categories are beneficiaries of performance-based quarterly incentives. Furthermore, Foskor continue to participate in the remunerations benchmarks, and then responsively assess its competitiveness relative to the market within the mining and chemical sectors in particular.

### CORPORATE SOCIAL INVESTMENT

Foskor occupies an essential part of the eco-system within which it operates. Therefore, Social Capital and Inclusive Development contributions are given attention as best as possible. The contribution of our employees through their purchases and support of mainly local businesses cannot be taken lightly, as this forms and essential and constant local economic development through employment.

Foskor embraces a structural approach towards enhancing and sustaining social impact contributions in its host communities in particular.

The Social Capital measures implemented by Foskor includes the following:

1. Supply chain opportunities to local businesses and communities which includes the logistics or transportation of product; hauling and maintenance services in core operations; protection services; and others;
2. Contribution to the education sector through school building project;
3. Allocation of our commercial properties to support SMMEs; TVET; local museum to preserve heritage; and accommodation of the local traffic department;
4. Learnership Programmes for the unemployed youth;
5. Support to sustainable initiatives within host communities;
6. Leverage in the agricultural and farming opportunities in the Ba-Pahalborwa area to the extent that a partnership with a local agriculture project has been sealed to empower the local unemployed youth with interest in this area;

7. Partner with local municipality to implement some of the Integrated Development Plans; and
8. With our SLP application recently approved by the DMRE, Foskor will now proceed with Social Capital investments identified jointly with local stakeholders and social partners. We believe that these will make a difference in people's lives.

In addition to the above, Foskor improved the Corporate Affairs structure and capabilities towards meaningful engagement and value-add in the Social Capital space.

A focused and active process is currently at an advanced stage with our key shareholders to re-energise the implemented BEE Empowerment deals with Community Trusts in Phalaborwa and Richards Bay, as well as the ESOP scheme for our employees. Given the encouraging business turn-around witnessed by Foskor after approximately past two year, we believe that these empowerment deals are better place for future productivity relative to the past several years realities.

Better collaboration between the business; the relevant State departments; local municipalities and community stakeholders remains an urgent imperative towards materially enhancing progress in this space. Multiple purposeful interventions and programmes are being pursued by Foskor to enable enhanced collaborations and partnerships.

### TRANSFORMATION

The Five-Year Employment Equity Plans for both operating Divisions have been revised in consultation with Line Management and Employment Equity Committees. Foskor prides itself on progress made in transforming the business on the employment equity aspect, more especially in management and executive levels. For instance, our Exco team is materially transformed in terms of race and gender where females account for 50%.

While our compliance with the B-BBEE Act remained significantly challenged due past lack of financial performance to support progressive integrated transformation, Foskor's continued turn-around progress has enabled revitalisation effort in this area. Foskor has approved and initiated implementation of programmes in areas such as Enterprise Supplier Development; Skills Development; Empowerment of the Disadvantaged Groups; and others. We expect to make progress in these transformation essentials.

A focused and active process is currently at an advanced stage with our key shareholders to re-energise the implemented BEE Empowerment deals with Community Trusts in Phalaborwa and Richards Bay, as well as the ESOP scheme for our employees. Given the encouraging business turn-around witnessed by Foskor after approximately past two year, we believe that these empowerment deals are better place for future productivity relative to the past several years realities.

Significant steps have been taken to address SMMEs development, community social investment and attempts are being made to use financial resources to implement various local economic development projects. We have geared our procurement systems to support the local SMMEs through our preferential procurement policy to ensure that we have a positive impact in our local host communities in both divisions. This continues to offer material revenue opportunities to local small- and medium-sized businesses.

## OUTLOOK

The 2024/2025 financial year looks that ongoing volatility will continue in the global market with prevailing head winds on price. Foskor will look internally to improve levels of production at the acid division for the two key products being  $P_2O_5$  and MAP for the local farmer. Foskor will endeavour to cover shortfall of granular fertiliser left by the traditional import markets by shifting our centre of focus. This will require realignment and strategic focus as we look to do things differently while answering the call of food security in South Africa. We look to open new markets on the sales front to maximise profitability.

Lastly, I would like to express my heartfelt appreciation to all stakeholders of Foskor, in particular our people who have made an impact in rebuilding and shaping Foskor for growth. The passion and determination of each Foskorite can be seen in the results as we delivered our second year in a row bottom line profitability, which can only bode well for the future of our organisation and South Africa at large.

**Julian Palliam**  
Chief Executive Officer

7 August 2024



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## INTRODUCING OUR ESG STRATEGY: OUR JOURNEY TO SUSTAINABILITY



ESG is becoming a strategic imperative for companies to manage their key ESG risks and opportunities. Foskor has collaboratively developed an ESG Strategy which has been approved by the Board. The development of the ESG strategy followed a thorough consultative process throughout the business to ensure that all parties involved contributed significantly. Foskor recognises that the ethos of ESG is about doing the right thing, “It is how we do what we do” and it is a journey of continual improvement. Sustainability is a journey, not a destination.

In an era where ESG is at the centre of global attention, Foskor recognises that we need a comprehensive approach that integrates ESG into our business processes. By developing the ESG strategy, we aim to not only mitigate risks, but also capitalise on opportunities for innovation, growth and positive impact. This approach reflects our commitment to creating value for all stakeholders, including investors, employees, customers, communities and the environment.

### KEY PILLARS OF OUR STRATEGY

Our strategy encompasses three main pillars: ESG, which are underpinned by specific focus areas. Compliance is a foundational element of the strategy. Forging partnerships with organisations that we share similar interests with, will enhance our ESG value proposition.

**Environment:** In the environmental pillar we are focusing on addressing the impacts of climate change by reducing our greenhouse gas emissions and implementing energy efficiency projects, becoming a responsible water steward, implementing circular economy initiatives, reducing emissions and understanding our biodiversity impacts.

**Social:** We prioritise the health and safety of our employees and include a focus on process safety management. We seek to enhance the well-being of our employees and focus on inclusion and diversity. Additionally, we actively engage with our communities through partnerships to address social challenges and promote positive change. We will be working

towards supporting community development initiatives that enhance social inclusion and economic empowerment. We will be identifying our human rights impacts and how to mitigate or manage them. Responsible sourcing of goods and services through our supply chain through ethical means is an important new focus area.

**Governance:** Values and ethics are foundational principles that guide our behaviour, decisions and interactions within our organisation and with the broader community. At the heart of our ESG strategy lies a steadfast commitment to upholding the highest standards of values and ethics. We use ISO management systems to manage compliance and continually improve our Safety, Health, and Environment and Quality performance. A focus on operational reliability will place emphasis on ensuring safe and stable operations.

### HOW WILL FOSKOR BE PROGRESSING THE ESG TRANSITION?

By using the ESG strategy as a framework, Foskor will continue to develop its ESG programmes, metrics and targets. A sustainable Foskor will be one that demonstrates its commitment to ESG, through its performance, recognising these are the initial steps in Foskor’s ESG journey.



## ESG STRATEGY

### PARTNERSHIPS

#### ENVIRONMENTAL

- Climate change
- Water
- Circular economy
- Emissions
- Biodiversity

#### SOCIAL

- Community development
- Safety (Process + Occupational safety)
- Inclusion and diversity
- Responsible sourcing
- Human rights
- Employee wellbeing
- Occupational health

#### GOVERNANCE

- ISO certification
- Code of ethics and business conduct refresh
- Values rollout
- Operational reliability



## COMPLIANCE



# DETERMINING OUR MATERIALITY ISSUES



Undertaking a materiality assessment process is vital to understanding the pertinent ESG-related risks and opportunities that affect a business, by taking into account impact materiality and financial materiality.

Foskor conducted a double materiality assessment which was conducted by an independent consultant. A double materiality approach considers how sustainability issues affect a business and how the business' operations and activities affect the environment and society. The process involved conducting materiality workshops by engaging the senior management teams at the Mining and Acid divisions, as well as with the executive team. The top six material issues were consolidated and were submitted to the Board SHE and Sustainability Committee for approval.

Our materiality process followed the following steps:

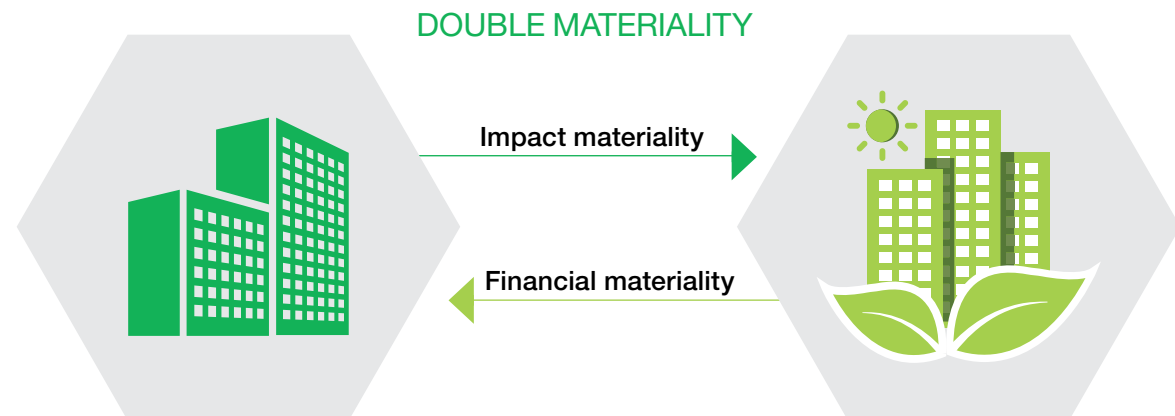


## OUR TOP SIX MATERIAL ISSUES ARE:

1. Economic performance
2. Ethics and transparency
3. Licence to operate
4. Operational reliability
5. Security and human rights
6. Air quality and emissions

## OTHER MATERIAL ISSUES IDENTIFIED INCLUDE:

7. Greenhouse gas emissions
8. Leadership and culture
9. Corporate governance
10. Workforce diversity
11. Risk management
12. Community investment
13. Water management
14. Employee engagement





Material issue	Description	Capitals affected	Mitigation
1. Economic performance	Given the overarching macro and micro economic environment, and the company's aim to contain balance sheet pressures, we are acutely aware of the risks associated with being unprofitable for protracted periods of time. The need to remain financially viable whilst growing the organisation is essential for the company's sustainability long-term sustainability and viability.		Refer to Integrated Report, page 72
2. Ethics and transparency	In order to promote the ethos of "doing the right thing", we are aware of the opportunity a culture driven by strong ethical behaviour presents with regards to driving shareholder value. Conversely, we also appreciate the reputational risks present to us if we fail to operate in an ethical and transparent manner.		Refer to ESG Report, page 26
3. Licence to operate	Given the highly regulated nature of our products, processes and operating environment, compliance with national legislation and industry standards is central to maintaining our licence to operate. Failure to preserve these licences has the potential to adversely impact on our ability to grow and expand.		Refer to ESG Report, pages 13 to 29
4. Operational reliability	Operational reliability emphasises the need to service and maintain the company's assets so as to ensure the consistent performance of our operations. This presents the opportunity to take advantage of the efficiencies that drive productivity. Through cost-effective production the company is able to respond to market demand with consistency and predictability. Furthermore, a focus on improved operational reliability also circumvents the risks posed by operational disruptions.		Refer to Integrated Report, pages 86 to 100
5. Security and human rights	Considering Foskor's context, the process of eliminating corruption and malpractice presents challenges related to the security of our assets and our workforce. We are mindful of the need to be respectful of the human rights of our employees and stakeholders.		Refer to ESG Report, page 27
6. Air quality and emissions	From a regulatory perspective, we have to comply with various licences that regulate the air quality and emissions outputs of our operations. These regulations exist not only to protect the environment but also to safeguard the surrounding communities against ambient emissions and the associated health and safety risks posed to our surrounding communities.		Refer to ESG Report, page 16



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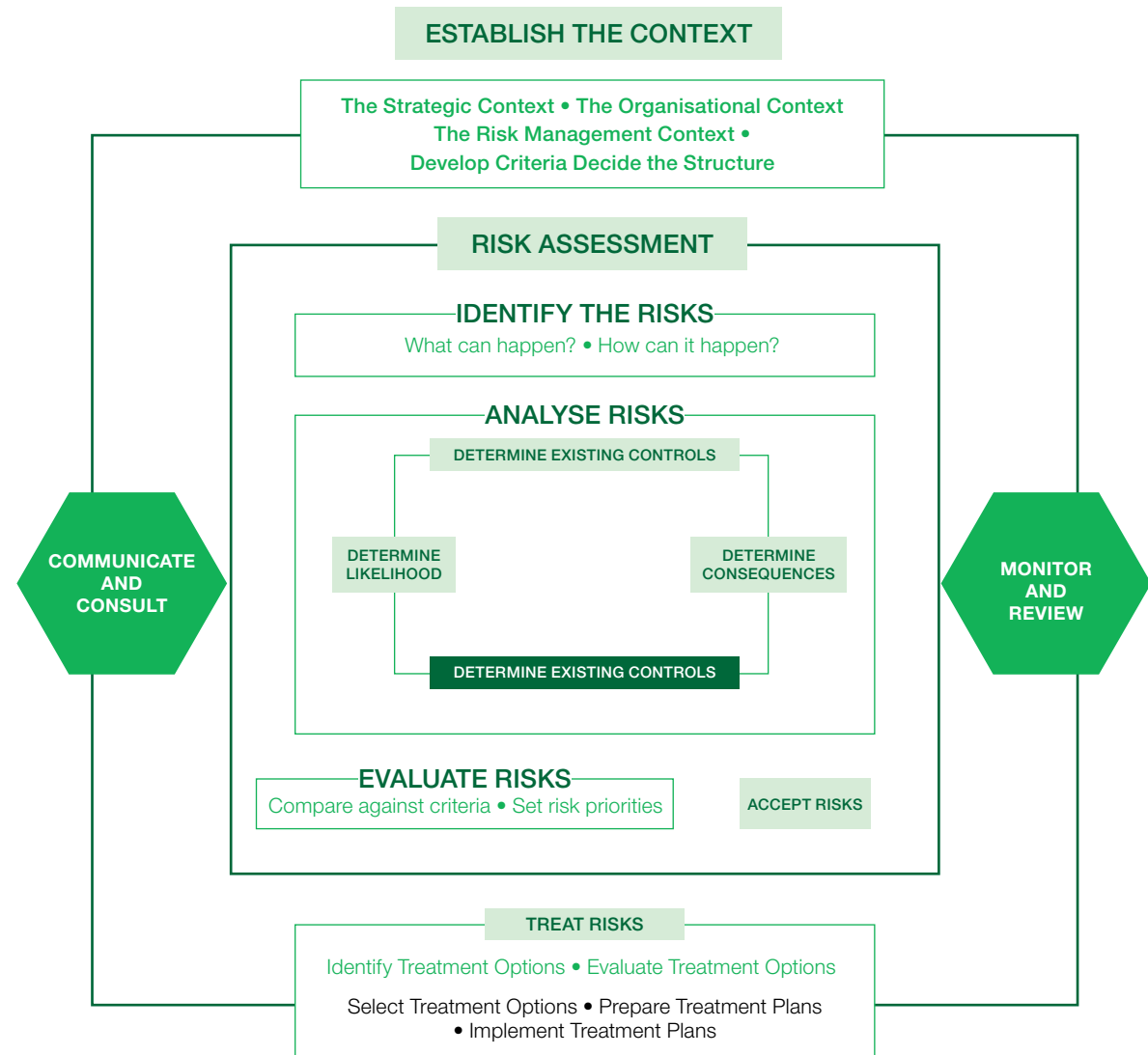
Social &amp; Relationship

# HOW WE MANAGE RISK

Foskor is on a risk maturity journey to integrate and embed its approved Enterprise Risk and Opportunity Management (ER & OM) Policy and Framework. The Policy and Framework are informed by the risk management strategy. Whilst risk management processes are defined, management assurance, monitoring, reporting and opportunity management functionalities are largely at an infancy stage. The embedding of enterprise-wide risk management was previously impacted by various factors including business financial performance. The new leadership team, concomitant management focus and support are enabling risk management capability to deliver organisational value in pursuit of Foskor's "Journey to 2028" Strategy.

Whilst the Integrated Annual Report reflects Foskor's approved ER & OM process and measures, we aim to undertake an independent assessment on identified areas that require improvement. These include risk appetite and tolerance strategy, enterprise risk maturity and business continuity management strategy. The risk management function anticipates greater value creation for its stakeholders through a streamlined and robust ER & OM Framework. A project plan to implement these improvement areas will be developed in FY24/25, with deliverables categorised into short-, medium- and long-term for purposes of implementation.

## FOSKOR RISK MANAGEMENT PROCESS



Foskor's ER and OM framework provides a structured approach to identify, analyse, evaluate and mitigate risks to provide reasonable assurance that our objectives will be met effectively and proactively.

Our ER and OM framework is aligned with ISO 31000 (2009), Committee of Sponsoring Organisations ('COSO') Standards, King IV Report on Corporate Governance (2016) and generally accepted good practices.

Strategic, operational and process risk profiles are maintained within the Cura risk management system. Risk profiles are periodically reviewed, and appropriate action plans are formulated for implementation.

Micro and macro risk factors are incorporated in the annual Board strategy planning and formulation.

Strategic opportunities identified during the strategy formulation and planning phases are reviewed, assessed, and where feasible, exploited to ensure sustainable revenue generation streams, through key partnerships and joint ventures, as well as appropriate research and development.

Material operational risks aligned to the Group Strategic risks are reported to Group to ensure they are managed in accordance with the Group's strategic objectives. Appropriate property damage, business interruption and liability insurance coverage are assessed and maintained.

Periodic reviews of our insurance strategy are conducted to ensure that our risk profile is adequately mitigated. Plans to ensure that Group Strategic risk management controls are adequate and effective were executed and will be conducted on an annual basis, whilst business resilience measures and risks will be periodically reviewed.

## OBJECTIVES WE AIM TO ACHIEVE THROUGH OUR FRAMEWORK

### ALIGNING RISK APPETITE AND STRATEGY



The risk management strategy adopted by the Board to be implemented by Executive Management and the extended Foskor leadership team. This process entails aligning the Foskor Board approved risk appetite with evaluating business alternatives, objective setting, and developing mechanisms to manage identified risks and opportunities.

### ENHANCING RISK RESPONSE DECISIONS



A framework is in place to guide the identification and selection of appropriate responses to risk.

### REDUCING OPERATIONAL LOSSES



The framework aims to enhance management's ability to reduce associated costs and losses by identifying potential risks and implementing effective risk management controls and responses.

### CAPITALISING ON OPPORTUNITIES



Periodic consideration of a full range of potential events helps management to identify and capitalise on opportunities.

### IMPROVING ALLOCATION OF CAPITAL



Relevant risk scenario simulations will be required to support management in its overall capital needs assessment, to enable considered capital allocation.

### ENSURING COMPLIANCE WITH LAWS AND REGULATIONS



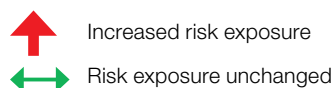
Ongoing regulatory screening, impact assessments, reviews of applicable laws and regulatory changes reduce compliance risk consequences.

# RISK GOVERNANCE OVERSIGHT AND OBJECTIVES



Executive Management considers the following risk categories and risks as having a material bearing on the company's operations, reputation, and financial performance and could negatively impact the achievement of strategic objectives.

Risk	Risk Categories	Risk trend	Our risk mitigation responses	Capitals impacted
①**	REPUTATION, LEGAL AND COMPLIANCE (Environmental legislation and quality management standards compliance)	↑	<ul style="list-style-type: none"> <li>Appropriate SHEQ/SHREQ policies and procedures implemented.</li> <li>Planned capital compliance projects to enhance regulatory compliance.</li> <li>Necessary stakeholder engagement with Regulatory Authorities.</li> <li>Environmental rehabilitation provisioning maintained for Foskor operations.</li> <li>Independent periodic audits are performed, with recommendations close out.</li> <li>Continuous monitoring of regulatory compliance requirements.</li> </ul>	
②	REPUTATION, LEGAL AND COMPLIANCE (Applicable laws and regulatory requirements)	↑	<ul style="list-style-type: none"> <li>Foskor's compliance policy and framework set the strategic compliance tone for the business.</li> <li>Alignment of regulatory landscape (existing and new) with current and future business activities.</li> <li>Ongoing regulatory scanning and communication of legislative updates to key stakeholders.</li> <li>Regular reporting to the appropriate Foskor governance forums.</li> </ul>	
③	REPUTATION, LEGAL AND COMPLIANCE (Health and Safety legislation compliance)	↑	<ul style="list-style-type: none"> <li>Appropriate policies, procedures and standards are implemented.</li> <li>Compliance with all safety and health-related requirements for the respective areas of operation.</li> <li>Appropriate stakeholder training and awareness campaigns.</li> <li>Employee wellness programmes.</li> </ul>	
④	PROCUREMENT AND LOGISTICS (Supply chain constraints (loading, railing, trucking and off-loading))	↑	<ul style="list-style-type: none"> <li>Established communication channels with logistics stakeholders.</li> <li>Logistics contingency plans.</li> <li>Logistics infrastructure maintenance.</li> <li>Stakeholder engagements including key logistics service providers.</li> </ul>	
⑤	OPERATIONS (Unreliable utility supply – electricity and water)	↑	<ul style="list-style-type: none"> <li>Exploration of renewable energy projects, including power generation capacity.</li> <li>Business continuity measures to address utilities disruption.</li> <li>Support to key stakeholders to minimise utilities disruption.</li> <li>Industry Forum participation.</li> </ul>	



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## RISK GOVERNANCE OVERSIGHT AND OBJECTIVES (CONTINUED)

Risk	Risk Categories	Risk trend	Our risk mitigation responses	Capitals impacted
6	<b>OPERATIONS</b> (Ageing plant, equipment and infrastructure)	↑	<ul style="list-style-type: none"> <li>Appropriate capital investment and expenditure governance has been implemented.</li> <li>Capital expenditure programme for asset replacement and refurbishment.</li> <li>Risk-based maintenance strategy.</li> <li>Critical equipment and infrastructure spares inventory levels maintained.</li> <li>Planned maintenance shutdowns and inspection programmes implemented.</li> <li>Use of OEMs where appropriate.</li> <li>Roll out process safety management accompanied by technical assurance</li> </ul>	
7	<b>STAKEHOLDER ENGAGEMENT</b> (Community and labour unrest)	↑	<ul style="list-style-type: none"> <li>Ongoing stakeholder engagement (<i>inter alia</i> communities and bargaining councils).</li> <li>CSI-led initiatives to support and uplift neighbouring communities, including supplier development initiatives to meaningfully benefit local businesses and stimulate economic development.</li> </ul>	
8	<b>PROCUREMENT AND LOGISTICS</b> (Unavailability of strategic raw materials, market volatility and quality specifications)	↑	<ul style="list-style-type: none"> <li>Strategic procurement governance being reviewed.</li> <li>Contingency measures are in place to secure supply of key production raw materials.</li> <li>Fit for purpose raw material purchase mechanisms.</li> <li>Contractual mechanisms and quality assurance controls in place.</li> </ul>	
9	<b>MARKETS AND FINANCIAL</b> (Market commodity price and foreign exchange volatility)	↑	<ul style="list-style-type: none"> <li>Conclusion of appropriate price protection agreements.</li> <li>Formula driven domestic market prices aligned with international market pricing.</li> <li>Treasury forward cover and natural hedging mechanisms in place.</li> <li>Ongoing customer and market diversification initiatives for higher export net back returns.</li> </ul>	

↑ Increased risk exposure  
↔ Risk exposure unchanged

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Risk	Risk Categories	Risk trend	Our risk mitigation responses	Capitals impacted
10	<b>FINANCIAL</b> (Inability to access capital funding from external financiers)	↔	<ul style="list-style-type: none"> <li>Export trade and factoring facilities in place.</li> <li>Cash flow planning and monitoring on a regular basis.</li> <li>Adherence to loan covenant requirements.</li> <li>Governance in place for authorisation and monitoring of expenditure.</li> </ul>	
11	<b>PEOPLE</b> (Inability to attract, develop and retain critical skills)	↔	<ul style="list-style-type: none"> <li>Skills development programme implemented.</li> <li>Flexible remuneration packages are used to attract critical skills.</li> <li>Critical/specialist retention plan implemented.</li> <li>Employee engagement forums to ensure continuous improvement.</li> </ul>	 
12	<b>OPERATIONS</b> (Subsidence monitoring)	↔	<ul style="list-style-type: none"> <li>Geospatial monitoring system.</li> <li>Periodic geotechnical survey data review.</li> <li>Structural integrity surveys.</li> </ul>	  
13	<b>ICT SYSTEMS</b> (Lack of integrated and automated business systems)	↔	<ul style="list-style-type: none"> <li>IT software system implemented and maintained.</li> <li>System Development Life-cycle ('SDLC') policies implemented.</li> <li>Data warehouse and management information systems developed and implemented.</li> <li>Periodic reviews of integrated business systems and software.</li> </ul>	 

Increased risk exposure  
 Risk exposure unchanged



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## RISK GOVERNANCE OVERSIGHT AND OBJECTIVES (CONTINUED)

### ENTERPRISE RISK AND OPPORTUNITY MANAGEMENT (ER AND OM) INITIATIVES

ER and OM is an iterative process that requires continuous effort, human resources and management support. Although the risk management function has worked under challenging business conditions, it continues to refine and embed the ER and OM processes, systems and reporting to ensure that the function delivers value as a business enabler.

The following key ER and OM initiatives were completed for the year under review:

- Risk champions were formally appointed and trained in the use of the risk management software tool ('CURA') and applicable risk management framework.
- Group risk culture survey was undertaken by the risk management function.
- Independent risk management assessments were conducted relating to risk maturity, appetite and tolerances, and Business Continuity Management ('BCM').
- Material group strategic and ICT risks were approved.
- Identified key emerging risks and their potential impact to Foskor's business were communicated.
- Controls for strategic business and ICT risks were validated and reported.
- Planned risk assessments relating to the Foskor group functions were completed.
- Risk management profiles are being aligned with DEKRA audit requirements.
- Periodic divisional risk management committee meetings were held.

### FUTURE PLANNED INITIATIVES TO EMBED ER AND OM WITHIN FOSKOR:

- Periodic review and update of strategic business and ICT risks, as well as control validation.
- Facilitate review and update of material fraud risks profiles.
- Facilitate completion of business risk assessments and risk register reviews.
- Development of a project plan to implement all recommendations emanating from the independent assessments, concomitant resources, budget and time-line definition.
- Appropriate risk awareness, education, and training.
- Leveraging of relevant risk management technology tools.
- Resourcing of the risk management function to build functional capacity.







# GOVERNANCE



We apply the principles of good corporate governance.



## THE BOARD AND ITS GOVERNANCE STRUCTURES

### GOVERNANCE FRAMEWORK

The Board is committed to applying the principles of corporate governance and it recognises that good and effective corporate governance is essential in protecting the interests of all stakeholders.

The governance structures and processes are regularly reviewed and updated to accommodate internal developments and reflect best practice.

The Board is accountable and responsible overall for the performance of the Company. Its role includes the establishment, review and monitoring of corporate strategic objectives including effective and efficient implementation of the Business Turnaround Plan. It approves major transactions, and oversees the Group's systems of internal control, governance, risk and opportunity management and compliance with all relevant laws, regulations and codes. The detailed description of the Board's responsibilities is contained in the Board charter. New directors are informed of their duties through an induction process. The independence of directors is regularly assessed in accordance with the Companies Act guidelines. More than half of the Board is made up of independent directors and the rest consists of two shareholder representatives and two executive directors.

The Board delegates certain functions to the Board Committees and management to assist in properly discharging its duties.

The Board Committees are the Audit; Risk and Compliance; Human Capital and Nominations; SHE and Sustainability and Social and Ethics Committees. The Board Committees are then supported by the Executive Committee and a number of executive sub-committees namely the Internal Audit; ICT Steering; Remuneration and Group Risk and Compliance Committees.

The Board selects and appoints the Company Secretary and recognises the pivotal role that this person plays in entrenching good corporate governance. All directors have unlimited access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are adequately followed.

The Board has adopted a comprehensive delegation of authority matrix aimed at clarifying the various limits of authority in place within the group. The overall responsibility of management rests with the Chief Executive Officer who gives regular reports on the achievement of Group strategic objectives.

#### *Notes to the governance structure:*

##### **KING IV:**

*The role of the Chairman is independent  
The roles of the Chairman and CEO are separate*

##### **POLICIES AND GUIDELINES:**

*Board and Committee Charters  
Terms of Reference/Delegation of Authority/  
Code of Ethics Board-approved policies*

## BOARD OF DIRECTORS

### NON-EXECUTIVE DIRECTORS

- MA Hermanus (Independent)
- DP Martin (Independent)
- SP Ngwenya
- NG Nika (Independent)
- SS Subramanian
- MJ Vuso (Independent)
- TML Setiloane (Independent)\*
- NP Zulu (Independent)

### CHAIRMAN

- RM Godsell (Independent non-executive Director)

### EXECUTIVE DIRECTORS

- CEO: JT Palliam
- CFO: JM Speckman

## BOARD COMMITTEE

### BOARD AUDIT COMMITTEE

- NG Nika (Chairman)
- SP Ngwenya
- MJ Vuso
- TML Setiloane\*

### BOARD SHE AND SUSTAINABILITY COMMITTEE

- MA Hermanus (Chairman)
- J Palliam (CEO)
- DP Martin
- SP Ngwenya
- SS Subramanian

### BOARD HUMAN CAPITAL AND NOMINATIONS COMMITTEE

- DP Martin (Chairman)
- RM Godsell
- SP Ngwenya
- SS Subramanian
- NP Zulu

### SOCIAL AND ETHICS COMMITTEE

- TML Setiloane (Chairman)\*
- DP Martin
- MJ Vuso

### BOARD RISK AND COMPLIANCE COMMITTEE

- MJ Vuso (Chairman)
- MA Hermanus
- SP Ngwenya
- NG Nika
- TML Setiloane\*
- NP Zulu

## EXECUTIVE COMMITTEE

- JT Palliam (Chairman)
- JM Speckman
- V Matlala
- J Morotoba
- R Moodley
- A Khanyile (Co-Secretary)

\* Decreased on 30 April 2024



## GOVERNANCE (CONTINUED)

## WHO LEADS US

## BOARD OF DIRECTORS

## Board committees:

A	HC	S & S	S & E	R & C



## CHAIRMAN

**Robert Michael Godsell** <sup>(72)</sup>

MA (Liberal Ethics), Postgraduate Studies (Sociology and Philosophy), BA (Sociology and Philosophy)

**Appointed as chairman:**  
27 March 2019

**Julian Theodore Palliam** <sup>(40)</sup>

BCompt (Hons) CA(SA)

**Appointed:**  
22 November 2019

**Jubilant Motlanalo Speckman** <sup>(39)</sup>

CA(SA), MCom: SA and International Tax

**Appointed:**  
1 November 2022

**Sibusiso Peter-Paul Ngwenya** <sup>(70)</sup>

BCom (Hons) Economics

**Appointed:**  
27 March 2019

**Sankara Subramanian Subramanian** <sup>(54)</sup>

BSc, AICWAI

**Appointed:**  
11 March 2021

**Nkosemntu Nika** <sup>(66)</sup>

BCompt (Hons)/CTA, CA(SA), AMP (INSEAD)

**Appointed:**  
3 February 2012

\* Deceased on 30 April 2024

**Matsotso Johanna Vuso** <sup>(51)</sup>

BSc Compt (Hons)/CTA, CA(SA), CD(SA)

**Appointed:**  
28 August 2020

**Thero Micarios Lesego Setiloane** <sup>(64)\*</sup>

Dip Mash Mech, BSc Mechanical Engineering

**Appointed:**  
24 June 2019

**David Philip Martin** <sup>(69)</sup>

BSc Material Science, EDP

**Appointed:**  
27 March 2019

**Mavis Ann Hermanus** <sup>(74)</sup>

BSc (Geology), MSc and PhD in Mech Eng

**Appointed:**  
28 June 2023

**Nompumelelo Penelope Zulu** <sup>(57)</sup>

Dip Mech Eng, Dip Project Management, BTech Mech Eng, MBA

**Appointed:**  
28 June 2023

## INDEPENDENT NON-EXECUTIVE DIRECTORS



## Board committees:

A	HC	TI	S & S	S & E	R & C



## EXECUTIVE COMMITTEE AND COMPANY SECRETARY

**Julian Theodore  
Palliam** <sup>(40)</sup>

EXECUTIVE DIRECTOR,  
CHIEF EXECUTIVE OFFICER

*BCompt (Hons) Accounting, CA(SA)*



**Jubilant Motlanalo  
Speckman** <sup>(39)</sup>

EXECUTIVE DIRECTOR,  
CHIEF FINANCIAL OFFICER

*CA(SA), MCom: SA and International  
Tax*



**James  
Morotoba** <sup>(54)</sup>

CHIEF OPERATING OFFICER

*BSc Eng (Min), MMC, MDP, AMP,  
MBA*



## EXECUTIVE COMMITTEE AND COMPANY SECRETARY

**Vincent Dinkwe  
Matlala** <sup>(52)</sup>

VICE-PRESIDENT: HUMAN CAPITAL  
AND CORPORATE AFFAIRS

*BSocSc, PGDIL, MBA*



**Rogani  
Moodley** <sup>(50)</sup>

VICE-PRESIDENT: LEGAL,  
RISK AND COMPLIANCE

*BProc (UND), LL.M. Com. Law (WITS)*



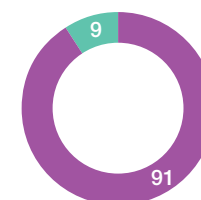
**Amagugu  
Khanyile** <sup>(48)</sup>

COMPANY SECRETARY

*BProc*

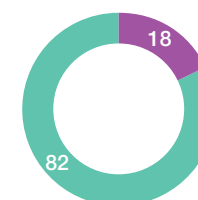
## BOARD AND EXECUTIVE COMMITTEE DIVERSITY

BOARD DIVERSITY  
(%)



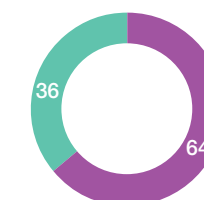
■ South African  
■ International

RACE  
(%)



■ White  
■ Black

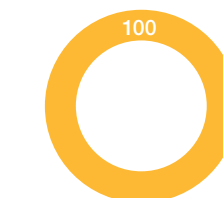
GENDER  
(%)



■ Male  
■ Female

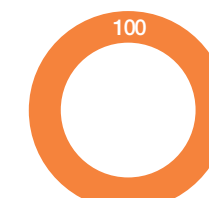
## THE EXECUTIVE COMMITTEE

EXECUTIVE  
DIVERSITY  
(%)



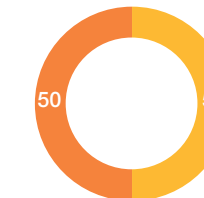
■ South African

RACE  
(%)



■ Black

GENDER  
(%)



■ Female  
■ Male

## GOVERNANCE (CONTINUED)

### THE ROLE AND FUNCTION OF THE BOARD

#### ATTENDANCE OF SCHEDULED AND *AD HOC* MEETINGS

The Board members are required to attend all scheduled meetings of the Board and endeavour to also attend *ad hoc* and special meetings.

Board member	Scheduled Board Meetings	Board Audit	Human Capital and Nominations	Social and Ethics	Board SHE and Sustainability	Board Risk and Compliance
RM Godsell	<b>C</b> 5/5		<b>M</b> 4/4		<b>I</b> 3/4	
JT Palliam	5/5	<b>I</b> 7/7	<b>I</b> 4/4	<b>I</b> 4/4	<b>M</b> 5/5	<b>I</b> 3/5
JS Speckman	5/5	<b>I</b> 7/7			<b>I</b> 5/5	<b>I</b> 5/5
MA Hermanus	4/4				<b>C</b> 3/3	<b>M</b> 2/2
DP Martin	5/5		<b>C</b> 4/4	<b>M</b> 4/4	<b>AC</b> 5/5	
SP Ngwenya	5/5	<b>M</b> 7/7	<b>M</b> 4/4		<b>M</b> 5/5	<b>M</b> 5/5
NG Nika	4/5	<b>C</b> 7/7			<b>I</b> 3/4	<b>M</b> 5/5
TML Setiloane*	5/5	<b>M</b> 7/7		<b>M</b> 4/4	<b>I</b> 4/4	<b>M</b> 5/5
S Subramanian	3/5		<b>M</b> 0/4		<b>M</b> 1/5	
MJ Vuso	4/5	<b>M</b> 6/7		<b>M</b> 4/4	<b>I</b> 1/4	<b>C</b> 4/5
NP Zulu	4/4		<b>M</b> 2/2		<b>I</b> 2/2	<b>M</b> 2/2

**C:** Chairman    **M:** Member    **I:** Invitee    **AC:** Acting Chairperson

\* Deceased on 30 April 2024

The Board is satisfied that the committees have effectively carried out their responsibilities according to their charters and terms of reference.



A brief summary of the responsibilities of the committees, membership and their key focus areas during the year is set out below:

COMMITTEE	MEMBERS	AREA OF RESPONSIBILITY	KEY FOCUS FOR THE YEAR
<b>Audit Committee (A)</b>	NG Nika (Chairman) SP Ngwenya TML Setiloane* MJ Vuso	<p>The Board Audit Committee assists the Board in carrying out its responsibilities to stakeholders by, among others, providing independent oversight of the effectiveness of the Company's assurance, finance and ICT functions and services, with a focus on combined assurance arrangements, including external assurance providers.</p> <p>The Committee is also authorised to provide independent oversight of the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Company.</p>	<ul style="list-style-type: none"> <li>• Going concern status – kept track of financial and operational performance.</li> <li>• Assessed the independence of the external auditor.</li> <li>• Approved and monitored the external audit plan.</li> <li>• Approved and monitored the internal audit plan.</li> <li>• Obtained assurance over effectiveness of internal controls.</li> <li>• Review of key internal audit findings report.</li> <li>• Monitoring of ICT governance and controls.</li> <li>• 2024 budget review and recommendation to Board for approval and monitored the approved budget.</li> <li>• Reviewed the Committee's Terms of Reference.</li> </ul>
<b>Risk And Compliance Committee (R &amp; C)</b>	MJ Vuso (Chairman) M A Hermanus SP Ngwenya NG Nika TML Setiloane* N P Zulu	<p>The Board Risk and Compliance Committee assists the Board with overseeing risk, compliance and governance management. The Committee reviews the effectiveness of the ER and OM system in managing risks and opportunities, risk appetite and tolerances, emerging risks and business continuity resilience measures. Further, monitors compliance with applicable legislation and governance it processes.</p>	<p>The following was approved:</p> <ul style="list-style-type: none"> <li>• Committee's Terms of Reference.</li> <li>• Enterprise Risk &amp; Opportunity Management Planned Initiatives Deferral.</li> <li>• Enterprise Risk &amp; Opportunity Management Policy &amp; Framework.</li> <li>• Enterprise Risk &amp; Opportunity Management and Annual Compliance Plans.</li> <li>• Approved procurement matters.</li> </ul>
<b>Human Capital and Nominations Committee (HC)</b>	DP Martin (Chairman) RM Godsell SP Ngwenya SS Subramanian NP Zulu	<p>The Human Capital and Nominations Committee provides strategic oversight on human capital governance; remuneration philosophy; organisational capacity and capabilities; organisational culture; talent development as well as succession readiness.</p> <p>Submission on policy reviews as well as on aspects such as STIPS and LTIPS are subjected to engagement to test relevance and alignment with the business strategy. Once these get supported by the HC and Nominations Committee, they will then be recommended to the Foskor Board for approval.</p> <p>The Committee is also responsible for the approval of the placements, remuneration packages and incentives of executives as delegated to the Committee by the Board.</p> <p>The Committee also considers the composition of the staff complement, staff transformation/diversity, remuneration, succession planning and industrial relations matters.</p> <p>The Committee reviews the human capital policies and any other matters related to human capital management as mandated by the Board.</p>	<ul style="list-style-type: none"> <li>• Approved changing Executive Employment Contracts from temporary to permanent placements for organisational continuity purposes.</li> <li>• Approval of the STIP policy to enable a culture of performance. Monitored the implementation of the second year of the two-year Substantive Conditions of Employment Agreement.</li> <li>• Ensured that organisational structures and policies facilitate good management and utilisation of human resources.</li> <li>• Approved annual salary increases for management, as well as the STIP pay allocations.</li> <li>• Executive leadership bench capacitation, reviewed and approved the CEO's Office or EXCO organisational structure.</li> <li>• Reconsidered the appointment and evaluation of Board members protocols.</li> <li>• Approved the CEO's organisational structure.</li> </ul>

\* Deceased on 30 April 2024

## GOVERNANCE (CONTINUED)

COMMITTEE	MEMBERS	AREA OF RESPONSIBILITY	KEY FOCUS FOR THE YEAR
<b>Social and Ethics Committee (S &amp; E)</b>	TML Setiloane* (Chairman) DP Martin MJ Vuso	<p>The Social and Ethics Committee provides an oversight on social, capital, ethics and good corporate citizenship aspects of the business. Compliance with human rights, relevant statutes and regulations is also being led and monitored at this level.</p> <p>Acts or practices on non-compliance with requisite measures are viewed as a risk to the business and its reputation, and therefore subjected to remedial processes throughout the organisation. The promotion of equality, prevention of unfair discrimination and reduction of fraud and corruption remain a key focus areas as well.</p>	<ul style="list-style-type: none"> <li>Monitored Employment Equity and B-BBEE Acts Compliance.</li> <li>Monitored the compilation and approval of the Social and Labour Plan, as well as implementation of community development programmes toward inclusive development.</li> <li>Reviewed requirements of the Mining Charter and monitored implementation.</li> <li>Reviewed the state of the Company's operating licences and gave direction for resolution where required.</li> <li>Monitored high risk fraud and corruption cases, and followed through on the investigation and resolution of such matters.</li> <li>Reviewed the Declaration of Interest Policy.</li> <li>Reviewed the Committee Terms of Reference.</li> </ul>
<b>SHE and Sustainability Committee (S &amp; S)</b>	M A Hermanus (Chairman) J Palliam (CEO) DP Martin SP Ngwenya SS Subramanian	<p>The Board SHE and Sustainability Committee advises the Board on technical, safety, health and environment issues as well as the risks relating to the production processes and projects. The Committee has no executive management responsibility, but provides guidance and support to help management maintain the Company's sustainability and success.</p>	<ul style="list-style-type: none"> <li>Evaluated the expansion, sustainability and stay-in-business projects to assist operations in making justified long-term and operationally sound decisions relating to capital expenditure.</li> <li>Monitored operational excellence from a health, safety, environment and quality point of view. This included monitoring of rehabilitation processes and provisions, and any other environmental potential liability.</li> <li>Discussed and addressed environmental matters in so far as they related to air quality management practices at the Acid Division.</li> <li>Evaluated the expansion, sustainability and stay-in-business projects to assist operations in making justified long-term and operationally sound decisions relating to capital expenditure.</li> <li>Licence to operate particularly compliance requirements at both Foskor Divisions.</li> </ul>

\* Deceased on 30 April 2024

## INTERNAL AUDIT

In accordance with the Global International Audit Standards, it is the policy of Foskor to maintain a centralised independent internal auditing function, called Foskor Group Audit Services ("FGAS").

The Board Audit Committee established the FGAS and defined its responsibilities. The Group Internal Audit Manager reports administratively to the Chief Executive Officer and functionally to the Chairperson of the Board Audit Committee.

FGAS is responsible for providing independent assurance to the Board Audit Committee regarding the effective management of any risk which may have an impact on the achievement of the Company's strategic objectives.

During the 2024 financial year FGAS was supported by external service providers which has enhanced the effectiveness of the function significantly.

## FRAUD PREVENTION AND ETHICS

It is an accepted fact that, no matter how stringent fraud prevention measures within an organisation are, there is no absolute guarantee that fraud and unethical behaviour will not occur. Fraud, by its very nature, involves deception. New ways of circumventing controls in order to perpetrate fraud are continually being devised. It is accordingly important that Foskor be prepared to respond to fraud in an effective manner to limit losses.

Management is responsible for implementing internal controls to deter, prevent and detect fraud, theft and other irregularities.

Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of such irregularity.

The Company expects its employees to conduct all aspects of business with integrity and at the highest level of professionalism in line with established organisational values and its Code of Ethics.

The Fraud Prevention and Ethics Committee is responsible for addressing investigations of unethical conduct and playing a leading oversight role over incidents of fraud and corruption occurring within Foskor, thereby allowing more transparency in the investigation process.

## WHISTLEBLOWING

Foskor is committed to the highest standards of openness and accountability. An important aspect of accountability and transparency is a mechanism to enable staff and stakeholders to report concerns in a responsible and effective manner. Where an individual discovers information which they believe shows serious malpractice or wrongdoing within the organisation, this information should be disclosed to Foskor through established channels without fear of reprisal.

Foskor recognises that employees, suppliers, customers, business partners, local communities and other stakeholders have a strong preference to be associated with organisations that value and practise ethical conduct. As a means of reinforcing Foskor values, the Whistleblowing Policy serves to build employee, supplier, customer, and stakeholders' trust and loyalty through identifying and eliminating unethical practices. The policy provides a confidential means of conveying information relating to unethical conduct and does not replace existing lines of communication such as the independently managed anonymous tip-off/ethics hotline.

The policy is intended to encourage and enable employees, suppliers, customers and stakeholders to anonymously report suspicions relating to fraud, corruption, theft or unethical conduct observed within Foskor instead of overlooking the misconduct or blowing the whistle through inappropriate channels.

Customers or suppliers found guilty of such conduct will be blacklisted, while employees will face disciplinary action.

If the employee resigns prior to a disciplinary hearing, he/she will not be allowed to perform any work for Foskor as a supplier and will not be permitted to be included on the Foskor supplier list.

## MECHANISMS FOR COMMUNICATION TO THE HIGHEST GOVERNANCE BODY

Shareholders are represented on the Board and in, addition, they have an opportunity to provide recommendations and direction to the Board at the annual general meeting or at the shareholders' meeting.

Employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including the Human Capital and Corporate Affairs Department, line management and union structures.

## INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Board is responsible for information and communications technology ('ICT') governance and ensuring that the ICT strategy is aligned with the Group's strategic objectives through adopting and implementing an ICT control framework.

The Group ICT Steering Committee role is to develop and monitor sound information and communication (including all forms of telecommunication) technology policies and procedures in accordance with the applicable regulatory framework of South Africa and incorporating global best practices for the Group. These include among others, maximising efficient and effective ICT applications and services. The Group ICT Steering Committee meets quarterly and reviews adherence to the various ICT policies and procedures and recommends improvements to the Executive Committee, Board Audit Committee and the Board.



## GOVERNANCE (CONTINUED)



Foskor Group ICT department has adopted the Control Objectives for Information Technology ("COBIT") best practice as an ICT governance framework and assesses the maturity of the Foskor ICT processes against COBIT regularly. The ICT Disaster Recovery Policy and Disaster Recovery Plan have been defined, documented and aligned with the Foskor Group Business Continuity Management Policy. The Group ICT Department is constantly reviewing its current technology and investigating opportunities to enhance its technology and integrate it into its ICT strategy and processes.

A comprehensive review and testing process to ensure that the Group ICT department is maintaining an adequate and effective ICT system and control environment is carried out on an ongoing basis by management, Internal Audit and External Audit.

### REGULATORY AND LEGISLATIVE COMPLIANCE

Compliance with regulatory and legislative requirements is of strategic importance to Foskor and a critical component in Foskor's day-to-day management of its operations.

The compliance strategy and objectives contained in the Compliance Policy provides a guideline to ensure that a culture that supports compliance is embedded within the organisation.

The organisation's compliance strategic objectives provide a structured direction that enables and supports enhancement of compliance processes through application of continuous improvement and best practice concepts.

Compliance governance is regulated by a set of policies, roles, responsibilities, and processes that guide, direct and control how Foskor complies with regulatory and legislative requirements.

The Company's compliance governance strategy ensures that business performance is not hampered and that opportunities that exist within the current regulatory framework can be pursued or optimised. The Board is ultimately responsible for the Company's compliance with all applicable regulatory and legislative requirements.

The Foskor Group Compliance Committee is established as a sub-committee of the Executive Committee and is authorised in terms of its mandate to exercise control of the overall governance and compliance process within Foskor. Divisional Compliance Committees ensure that compliance requirements are tailored to the divisional needs and unique regulatory and legislative requirements.

The responsibility to facilitate compliance throughout Foskor has been delegated to the appointed Group Compliance Officer.

Key focus areas are identified in line with Foskor's Compliance Risk Management Methodology requirements. These include legislation related to safety, health and environment and the protection of personal information.

Foskor's compliance management effectiveness is monitored in accordance with Foskor's Compliance Risk Management Methodology. The outcome of the ongoing monitoring is reported internally at various committees with management providing action plans to address any non-compliances identified.

### COMPLIANCE RISK METHODOLOGY

The economical and efficient management of the compliance risks to which Foskor is exposed is dependent on the development and implementation of a Group-wide risk-based process and procedure to manage and mitigate the Company's compliance risks.

The compliance risk methodology provides for a visible (to regulators, shareholders, clients), formalised and structured risk-based process and procedure to manage and reduce the compliance risks to a level acceptable to Foskor.

Foskor's compliance risk management methodology aligns with the requirements of the Generally Accepted Compliance Practice Framework, as issued by the Compliance Institute Southern Africa. The framework consists of principles, standards and guidelines that act as a benchmark for compliance best practice for Southern African organisations.



## APPLICATION OF THE KING REPORT OF CORPORATE GOVERNANCE (KING IV)

The Board is satisfied with its efforts to apply all material aspects of King IV during the year. Below is a summary of where there is currently partial compliance or non-compliance; the principles not reported are where full compliance has been achieved.

CODE OF GOVERNANCE PRINCIPLE		COMPLIANCE	EXPLANATION FOR NON-COMPLIANCE
<b>Part 5.4 Governing function areas – Combined Assurance</b>	<b>42.</b> The governing body should oversee that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation: <ol style="list-style-type: none"> <li>The organisation's line functions that own and manage risks.</li> <li>The organisation's specialist functions that facilitate and oversee risk management and compliance.</li> <li>Internal auditors, internal fraud examiners and auditors, safety and process assessors, and statutory actuaries.</li> <li>Independent external assurance service providers such as external auditors.</li> <li>Other external assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors.</li> </ol>	<b>X</b>	The implementation of the Combined Assurance Model commenced in the financial year 2023/24. A Combined Assurance Plan that is aligned with the top five corporate strategic risks has been budgeted for and will be developed in the financial year 2024/25.

# REMUNERATION



We aim to offer fair and competitive remuneration.

## REMUNERATION PHILOSOPHY

In order to attract and retain qualified, performing employees, as well as critical skills, we aim to offer fair and competitive remuneration packages. Our remuneration structure provides a job grading system and a salary range for each grade. The remuneration structure is consistent with the Company's economic requirements and competitive in the markets within which we operate.

We strive to obtain the highest possible degree of employee performance, morale and loyalty through:

- administering remuneration fairly and equitably;
- ensuring internal equity and consistency based on skills categories and operational requirements;
- providing an effective means of controlling payroll costs;
- providing a standard method of establishing and applying remuneration package rates;
- facilitating the remunerations aspects associated with employment, classification and promotion of employees; and
- ensuring that Foskor's remuneration policy is competitive both nationally and within the sectors we operate, through regular remuneration benchmarks.

These goals are achieved by:

- establishing remuneration package ranges that reflect the value of the various occupations;

- establishing and maintaining justifiable differentials between job levels;
- ensuring that pay rates and benefits are competitive relative to those offered by other employers providing similar employment; and
- adjusting remuneration package ranges when warranted by changing economic and competitive factors.

## EMPLOYEE BENEFITS

Foskor aims to attract and maintain a healthy workforce mobilised and sustained through a multiple on employee value propositions, inclusive of competitive employee benefits. These include provision of affordable and effective healthcare, death, disability and temporary disability benefits to all employees and their dependents.

Medical care is provided by well-recognised medical aid providers. Employees have freedom of choice in the level of healthcare options based on affordability and healthcare requirements, and the Company pays a portion of their contribution.

Four months fully paid maternity leave benefits are provided to permanent female employees who have been with the Company for more than one year.

Insurance is provided by an insurance company and covers death, permanent and temporary disability and the death of the spouse or partner of the employee. Funeral cover for employees and their dependents and mortgage protection can also be accessed.

It is a condition of employment that permanent employees must be members of the Company's retirement fund, which is registered with the Financial Services Board and the South African Revenue Service. This is the right thing to do towards enabling employees' and their families' welfare post employment.

The defined benefit fund was closed in 1995, with a total surplus as at 31 March 2024 of R70.6 million. Staff members employed after 1995 are members of the defined contribution fund. The Company contributes to the fund on behalf of the employees every month and individuals can select the level of their own contributions within the allowable contributions' framework.

## STRUCTURE OF REMUNERATION ACROSS ALL LEVELS

We have implemented a total guaranteed package approach for management staff and a cost-to-company approach for other levels of staff. These structures rest on three fundamental pillars: internal equity, structuring flexibility and external market competitiveness.

These in turn contain and define the total cost of employment, empower employees to structure competitive packages and ensure remuneration that is both equitable and defensible.

Remuneration comprises the following elements:

	GUARANTEED REMUNERATION			PERFORMANCE-BASED INCENTIVES	OTHER
	Notional cost of employment	Benefits	Allowances	Short-term incentives, and long-term incentives for top management	
Bargaining category employees	Cost-to-company package.	Retirement benefits, medical aid death and disability insurance. Various types of leave provision forms part of employee benefits.	Housing and transport allowances.	Divisional operations performance on production, safety, costs and efficiencies.	Circumstantial remuneration consists of allowances and emoluments specific to an individual's job, plus any arising from skills scarcity.  Additional to this are emoluments rewarding specific skills or qualifications deemed necessary for employment in a legal capacity. This allowance is applicable to all levels of employees.
	All Company contributions to retirement funds, Group life and disability insurance are included in the remuneration package. Employees can structure packages to their own needs.		All bargaining unit employees are paid monthly housing and transport allowances, irrespective of their position.	For staff in the bargaining unit, incentives comprise two components, i.e., a quarterly component and an annual component based on quarterly/annual achievement of production, safety and cost targets.  Company, divisional and individual performance. Performance measures includes elements such as EBITDA; ESGS; long-term Company strategy and objectives; cash generated from operations; and production volumes.	
Management category employees	Total guaranteed package.	Retirement benefits medical aid death and disability insurance.	Employees can structure their remuneration to include travel allowance, as applicable.	Performance assessment based on short-term and long-terms goals determined annually. The targets are mainly: earnings, cash, production, safety, cost and transformation.	Employee Share Ownership Plan units were awarded to employees who had been at Foskor up to 2013. Units vest over five years. Dividends are received when declared by Foskor.  All employees who joined the Company after 2013 were not allocated any units.
	This takes into account individual performance, external competitiveness, internal equity and affordability.  The package includes contributions to retirement funds, medical aid, Group life and disability insurance. Employees can structure their own package to their own needs, within the allowable framework.				
Non-executive directors	Attendance fees per meeting.			Not applicable	
	Approved by the shareholders annually. Executive Directors are not paid Directors' fees.			Not applicable	

## REMUNERATION (CONTINUED)

Remuneration comprises the following elements:

Remuneration elements		Management category employees				Bargaining category employees
		Executive management	General management	Senior management	Middle management	
GUARANTEED REMUNERATION	Notional cost of employment	Annual total guaranteed package				Annual cost-to-company package
	Guaranteed allowances	Not applicable				Housing Transport
	Benefits	<ul style="list-style-type: none"> <li>• Employer retirement fund contributions</li> <li>• Employer medical aid contributions</li> <li>• Employer contributions to Group life and disability insurance</li> </ul>				
	Circumstantial remuneration	<ul style="list-style-type: none"> <li>• Job-specific</li> <li>• Skills scarcity</li> <li>• Legal appointments</li> </ul>				
VARIABLE REMUNERATION	Short-term incentives	<ul style="list-style-type: none"> <li>• Performance-based</li> <li>• Company</li> <li>• Divisional</li> <li>• Individual</li> </ul>				Divisional



## GUARANTEED REMUNERATION

Employees in management are remunerated on a total guaranteed package. This takes into account individual performance, external competitiveness, internal equity and affordability. Included in the package are all Company contributions to retirement funds, medical aid and Group life and disability insurance. Individuals can structure packages to their own needs.

Employees in the bargaining unit are remunerated on a cost-to-company package. All Company contributions to retirement funds and Group life and disability insurance are included in the package.

Individuals can structure packages to their own needs.

## GUARANTEED ALLOWANCES

All bargaining unit employees are paid monthly housing and transport allowances, irrespective of their position.

## BENEFITS

Both the employer and employee contribute to the employee's medical aid scheme.

Contributions to the Foskor Pension Fund and Chemical Industries National Pension Fund ('CINPF') are made by both the employer and employee. Contributions to the Foskor Provident Fund are only made by the employer, though the employee may decide on the level of contribution. Changes in legislation allow employees to make additional contributions up to statutory limit.

Contributions to the Group life and disability insurance are made by the employer.

## VARIABLE REMUNERATION

### CIRCUMSTANTIAL REMUNERATION

Circumstantial remuneration consists of allowances and emoluments specific to an individual's job, plus any arising from skills scarcity. Additional to this are emoluments rewarding specific skills or qualification deemed necessary for employment in a legal capacity.

### SHORT-TERM INCENTIVES

Short-term incentives for managers are payable annually after the financial year-end audit has been finalised. Incentives are calculated on company, divisional and individual performance middle management employees also qualify for a monthly incentive payable quarterly for the preceding quarter's company performance.

The short-term incentive scheme for staff in the bargaining unit comprises three components: a quarterly component which is payable every quarter based on the preceding quarter's performance, a provisional component payable in December based on the cumulative production performance and an annual component calculated on the preceding financial year's production, cost and safety targets.

## EMPLOYEE SHARE OWNERSHIP PLAN ('ESOP')

All Foskor employees are entitled to receive units in the ESOP which holds 6% of Foskor's share capital through a special purpose vehicle. The initial allocation of the units was made in June 2011 to employees who had been employed with the Company on 1 April 2009, and a second allocation was made to employees engaged after 1 April 2009, but still in service on 30 June 2011 and the last allocation was done in 2013. Employees who joined the Company after 2013 have not been allocated any units. The ESOP scheme is currently under review to ensure alignment with best practice and in order to be responsive to developments in this space.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' remuneration is approved by the shareholders annually at the annual general meeting and is based on attendance of Directors at Board and committee meetings.

Executive Directors are not paid Directors' fees.

Directors' fees for the CIL representatives are paid to the Company.

## REMUNERATION AND STRATEGIC OBJECTIVES ACHIEVEMENT

The remuneration of the staff is linked to the achievement of strategic objectives and KPIs. The short-term incentive performance is based on targets that are achievable in one year, including agreed milestones for the longer-term strategic projects. The long-term incentive performance is based on financial returns, implementation of strategic projects meant for beneficiation, expansion or growth and other agreed projects.

The assessment of achievement is carried out by the Board Human Capital and Nominations Committee and they recommend the payment percentages to the Board. The payment of the incentives is at the full discretion of the Board. The short-term incentives are applicable for all levels of staff. Top management is eligible for the long-term incentive scheme.

The ESOP pays out dividends to employees in relation to the number of units held when dividends have been declared; the sale of the units was restricted until 2016, the scheme ends on 31 March 2018.

The ESOP is administered through a Trust that holds 6% of Foskor's equity through a special purpose vehicle.

Remuneration policies on sign-on bonuses and termination payments are approved by the Human Capital and Nominations Committee.

## REMUNERATION (CONTINUED)

### EXECUTIVE PAY COMPOSITION

The performance objectives of the short-term and long-term incentive plans are derived with the strategy of the Company in mind. The strategic criteria for both plans are listed below and linked to the strategic priorities from our strategy.

SHORT-TERM INCENTIVE CRITERIA		STRATEGIC PRIORITY
<b>Financial objectives</b>	<ul style="list-style-type: none"> <li>Earnings before interest and tax</li> <li>Free cash flow</li> </ul>	<ul style="list-style-type: none"> <li>Improve EBIT</li> <li>Improve cash generation</li> </ul>
<b>Corporate objectives</b>	<ul style="list-style-type: none"> <li>Production targets</li> <li>Cost per ton</li> <li>Logistics (product railed)</li> <li>Strategic projects</li> <li>Safety</li> <li>Employee well-being</li> <li>Transformation</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence</li> <li>Beneficiation projects</li> <li>Zero harm</li> <li>Good industrial relations</li> </ul>
<b>Divisional objectives</b>	<ul style="list-style-type: none"> <li>Divisional costs</li> <li>Customer service</li> <li>Divisional projects</li> <li>Internal processes</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence</li> <li>Customer value</li> </ul>

### NON-EXECUTIVE DIRECTORS

Non-executive Directors' fees for the year were as follows:

Director	Appointed with effect from	Deceased with effect from	Directors' fees 2024 (R)	Directors' fees 2023 (R)
RM Godsell (Chairman)	27 March 2019		449 585	568 666
NG Nika	3 February 2012		418 070	299 215
SP Ngwenya	27 March 2019		377 875	356 523
DP Martin	27 March 2019		308 152	350 085
TML Setiloane*	24 June 2019	30 April 2024	396 751	294 472
SS Subramanian <sup>1</sup>	11 March 2021		67 247	134 493
NVB Magubane	28 August 2020	1 December 2022	–	113 101
MJ Vuso	28 August 2020		333 466	278 705
MA Hermanus	28 June 2023		168 714	–
NP Zulu	28 June 2023		178 261	–
<b>Total</b>			<b>2 698 121</b>	<b>2 395 260</b>

<sup>1</sup> CIL representative – Fees are paid to the Company.

\* Deceased on 30 April 2024



## EXECUTIVE MANAGEMENT REMUNERATION

Rands	Basic salary	Performance bonuses	Contributions to medical aid, pension, life insurance and UIF	Expenses, allowances, leave encashment	Total
<b>Executive Directors</b>					
JT Palliam	6 163 011	3 720 000	715 442	322 378	10 920 831
J Speckman	3 276 840	496 389	394 286	129 000	4 296 515
<b>Total</b>	<b>9 439 851</b>	<b>4 216 389</b>	<b>1 109 728</b>	<b>451 378</b>	<b>15 217 346</b>
<b>Prescribed officers</b>					
JM Morotoba	4 564 676	1 537 895	747 594	609 134	7 459 299
R Moodley	2 548 122	713 686	316 459	135 544	3 713 811
V Matlala	2 759 582	279 424	489 652	420 198	3 948 856
G Van Wyk <sup>1</sup>	–	–	–	454 545	454 545
C Reddy <sup>2</sup>	537 918	–	90 921	2 666 286	3 295 125
<b>Total</b>	<b>10 410 298</b>	<b>2 531 005</b>	<b>1 644 626</b>	<b>4 285 707</b>	<b>18 871 636</b>

<sup>1</sup> Resigned 31 March 2023

<sup>2</sup> Resigned 31 May 2023

FOR THE YEAR ENDED 31 MARCH 2023

Rands	Basic salary	Performance bonuses	Contributions to medical aid, pension, life insurance and UIF	Expenses, allowances, leave encashment	Total
<b>Executive Directors</b>					
JT Palliam	5 295 170	625 000	451 500	384 492	6 756 162
J Speckman	1 331 875	–	118 125	53 750	1 503 750
<b>Total</b>	<b>6 627 045</b>	<b>625 000</b>	<b>569 625</b>	<b>438 242</b>	<b>8 259 912</b>
<b>Prescribed officers</b>					
JM Morotoba	5 620 303	90 166	209 525	127 897	6 047 891
R Moodley	1 839 717	–	165 375	101 658	2 106 750
V Matlala	674 299	–	58 013	119 188	851 500
G Van Wyk	2 970 081	70 417	488 851	98 110	3 627 459
JMH Kruger	1 023 217	–	–	–	1 023 217
C Reddy	3 564 978	56 301	294 982	190 310	4 106 751
<b>Total</b>	<b>15 692 595</b>	<b>216 884</b>	<b>1 216 746</b>	<b>637 163</b>	<b>17 763 388</b>

# FINANCIAL PERFORMANCE

**JUBILANT  
MOTLANALO  
SPECKMAN**  
CFO

Economic downturn and currency instability brought uncertainty this fiscal year. Despite internal and external hurdles, we've shown adaptability and strength, ending with an EBITDA of R1.14bn compared to R1.82bn last year. Our operations faced numerous obstacles, but the notable reduction in downtime from the crusher failure at the mine, compared to expectations, showcased our staff's excellent crisis management skills and enabled reinstatement of mine availability to full capacity.

## FINANCIAL OVERVIEW

Our total revenue decreased by 13% from R9.98 billion to R11.51 billion which is a combination of mainly rock, Phosphoric acid and Mono-Ammonia Phosphate ('MAP'). The EBITDA decrease by 37% to R1.14 billion (2023: R1.82 billion) is mainly due to reduction of commodity prices and higher unit costs of production impacted by lower production at the mine. Key raw material costs which include sulphur and ammonia decreased significantly, which is in line with commodity prices reduction. The reduction in the key raw materials results in a decrease in our unit production costs at both mining and acid divisions. Reduction of unit production costs through improvement of efficiencies and obtaining cost of other materials at competitive prices continues to be key objection in reduction of our unit production costs.

The IDC continued to support Foskor in key strategic areas financially, as and when required. Such assistance has contributed to headroom in the working capital management process.

## KEY DRIVERS

Foskor's earnings are extremely sensitive to commodity prices and exchange rate movements. The consequences of movements in these key drivers can be expressed as follows:

## SENSITIVITY ANALYSIS

KEY DRIVER	Movement	EBIT impact Rm
Exchange rate	<b>R1 per US dollar</b>	<b>440</b>
Phosphoric acid	<b>\$10 per ton</b>	<b>39</b>
Granular	<b>\$10 per ton</b>	<b>60</b>
Rock export	<b>\$10 per ton</b>	<b>103</b>
Sulphur	<b>\$10 per ton</b>	<b>67</b>
Acid plant efficiency	<b>1%</b>	<b>37</b>

## EXCHANGE RATES

Export sales of products are denominated in USD and therefore our performance is impacted by fluctuations in the USD/ZAR exchange rates. Key raw materials that are impacted are also denominated in USD and this offers opportunities partial for a natural hedge between exports and imports. With improved performance the Foskor has been able to actively hedge its exposure to USD fluctuations through purchase of forward exchange contracts options.

During the year, the Rand averaged R18.64 to the USD; this is 11% weaker than the average of R16.77 recorded in 2023.

The Rand weakened further towards the end of the financial year and closed at R19.00 (2023: R18.03) which had a positive impact to export revenue.

## COMMODITY PRICES

### SELLING PRICES

There was a significant reduction in commodity prices, these had a negative impact of revenue. The average phosphate rock export price decreased from US\$279 per ton to US\$245 per ton, phosphoric acid decreased from US\$1 376 to US\$920 and granulation prices decreased from US\$833 per ton to US\$562 per ton.

## RAW MATERIAL INPUT COSTS

The Acid Division imports large quantities of sulphur and ammonia from international suppliers, exposing the Group to international commodity price volatility. The average delivered sulphur purchase price decreased from US\$399 per ton in 2023 to US\$132 in the current year and average ammonia prices decreased from US\$1 212 per ton to US\$617 per ton.

## EFFICIENCIES

### PRODUCTION EFFICIENCY

The cost of producing phosphoric acid and granular is extremely sensitive to the acid plant's production efficiency rate. The higher the efficiencies, the lower the cost of production and vice versa.

Maintaining operational discipline and running plants within design parameters ensured that the recovery of valuable  $P_2O_5$ . With these initiatives in place, we have seen the production efficiency of 79.30% compared to 2023 at 82.27%.

## SHARE OF PROFIT OF JOINT VENTURE

Foskor owns 40% of Limpopo Iron Ore (Pty) Ltd ('LIO') and Foskor's share of profits from the joint ventures are R82 million for the year. This is the first year these investment profits are consolidated into Foskor's results due to LIO's significant turnaround.

### EXTRACTS FROM THE STATEMENT OF COMPREHENSIVE INCOME

	2024 Rm	2023 Rm	% change
Revenue	9 980	11 512	(13)
Cost of sales	(7 856)	(8 142)	4
Gross profit	2 124	3 370	(37)
Distribution expenses	(1 356)	(1 558)	13
Administration expenses	(504)	(437)	(15)
Other operating income	446	164	172
Share of profit from joint venture	82	–	100
Impairment reversal	–	1 999	(100)
Impairment of financial assets	(65)	5	(1 328)
Earnings before interest and tax ('EBIT')	727	3 543	(79)
Net finance expense	(683)	(602)	(14)
Net foreign exchange gain/(loss)	55	(83)	166
Profit before tax	99	2 858	(97)
Income tax	266	(48)	660
<b>Profit for the year</b>	<b>365</b>	<b>2 810</b>	<b>(87)</b>
<b>EBITDA</b>	<b>1 140</b>	<b>1 855</b>	<b>(39)</b>

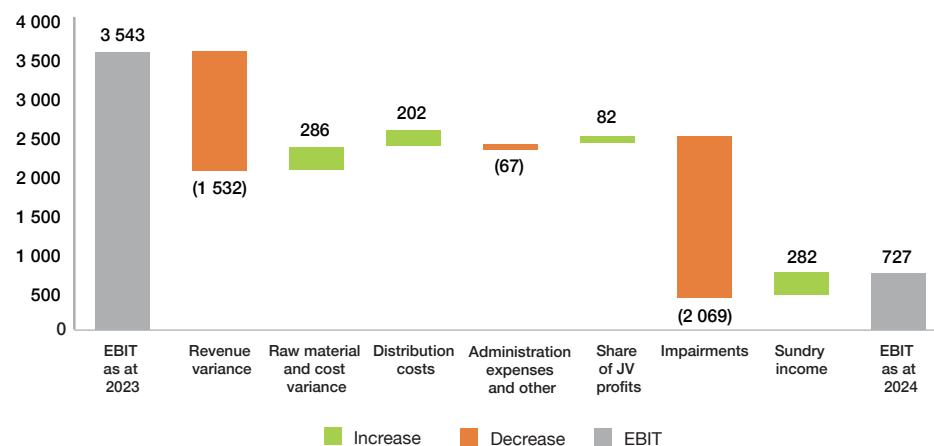
## REVENUE

Group revenue decreased by 13% to R9.98 billion (2023: R11.51 billion). The decrease is as a result of lower sales export rock volumes and commodity price reduction on all products. Phosphoric Acid accounted for 36% (2023: 33%) of revenue, granular accounted for 34% (2023: 28%) of total revenue while rock contributed 27% (2023: 35%) towards total revenue.

Magnetite's contribution towards total revenue increased 2% in 2024 (2023: 1%). Other sales comprising Sulphuric Acid and Gypsum which accounted for 1% (2023: 3%) of total revenue. Exports accounted for 52% (2023: 53%) of the Group's revenue in the current year.

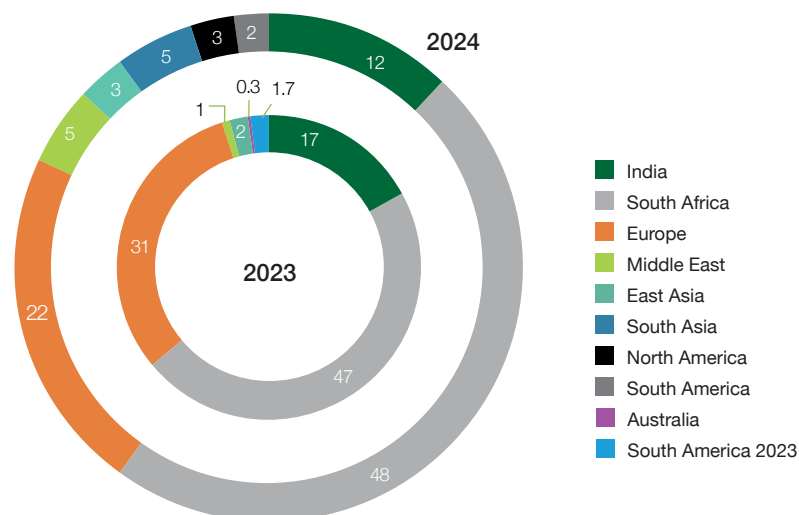
## FINANCIAL PERFORMANCE (CONTINUED)

### CHANGE IN EARNINGS BEFORE INTEREST AND TAX



### THE COMPOSITION OF REVENUE BY GEOGRAPHIC LOCATION IS SET OUT BELOW:

#### GEOGRAPHICAL REVENUE SEGMENTATION



### PRODUCTION COSTS

The Acid Division Phosphoric production group costs decreased by US\$252 per ton from US\$1 201 to US\$949 per ton. The decrease is mainly due to reduction of raw material costs and higher phosphoric acid production volumes.

The Mining Division Rock production costs per ton increased by US\$14 per ton from US\$100 to US\$114 per ton in the current year. This is largely due to reduction in production volumes from 1.92 million tons to 1.56 million tons.

### IMPAIRMENT AND DEFERRED TAX ASSET

As a result of improved operating performance, there was no indicator for impairment in current financial year.

Improvement in the operational performance and projections resulted in recognition of the deferred tax asset of R973 million (2023: R706 million). Foskor has now fully recognised its deferred tax asset from historic losses.

### FINANCE COSTS

Net finance costs increased from R602 million to R684 million in the current year as a result of increases in the interest rate. Average debt increased due to capitalisation of finance costs in the last quarter of the year. The capitalisation of finance cost to debt is due to a moratorium on repayment of interest and capital of the IDC loan. From 1 April 2023 Foskor has repaid interest of R467 million to the IDC for long-term loans.

### FOREIGN EXCHANGE

The net gains resulting from foreign exchange was R55 million as compared to losses of R83 million in the prior year. These gains resulted mainly from the weaker exchange rates on net export receipts.

### PROFIT FOR THE YEAR

The net profit for the year was R365 million which is a significant reduction compared to prior year profit of R2.81 billion. This was due to lower margins earned on products as well as R2 billion impairment reversal recorded in the prior year.

The lower distribution costs, foreign exchange gains and sundry income was partly offset by higher interest expense and contributed to the net profit.

Rm	2024 Rm	2023 Rm	% change
Assets	10 459	10 756	(3)
Equity	3 786	3 422	11
Liabilities	6 673	7 334	9

## EQUITY

The Company did not issue any new shares during the year. As at 31 March, Foskor has class B and D shares issued which amounts to 3 176 and 1 395 shares respectively. The shares have a preferential right to dividends over ordinary shares and the required rate of return is an after tax IRR of 10.5%.

Rm	2024 Rm	2023 Rm	% change
Long-term loans	(4 529)	(4 060)	(12)
Short-term loans	(230)	(929)	75
Cash	421	692	(39)
<b>Net debt</b>	<b>(4 338)</b>	<b>(4 297)</b>	<b>(1)</b>

Foskor has a R4.53 billion long-term interest-bearing facility with IDC. The purpose of the loans was for working capital and capital expenditure. The Group entered into a debtors' factoring agreement with Absa in 2016 whereby Foskor's debtor's book (excluding foreign debtors) was ceded to Absa. The facility is valid for a period of 12 months and renewable annually at the discretion of the bank. Foskor has short-term facilities of R776 million (2023: R635 million) available from commercial banks.

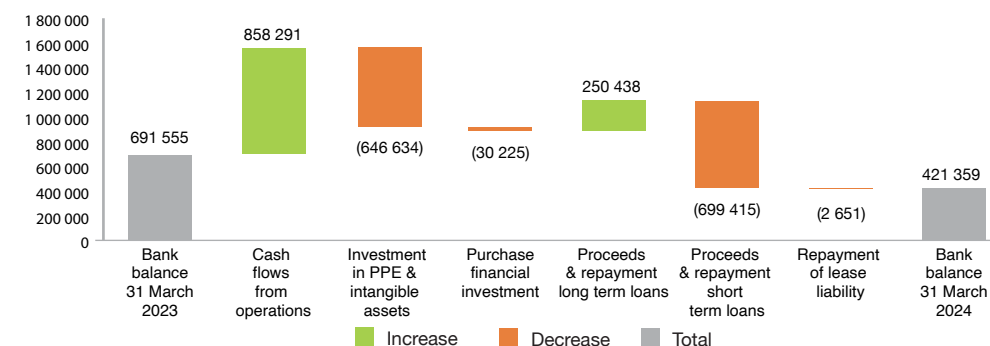
## WORKING CAPITAL

Rm	2024 Rm	2023 Rm	% change
Inventory	1 896	2 818	(33)
Trade and other receivables	1 506	1 137	32
Trade and other payables	(1 423)	(1 684)	15
<b>Working capital requirement</b>	<b>1 979</b>	<b>2 271</b>	<b>(13)</b>

Working capital decreased by 13% from R2.27 billion in 2023 to R1.98 billion in the current year.

This is largely due to a R922 million decrease in inventory and R369 million increase in trade and other receivables. Our working capital requirements were financed through cash-on-hand and long- and short-term funding facilities

## CASH FLOW ANALYSIS



The R1.29 billion (2023: R1.14 billion) cash generated from operations compared to the previous year is due to the improved operational performance during the year as well as a decrease in trade payables and inventory, offset by the increase in trade receivables.

Cash generated from operating activities increased from R735 million to R858 million which is after finance cost payment of R501 million (2023: R239 million). Cash used in investing activities increased by R186 million to R677 million mainly due to capital expenditure incurred in the current year.

## OUTLOOK

In our journey towards 2028, we remain steadfast in our commitment to operational excellence and profitability, ensuring Foskor's sustainability well into the foreseeable future. Our balance sheet currently carries a high level of debt, and we shall persist in our efforts to optimise it, aiming to achieve an appropriate gearing ratio that befits a company of our size and stature. This financial restructuring will pave the way for growth, a key component of our overarching strategy, and ultimately unlock greater value for our esteemed shareholders.

Our consistent positive cash flow has not only enabled us to service the costs associated with our long-term loans but has also allowed us to make crucial investments in the sustainability of our operations. These investments have taken the form of essential maintenance work and strategic capital expenditure, both of which are vital for our long-term success.

As we forge ahead with the implementation of our comprehensive strategy and strive to maintain our hard-won profitability, we shall continue to place utmost importance on three critical pillars: unwavering compliance with all relevant regulations, robust risk management practices, and adherence to sound governance principles. These elements form the bedrock of our operational philosophy and will guide us towards a prosperous future.

# SUMMARY OF FINANCIAL STATEMENTS

The summarised consolidated financial results have been approved by the Board of Directors and were signed on their behalf by the Chairman, Mr RM Godsell and Chief Executive Officer, Mr JT Palliam.

This document provides a summary of the information contained in Foskor's annual consolidated financial statements, which are available on our website.

The summarised consolidated financial results are not the Group's statutory accounts and do not contain sufficient information to allow for as complete an understanding of the results and state of affairs of the Group as that provided by the full set of Group consolidated annual financial statements.

## BASIS OF PREPARATION

The information in these summarised consolidated annual financial statements of the Group have been extracted from the Group's audited annual financial statements and have been prepared in accordance with IAS 34, Interim Financial Reporting and the South African Companies Act of 2008, as amended.

They do not include all the information required for the full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the Group as at the year ended 31 March 2024. The financial statements have been prepared under the historical cost convention, except for certain items including the revaluation of available-for-sale investments and financial assets and liabilities at fair value through profit or loss. The summarised consolidated results are prepared on a going concern-basis.

## SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the summarised consolidated annual financial statements are the same as those applied by the Group in its full set of consolidated annual financial statements as at and for the year ended 31 March 2024.

## KEY ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the summarised annual financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these summarised consolidated annual financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated annual financial statements as at the year ended 31 March 2024.

The presentation and functional currency of Foskor (Pty) Limited is the South African Rand (R) and all monetary amounts are rounded to the nearest thousand.

Mrs Jubilant Speckman CA(SA), Chief Financial Officer is responsible for this set of financial results and has supervised the preparation thereof.

## INDEPENDENT AUDIT BY THE AUDITORS

During the financial year, the Board appointed Deloitte & Touche as the external auditors of Foskor group for the 2024 financial year and they have audited the Group's 2024 consolidated annual financial statements.

The individual auditor assigned to perform the audit is Ms Tumellano Lavhengwa.

These summarised consolidated annual financial statements have not been audited by the Group's joint external auditors.

## AUDIT REPORT OPINION

The external auditors have expressed a modified audit opinion on the consolidated financial statements and the full set of annual financial statements, is available at the Company's registered office. The modification is due to qualification on the irregular expenditure in 2023 financial year and affects the opening balance of the irregular expenditure in the current year.



# ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

R'000	Notes	2024	2023	R'000	2024	2023
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>		
<b>Non-current assets</b>				<b>Equity attributable to owners</b>		
Property, plant and equipment		4 924 166	4 840 630	Ordinary shares Share premium	4 170 979	4 170 979
Intangible assets		645	2 119	Intangible assets	132 013	132 013
Investment in joint venture		81 723	25	Retained losses	(820 526)	(1 185 394)
Financial investments		611 214	517 749	Share-based payment reserve	303 914	303 914
Deferred tax assets		973 171	705 687			
		6 590 919	6 066 210	<b>Total equity</b>	<b>3 786 380</b>	3 421 512
<b>Current assets</b>				<b>Liabilities</b>		
Inventories	1	1 896 023	2 818 356	<b>Non-current liabilities</b>		
Trade and other receivables		1 506 295	1 136 862	Lease liability	1 996	4 068
Derivative financial instruments		2 574	–	Environmental rehabilitation liability	239 522	376 110
Current tax assets		42 255	42 675	Long-term interest-bearing loans	4 528 994	4 059 670
Cash and cash equivalents	2	421 359	691 555	Retirement benefit obligations	143 376	139 274
		3 868 506	4 689 448		4 913 888	4 579 122
<b>Total assets</b>		<b>10 459 425</b>	10 755 658	<b>Current liabilities</b>		
				Trade and other payables	1 423 168	1 683 803
				Short-term legal liability	–	4 583
				Short-term interest-bearing loans	230 068	929 483
				Current tax liability	–	450
				Lease liability	2 073	2 050
				Derivative financial instruments	5 917	5 742
				Provisions	97 931	128 913
					1 759 157	2 755 024
				<b>Total liabilities</b>	<b>6 673 045</b>	7 334 146
				<b>Total equity and liabilities</b>	<b>10 459 425</b>	10 755 658

# ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

R'000	2024	2023
<b>Revenue</b>	<b>9 980 196</b>	11 511 841
Cost of sales	<b>(7 855 899)</b>	(8 141 727)
<b>Gross profit</b>	<b>2 124 297</b>	3 370 114
Distribution expenses	<b>(1 356 091)</b>	(1 558 013)
Administrative expenses	<b>(503 418)</b>	(436 528)
Other income	<b>445 603</b>	163 729
Share of profit from joint venture	<b>81 701</b>	–
Impairment reversal	<b>–</b>	1 999 120
Expected credit loss	<b>(64 707)</b>	5 271
<b>Operating profit before interest and tax</b>	<b>727 385</b>	3 543 693
Finance income	<b>94 717</b>	75 825
Finance costs	<b>(778 487)</b>	(678 050)
Net foreign exchange gain/(loss)	<b>55 170</b>	(83 392)
<b>Profit before taxation</b>	<b>98 785</b>	2 858 076
Income tax	<b>266 278</b>	(48 244)
<b>Profit for the year</b>	<b>365 603</b>	2 809 832
<b>Other comprehensive (loss)/income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurements of post-employment benefit obligation	<b>(1 401)</b>	3 065
Income tax	<b>1 206</b>	656
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(195)</b>	3 721
<b>Total comprehensive profit for the year</b>	<b>364 868</b>	2 813 553

# ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

R'000

## Balance at 31 March 2022

Prior year period revenue adjustment

Profit for the year

Other comprehensive income

## Balance at 31 March 2023

Profit for the year

Other comprehensive loss

## Balance at 31 March 2024

Share capital	Share premium	Retained earnings/(losses)	Share-based payment reserve	Total
4 170 979	132 013	(3 972 462)	303 914	634 444
-	-	(26 485)	-	(26 485)
-	-	2 809 832	-	2 809 832
-	-	3 721	-	3 721
4 170 979	132 013	(1 185 394)	303 914	3 421 512
-	-	365 063	-	365 063
-	-	(195)	-	(195)
4 170 979	132 013	(820 526)	303 914	3 786 380

# ABRIDGED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	GROUP	
R'000	2024 R'000	2023 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	1 289 625	1 144 553
Interest income	37 747	13 335
Finance costs paid	(500 559)	(239 318)
Finance costs paid – lease liability	(602)	(964)
Foreign exchange gain	196 529	204 418
Foreign exchange loss	(146 936)	(283 349)
Repayment of legal liability	(4 583)	(49 778)
Tax paid	–	(42 523)
Repayment of retirement medical benefits	(12 930)	(11 234)
<b>Net cash from operating activities</b>	<b>858 291</b>	<b>735 140</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(646 634)	(462 648)
Purchase of financial investment held in the environmental rehabilitation trust	(36 164)	(35 011)
Proceeds from Richards Bay Ammonium Consortium Investment	5 939	7 000
<b>Net cash used in investing activities</b>	<b>(676 859)</b>	<b>(490 659)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liability – Capital	(2 651)	(3 785)
Proceeds of long-term interest-bearing loans	2 540 019	2 412 890
Repayments of long-term interest-bearing loans	(2 289 581)	(2 302 608)
Proceeds of short-term interest-bearing loans	4 524 673	5 643 469
Repayments of long-term interest-bearing loans	(5 224 088)	(5 465 106)
<b>Net cash generated from financing activities</b>	<b>(451 628)</b>	<b>284 860</b>
<b>Total cash movements for the year</b>	<b>(270 196)</b>	<b>529 341</b>
Cash and cash equivalents at the beginning of the year	691 555	162 214
<b>Cash and cash equivalents at the end of the year</b>	<b>421 359</b>	<b>691 555</b>

# SELECTED EXPLANATORY NOTES TO THE ABRIDGED GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		GROUP	
		2024 R'000	2023 R'000
<b>1. INVENTORIES</b>			
Phosphate rock		174 543	526 693
Raw materials		230 911	622 210
Finished goods		710 859	1 055 142
Spares and consumable stores		879 010	711 851
		<b>1 995 323</b>	2 915 896
Inventories (write-downs)		<b>(99 300)</b>	(97 540)
<b>Total inventories</b>		<b>1 896 023</b>	2 818 356
<b>2. CASH AND CASH EQUIVALENTS</b>			
Cash at bank and on hand		421 359	691 555
<b>Cash and cash equivalents</b>		<b>421 359</b>	691 555
<b>3. COMMITMENTS</b>			
<b>Capital commitments</b>			
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:			
Property, plant and equipment		211 782	212 682
<b>Total capital commitments</b>		<b>211 782</b>	212 682



# SELECTED EXPLANATORY NOTES TO THE ABRIDGED GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2024

## 4. GROUP SEGMENTAL REPORTING

### 4.1 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business primarily from a product perspective. The products are segmented into phosphate rock and magnetite (Phalaborwa) and phosphoric acid and granular fertiliser.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, and cash and cash equivalents. Segment liabilities comprise of borrowings, trade and other payables and provisions.

Capital expenditure comprises additions to property, plant and equipment (refer to note 4) and intangible assets (refer to note 5 of the full set of annual financial statements).

R'000

#### Total segment revenue

Local revenue

Export revenue

Inter-segment revenue

Revenue from external customers\*

Earnings before interest and tax ('EBIT')

Depreciation and amortisation

Reportable segment assets

Capital expenditure for reportable segment non-current assets

Reportable segment liabilities

#### PHALABORWA

#### RICHARDS BAY

Phosphate rock 2024	Magnetite 2024	Phosphoric acid 2024	Granular 2024	Total
5 724 355	161 795	3 663 023	3 387 680	12 936 853
3 209 587	161 795	1 291 739	3 085 182	7 748 303
2 514 768	–	2 371 284	302 498	5 188 550
(2 956 657)	–	–	–	(2 956 657)
2 767 698	161 795	3 663 023	3 387 680	9 980 196
1 007 506	108 748	(402 818)	–	713 436
(232 800)	–	(179 330)	–	(412 130)
4 425 973	–	4 167 489	–	8 593 462
438 092	–	208 438	–	646 530
(1 099 730)	–	(839 180)	–	(1 938 910)

\* Revenue from unreported segments amounts to R56 million and is included in Phosphoric Acid.

#### 4.2 RECONCILIATION OF REPORTABLE SEGMENT EBIT TO GROUP PROFIT BEFORE TAX IS PROVIDED AS FOLLOWS:

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted EBIT. Segment EBIT equals segment revenue less segment expenses, which include costs of sales and other operating costs. This measurement basis excludes the effects of allocated corporate expenditure. Interest income and expenditure, as well as foreign exchange gains and losses, are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that of the statements of comprehensive income and there were no reconciling items. Sales of phosphate rock between operating segments (Rock and Acid Divisions) are carried out at arm's-length.

R'000	2024	2023
Segmental earnings before interest and tax (EBIT)	713 436	3 724 652
Net corporate and subsidiaries expenses	13 949	(180 959)
Finance income	94 717	75 825
Finance costs	(778 487)	(678 050)
Net foreign exchange gains/(loss)	55 170	(83 392)
<b>Group profit before tax</b>	<b>98 785</b>	<b>2 858 076</b>

#### 4.3 REPORTABLE SEGMENT ASSETS ARE RECONCILED TO TOTAL GROUP ASSETS AS FOLLOWS:

The amounts provided to the Executive Committee with respect to the total assets are measured in a manner consistent with that of the financial statements. Derivative financial instruments held by the Group are not considered to be segment assets, but rather are managed by the central treasury function.

	2024 R'000	2023 R'000
Segment assets for reportable segments	8 593 462	10 253 035
<b>Unallocated:</b>		
Deferred tax asset	973 171	705 687
Other assets	892 792	(203 064)
<b>Total Group assets per the statement of financial position</b>	<b>10 459 425</b>	<b>10 755 658</b>

#### 4.4 REPORTABLE SEGMENT LIABILITIES ARE RECONCILED TO TOTAL LIABILITIES AS FOLLOWS:

The amounts provided to the Executive Committee with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Deferred tax and derivative financial instruments are not considered to be segment assets, but rather are managed by the central treasury function.

	2024 R'000	2023 R'000
Segment liabilities for reportable segments	(1 938 910)	(2 451 271)
<b>Unallocated:</b>		
Corporate and subsidiary liabilities	(4 734 135)	(4 882 875)
<b>Total Group liabilities per the statement of financial position</b>	<b>(6 673 045)</b>	<b>(7 334 146)</b>

# SELECTED EXPLANATORY NOTES TO THE ABRIDGED GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2024

## 5. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

### IRREGULAR EXPENDITURE

Irregular expenditure is defined as expenditure incurred in contravention of, or that is not in accordance with PFMA and any applicable legislation. Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

	2024 R'000	2023 R'000
<b>Irregular Expenditure</b>		
<b>Reconciliation of Irregular Expenditure Description</b>		
<b>Opening balance</b>	<b>11 184 521</b>	4 876 581
Add: Irregular expenditure confirmed	<b>5 685 950</b>	6 307 940
Less: Irregular expenditure condoned	–	–
Less: Irregular expenditure not condoned and removed	–	–
Less: Irregular expenditure recoverable	–	–
Less: Irregular expenditure not recovered and written-off	–	–
<b>Closing balance</b>	<b>16 870 471</b>	11 184 521
<b>a) Reconciliation notes to the annual financial statement disclosure</b>		
<b>Description</b>		
Irregular expenditure in the current year	<b>5 685 950</b>	6 307 940
<b>Total</b>	<b>5 685 950</b>	6 307 940
<b>b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)</b>		
<b>Description</b>		
Irregular expenditure under assessment	–	–
Irregular expenditure under determination	–	–
Irregular expenditure under investigation	–	–
<b>Total</b>	<b>–</b>	–



# OPERATIONAL PERFORMANCE

## MINING DIVISION

### PRODUCTION CHALLENGES

Key challenges for the financial year:

- Failure of the secondary west feed hopper.
- Product stock levels depletion following the secondary west plant bin failure. Loesche mill was utilised as well to minimise impact on logistics and sales.
- Availability of pump spares impacted negatively on water and tailings disposal plants.
- Community unrest in March impacted negatively on the operations.
- Poor mining contractor performance in north pit and the subsequent three months without a contractor.

### PRODUCTION RISKS

- Age of processing equipment at Secondary Crusher plant.
- Eskom load curtailment requirements and power quality (increase in the number of load curtailment requests observed).
- Aging infrastructure and equipment in the F-Bank Flotation and Filtration plant.
- Slower than planned completion of key project e.g. F-bank structural refurbishment and south pit stockpile structure.
- Critical supplier and spares supply contracts and warehouse stock management.
- Aging electrical infrastructure and electrical equipment, especially on the high voltage distribution and substations.
- Delay in sustainable capital project execution.

## KEY ACHIEVEMENTS

### IMPROVED SAFETY RECORD

- ZERO fatalities for seven years.
- Lost time injuries reduced to 5 (2023: 7).
- No section 54 instructions issued.

### ENVIRONMENTAL MANAGEMENT

- Improvements in administrative issues and increased awareness. Only four reportable environmental incidents occurred and no directives, significant impact, or penalties.

### IMPROVED EFFICIENCIES

Total weighed phosphate rock recovery for the year was 76.33%, compared to 72.43% in 2023.

- The Division dispatched 1.858 million tons (2023: 1.91 million tons) of rock concentrate for the year.
- No Foskor related labour strikes or production interruptions due to legislative directives (including MSHA Section 54).

### RETAINED SHEQ INTEGRATED MANAGEMENT SYSTEMS

- Certifications for ISO: 14001:2015 and ISO: 9001:2015 retained on second surveillance and, ISO: 45001: 2018 achieved on recertification.

### SUCCESSFUL IMPLEMENTATION OF KEY STRATEGIC INITIATIVES AND PROJECTS

- Implementation and sustaining of the turn-around projects.
  - Improved in blasting fragmentation in mining that results in reduced blockages on the primary crushers.
  - Suspension of the Loesche Mill operation unless part of deliberate tactical decision.
  - Delivery and commissioning of the new Komatsu WA1200 Front Loader in December 2023.
- Geological drilling of PMC spill pond magnetite for reserve estimate completed.

## INFRASTRUCTURE AND DEVELOPMENT PROJECTS

- Mid-life interventions on four 200-ton trucks and the Liebherr R9350 backhoe excavator.
- Design and Engineering for secondary west bin repair and substation replacement.
- Dust management project at extension eight crushers.
- Fire system for the south crusher system was installed and commissioned.



## OVERVIEW



The Mining Division mines apatite, a phosphate-bearing mineral, at its two open-cast mines and produces sufficient quantities of rock to feed Foskor's phosphoric acid plant at the Acid Division in Richards Bay, supply other local clients and export excess product to international clients.

The Mining Division continues to grow its magnetite business. Recent advances in iron ore smelter technology have increased the demand for magnetite. Although magnetite is no longer present in the pyroxenite ores excavated from the two opencast-mines, Foskor has sufficient stockpiled resources to capitalise on the increased demand from China. The Joint Venture project to beneficiate stockpiled magnetite was completed at the end of the previous financial year and a total of 1 146 072 tons at a feed grade of 53.06% were fed into this new plant. A total of 969 519 tons were produced at a beneficiated grade of 62.84%.

## MINING PERFORMANCE

The Mining Division mined a total of 16.7 million tons of material in 2024 (2023: 18.5 million tons), resulting in 5.1 million tons of waste (2023: 5.0 million tons) and 11.5 million tons of ore (2023: 13.5 million tons). The processing facility treated 11.74 million tons of ore, 19% lower than 2023. Run-of-mine ('ROM') feed grades was at 6.90%  $P_2O_5$  (2023: 7.12%). Mining loaded 1.5 million tons PP&V to the processing plant. The mining production for the previous year was marked by responsible waste stripping in the south pit and north pit, while still ensuring that sufficient ore material was exposed. Mining operations in the south pit occurred in five active benches, i.e., bench 4, 5, 6, 7 & 8. Mining operations in the north pit occurred in six active benches, i.e., bench 9, 10, 11, 12, 14, & 20. This was done to ensure sufficient ore feed to the crushers and good quality blend of feed due to the complexity of the ore-body.

## PRODUCTION PERFORMANCE

The targeted production for the financial year was 2.082 million tons. The total production for 2024 was 1.573 million tons rock concentrate or 18.62% lower than the previous financial year (2023: 1.933 million tons) and the overall processing efficiency was higher at 76.33% (2023: 72.43%). The higher recovery was mainly due to lower throughput, on the F and DSF streams. Throughput in the process decreased by 17.82% to 11.74 million tons (2023: 14.28 million tons). Production through the primary crushers was 12.3 million tons, 17.55% lower than the previous financial year. Production through the secondary crushers was 9.03 million tons (circa 24.01% lower than the previous financial year).

On 6 February 2023, secondary west reported a failure on the main feed bin. This resulted in downtime for the secondary west plant as well as F-stream. Projects were initiated to repair the failure and one of the two crusher plants damaged has been repaired and brought back into operations in July 2023. This has been a significant contributor to the lower throughput.

## PRODUCT DISTRIBUTION

The Division dispatched 27% lower tons at 1.858 million of rock concentrate to the Foskor Acid Division, export and local customers (2023: 1.910 million tons). Foskor continues to utilise the infrastructure at the Maputo Harbour for the export of rock phosphate and 573 294 tons were dispatched to Maputo during the financial year, with 548 019 tons (2023: 697 789 tons) exported via Maputo for the financial year.

Total product railed and trucked to the Acid Division was 1.224 million tons compared to the 2023 actual of 1.079 million tons. There were no export sales that materialised via Richards Bay port in the financial year.

Phosphate railed and trucked to other local customers was 59 131 tons (2023: 56 948 tons).

The Division dispatched 146 720 tons of its own magnetite in 2024 from new stockpiles near south crusher and 1 146 072 tons were loaded for the LIO plant. The magnetite dispatches from the Division on behalf of other companies as per agreement was 1 060 875 tons. Most of the Foskor owned magnetite stockpiled is kept for the magnetite beneficiation process with a better profit margin.



## OPERATIONAL PERFORMANCE (CONTINUED)

### ADDRESSING PRODUCTION CHALLENGES

To improve on our performance, we are actively addressing the remaining production challenges and opportunities.

#### Lower production throughput as a result of a shortfall in loading capacity and reliability of aging mining fleet

Aging Fleet – The project execution for mid-life interventions on four 200-ton trucks and the Liebherr R9350 backhoe excavator has been delayed. It is now planned to commence at the beginning of the new financial year.

We continued with the skills transfer – with Komatsu Millwrights skills transfer to mining maintenance workshop, resulting in tangible benefits benefit. Liebherr man-on-site contract in place. Looking ahead, we intend to have our maintenance team trained on Liebherr equipment for long-term benefit.

Poor contractor performance in north pit – The contract was terminated, and the equipment rental agreement is currently in place. The procurement process is underway, for a long-term load and haul contractor.

#### Reliability of the crushing circuits due to age of the infrastructure

The crusher renewal project cost estimates and options has been completed, pending approval the projects will kick off in 2023 and end in 2026. Critical spares are a concern and are being addressed by sourcing alternative suppliers. Risk and condition-based maintenance programmes will continue to be a key focus to stretch the life of current equipment while projects are implemented to ensure sustainability.

#### South Pit Haul Road closure due to PMC pit subsidence impact

The detailed design to reinstall buffer stockpile capacity between the south pit mine and secondary crusher train has been completed. This project experienced several delays in the sourcing of a suitably qualified contractor to execute the projects and currently it is estimated to be completed in May 2025.

#### Efficiency improvements

Another key efficiency project for the financial year was to maximise throughput on each processing stream. The focus was to optimise the supply of material from the mine while filling up the milling capacity utilising the most efficient streams first. The Loesche mill at the extension eight plant was therefore campaigned in the financial year to mitigate low rock stock levels. The benefit of this initiative was resulting in both cost improvements, maximising production levels when required and operational efficiency.

#### Logistics improvements

A key focus area was the improvement of logistics capacity and increase dispatches from the Phalaborwa operations. In FY2023/24, the 11 trains per week initiative was reviewed to nine trains per week due to low rock phosphate stockpiles after the secondary crusher failure. As a result, logistics managed to move over 1.8 million tons (2023: 1.9 million tons) of rock phosphate via rail. The key success factors were TFR achieved an average supply of trains per week of 7 trains, there were significantly lower derailments and wash-away on the TFR rail network, efficient operations at the port of Maputo in rock vessels handling, resulting in achieving over 570 000 million tons of rock export.

#### Performance of outsourced functions

Under-performance of key outsourced operational functions (contractor mining at north pit) negatively impacted production. Procurement has reviewed the vendor selection process and changed procedures to include a much more robust risk assessment step in the technical review and adjudication steps of the procurement processes. Most key contracts are awarded and the new load and haul contract for the north pit will be awarded H2 of 2024/25.

## MINE AND MINERAL CONTENT QUALITY

Run-of-Mine ('ROM') feed grades for the year was 3.65% lower at 6.63% (2023: 6.88%).

Total weighed phosphate rock recovery for the year was 76.33%, compared to 72.43% in 2023. This was mainly impacted by the revised milling strategy after the secondary west plant bin failure and the lower throughput impacted positively on the total recovery performance at the start of the year.

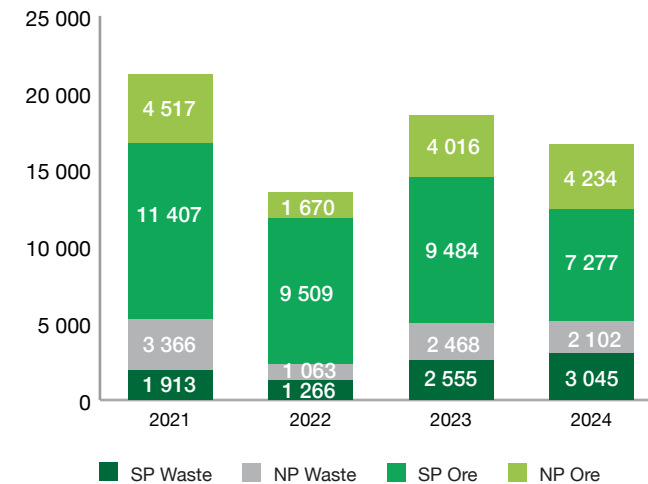
The combined stripping ratio (the amount of waste material required to be mined in order to extract ore) for the two mines was 0.52 (2023: 0.37) compared to a target of 0.42. stripping ratios in the mining complex are expected to remain between 0.45 and 0.50 for the next few years ensuring mining cut off grades of not lower than 5%  $P_2O_5$  are maintained.

## PRODUCTION PERFORMANCE

TOTAL  $P_2O_5$  RECOVERY (%)



PERFORMANCE PER MINE  
(KILOTONS MINE)



Production\* performance per stream

STREAM	Product grade $\%P_2O_5$	2022 (tons)	2023 (tons)	2024 (tons)	Targeted (tons)	% of target
F-Bank concentrate	36.17	1 100 832	912 050	672 190	801 317	83.89%
DSF concentrate	36.63	381 764	622 620	548 177	737 884	74.29%
Extension 8 concentrate	35.48	96 839	397 860	352 728	542 742	75.93%
Other recoveries		–	–	–	–	–
Palfos B production		1 579 435	1 932 530	1 573 095	2 081 942	64.99%
Palfos R			–	–	–	–
<b>Total production</b>	<b>36.92</b>	<b>1 579 435</b>	<b>1 932 530</b>	<b>1 573 095</b>	<b>2 081 942</b>	<b>75.56%</b>

\* Calculated weighted production per stream.

Production decreased by 19% to 1.573 million tons (2023: 1.933 million tons).

## OPERATIONAL PERFORMANCE (CONTINUED)

### OCCUPATIONAL HEALTH AND SAFETY

ZERO fatalities were recorded in the Mining Division during the financial year and five lost time injuries were recorded for the financial year.

The Department of Mineral Resources and Energy ('DMRE') conducted eight safety audits of which no section 54 instructions were issued.

Foskor continues to foster a positive relationship with DMRE and supports the goal of ZERO harm. The Mining Division implemented numerous campaigns in line with the Live Saving Behaviour Rules with our main focus being the 4 Steps to Zero Harm and become a STAR Campaign. In addition to this, TMM, Easter and Festive season campaigns were launched to create awareness and education.

As per the Recognition Agreement with National Union of Mineworkers and requirements in the Mine Health and Safety Act, the Division Safety Steering Committee and Departmental Safety Committees continue to meet as required.

The number of all injuries recorded for the year was 24 (2023: 21) and the All-Injury Frequency Rate ('AIFR') was 0.82 (2023: 0.71).

Trackless Mobile Machinery (vehicle-related) incidents have increased to 40 (2023: 37). No injuries resulted from any vehicle related incident. Lost Time Injuries reported in the financial year decreased to 5 (2023: 7), resulting in the LTIFR reported at 0.17 (2023: 0.28) based on the 200 000-man-hour method of calculation.

The division attained the ISO 45001 safety management certification during the Management System audits.

The Mining Division remains an active participant in the Limpopo Occupational, Health and Safety Tripartite Forum for open-cast mines that meets quarterly and is supported by Organised Labour.

SHREQ focus for 2023/24 was mainly focused on reduction of serious injuries, promotion of safety culture and production performance. Production was not negatively affected during the financial year as result of COVID-19 infections or any regulations relating to the COVID-19 pandemic.

The occupational health of our employees is high priority and through annual medical surveillance, monitoring employee health status ensures proactive management and reduction of risks.

Our health awareness focus will continue to focus on noise induced hearing loss, diabetes, and hypertension, over and above the COVID-19 awareness programmes.

The total number of employees diagnosed with hypertension remained 126 (2023: 126). Employees diagnosed with diabetes increased to 51 (2023: 45) during the year.

No new (>10dB) noise-induced hearing loss case for the year ended 2024 and the divisional safety goal remains zero harm to all stakeholders.

### ENVIRONMENTAL MANAGEMENT BIODIVERSITY AND ENVIRONMENTAL MANAGEMENT

Foskor's Mining Division is situated in the Lowveld of the Limpopo province and borders the Kruger National Park, private nature reserves and the town of Phalaborwa.

The Ga-Selati River flows through the mine property and discharges into the Olifants River.

Foskor is aware of the ecological sensitivity of the surrounding area. Through our commitment to the ISO 14001 requirements, environmental practices and policies and adherence to relevant environmental legislation, the Company ensures responsible mining and processing of minerals. In doing so, Foskor Mining Division prevents incidents that are harmful to the receiving environment.

The mining division has retained both its ISO 9001 Quality Management Systems and ISO 14001 Environmental Management Systems certifications through the annual external audits.

In compliance with prescribed legislation as is also provided for in section 25(a) of the Constitution, that everyone has the right to an environment that is not harmful to their health or wellbeing. The Foskor mine operates within the prescribed legislation and approved environmental management programme.

In compliance with the legislation, Foskor mine has provided sufficiently for both scheduled and unscheduled mine closure and rehabilitation requirements. The mine has also implemented the changes to ensure compliance to the new rehabilitation requirements as per the National Environmental Management Act.

We actively participate as members in the following environmental management committees:

COMMITTEE	PURPOSE	AREA OF RESPONSIBILITY	KEY FOCUS FOR THE YEAR
<b>Inter-Company Water and Waste Management Forum ('ICWWMF')</b>	Discusses water and waste management with the Department of Water and Sanitation, other major companies, and the Kruger National Park	Department of Water and Sanitation	Quarterly meeting review will determine focus areas
<b>Phalaborwa Environmental Committee</b>	Discusses air, water, and waste management with the Department of Environmental, Fisheries and Forestry, other major companies and the Kruger National Park	Department of Environmental Fisheries and Forestry	Revived as a separate Forum
<b>Mopani District Municipality Environmental Team</b>	Ensures required awareness on all environmental aspects in the district including Atmospheric Emissions License conditions are adhered to at all times by all issued with AEL	Mopani District Municipality	Greens Earth Schools Competition
<b>Lower Olifant Catchment Management Forum</b>	Discusses the catchment management related issues with the Department of Water and Sanitation, other major companies, and the Kruger National Park	Department of Water and Sanitation	Quarterly meeting review will determine focus areas

## FRESH WATER USAGE

We adhere strictly to the conditions of the water use licence issued by the Department of Water and Sanitation with notable increased water abstraction during rainy seasons to ensure safe mining. The mining division continuously seeks new ways to reduce river water intake by increasing the recovery of process water. Fresh water intake is only used to supplement water supplies available onsite. Cable theft has been a major concern and theft countermeasures are implemented to curb the impact.

Water seepage is an unavoidable aspect of old open-cast mining tailings storage facilities, but relevant impact mitigation plans are being investigated and implemented continuously. In order to regulate the impact of our mining activities on Surface and Underground Water, continuous monitoring of both these (underground and surface) water resources is done. As a zero discharge facility, all plant surface run-off water is captured and stored for re-use in our pollution control dam onsite – Van Ryssen Catchment Dam. The construction of a silt recovery pond was completed and is further improving water quality in the Selati River and reduce seepage.

## EFFLUENT AND TAILINGS DAMS

More focus has been placed on Tailings Dam management.

During the financial year lower than normal rainfall was measured and the water level on the Foskor Selati Tailings Dam decreased significantly. Water levels on all tailings dams are well within safe operating margins and the freeboards on the dams are more than adequate to satisfy mandatory requirements. Gullies left on lower levels of the dam are currently being repaired and a project has been initiated to manage storm water.

The independent quarterly review of the Foskor tailings dams was completed in quarter four of the financial year and the dams were found to be safe to operate while priority should be given to fill the outstanding gullies. The tailings depositing is in line with the new five-year depositing strategy as signed off in 2023 and dam stability assessments were completed for the two Tailings Storage Facilities ('TSFs'). Foskor also aims to align the management of the TSFs with the global industry standards.

## AIR QUALITY MANAGEMENT

Foskor operates with an approved Atmospheric Emission License ('AEL') issued by Mopani District Municipality in 2022. The monitoring and measurement of emissions is conducted as required by the conditions of the AEL. Quarterly emission reports submitted to the applicable authorities as required. Scheduled inspections and audits are conducted by Mopani District Municipality Environmental Management Inspectorate.

## REPORTABLE ENVIRONMENTAL INCIDENTS

Due to increasing awareness on the Environmental Management space, four environmental incidents were reported to the Department of Water and Sanitation and Mopani District Municipality in the Financial Year 2024. Foskor Mine strictly ensures the closing of incidents and implementation of corrective measures to always prevent re-occurrence.

# OPERATIONAL PERFORMANCE (CONTINUED)

## SUSTAINABILITY PERFORMANCE DATA – MINING DIVISION

### PERFORMANCE DATA – HUMAN, NATURAL AND SOCIAL CAPITAL

	2024	2023	2022	2021	2020
<b>People</b>					
Employee numbers (including contractors)	1 232	1 192	1 161	1 299	1 346
Recruitment	235	239	173	153	67
Unionised labour	88%	78%	86%	91%	93%
Employee turnover	13.07%	8.14%	8.79%	5.57%	4.50%
<b>Skills development</b>					
Training and development (R)	42 906 503	32 681 432	27 749 939	33 739 870	32 004 269
Learnerships (number)	294	214	155	270	233
Learnerships (R)	8 105 792	3 479 093	2 498 622	3 665 806	3 693 558
Bursaries (R)	1 028 495	410 067	1 651 336	1 067 285	1 515 074
Bursaries (number)	13	13	17	16	19
<b>Safety</b>					
Fatalities	0	0	0	0	0
Lost time injuries	5	7	7	8	5
Lost Time Injury Frequency Rate ('LTIFR')	0.17	0.28	0.28	0.32	0.2
Occupational diseases (Hearing loss < 10%)	0	1	1	1	–
Man-hours without any lost time injury (millions)	0.39	0.11	0.32	1.06	0.12
Number of section 54 notices issued by the DMRE	0	3	5	3	12
<b>Greenhouse gas emissions (ton of CO<sub>2</sub>e)*</b>					
Coal (ton of CO <sub>2</sub> e) (Scope 1) <sup>1</sup>	61 611	54 729	57 099	54 536	51 490
Diesel (Scope 1) <sup>1</sup>	33 178	35 509	28 189	37 182	33 327
Petrol (Scope 1) <sup>1</sup>	93	133	147	144	157
Electricity (Scope 2) <sup>2</sup>	356 310	382 751	313 798	395 883	333 893
Total greenhouse gas (CO <sub>2</sub> equivalent) (Scope 1 and 2)	451 192	473 123	399 233	487 745	418 866
<b>Water</b>					
Potable water (Municipal) m <sup>3</sup>	364 723	370 879	365 538	413 095	398 187
Industrial water (Lepelle) m <sup>3</sup>	9 844 500	7 555 440	6 343 810	7 336 400	6 446 320
Total fresh water consumption**	10 209 223	7 926 316	6 709 348	7 749 495	6 842 507
<b>Waste management (tons)</b>					
General refuse and waste – licenced landfill (tons)	1 128	350	702	619	978
Recycled – uncontaminated waste (tons)	1 225	1 000	997	392	482
Radiation-contaminated steel – stockpiled onsite (tons)	181	164	164	463	627
Hazardous waste material – registered landfill disposal site (tons)	140	34	18	0.31	50

\* Prior year figures were restated.

\*\* Higher consumption of water due to lower rainfalls and lower levels of water on the return dam.

	2024	2023	2022	2021	2020
<b>Mine rehabilitation</b>					
Closure costs – scheduled (R millions)	735	685	635	570	546
Closure costs – unscheduled (R millions)	955	871	803	720	693
Mineral reserves (million tons)	1 351	1 345	1 345	1 374	1 343
Mining area (km <sup>2</sup> )	23	23	23	23	23
<b>Legal compliance</b>					
Fines, penalties and settlements (number)	–	0	0	0	0
Fines, penalties and settlements (Rands)	–	0	0	0	0
<b>Procurement spend (%)</b>					
Local	14	30	59	72	60
Other provinces	81	62	40	27	38
International	5	8	1	1	2
<b>Procurement spend against mining targets (%)</b>					
Local procurement of capital goods	87	81	64	80	81
Local procurement of services	98	77	72	71	84
Local procurement of consumables	97	90	67	23	64
<b>B-BBEE rating level</b>	6	8	8	6	5

<sup>1</sup> Scope 1 = Direct energy consumption.

<sup>2</sup> Scope 2 = Indirect energy consumption.



## OPERATIONAL PERFORMANCE (CONTINUED)

### MINE RESOURCES AND ORE RESERVES



The Foskor mines is situated within the Phalaborwa Igneous Complex. Foskor operates two open pit mines extracting apatite, the phosphate-bearing mineral.

The Foskor mine comprise 14 distinct rock types, each with a specific mineral composition.

The complex is a vertical volcanic pipe, roughly kidney-shaped and measuring between 1.5 and 3.5 kilometres in width and 6.5 kilometres in length. Extensive drilling since 1950 has allowed geologists to develop an accurate three-dimensional geological model of the complex which consists of three joined lobes – namely the North Pyroxenite, Loolekop and South Pyroxenite areas.

High concentrations of apatite mineralisation (expressed as a percentage of phosphoric acid) are present in the foskorite and pyroxenite rock types found across the three lobes. The foskorite and carbonatite rock types found in the Loolekop lobe contains copper, magnetite and apatite.

Our mineral resources and reserves are classified according to the South African Mineral Resource Committee ('SAMREC') Code.

Present-day calculations suggest that mined ore must contain at least 5% phosphate to be economically viable (cut-off grade).

Material between 4.5% and 5%  $P_2O_5$  is classified as marginal ore and stockpiled separately. Foskor has vast phosphate resources and at current mining rates (circa 25 million tons per year), the life of mines is in excess of 90 years.

Resource estimates for the South and North Pyroxenite deposits based on our current geological and resource models shows minerals reserves (proved) as of 31 March 2024:

- 218 million tons in the North Pyroxenite deposit (2023: 215 million tons)
- 1 134 million tons in the South Pyroxenite deposit (2023: 1 119 million tons)

Phosphate-rich tailings have been deposited in the Phalaborwa Mining Company ('PMC') active tailings dam since the late 1970s. Foskor owns the rights to the apatite in the tailings. Although not economical viable to mine at present, this remains a valuable phosphate resource for the future.

PMC also, from time-to-time, transports high phosphate rock content tailings from their open-cast vermiculite mining area to a stockpile close to Foskor's East Crusher. Since 2006, Foskor has been reclaiming these phosphate tailings from this stockpile on an opportunity basis to supplement ROM from the open pits.

### PROVEN AND PROBABLE MINERAL RESERVES

Based on current geological and resource models reviewed by SRK Consulting, resources and ore reserves are presented in the table below:

GEOLOGICAL AREA	Reserves category	Reserves (million tons)	% $P_2O_5$	Reserves (million tons)	% $P_2O_5$
North Pyroxenite Pit	Proven	218	7.11	215	7.13
	Probable	0.01	5.4	0.2	6.00
South Pyroxenite Pit	Proven	1134	6.82	1 119	6.89
	Probable	191	6.30	217	6.33

### MINERAL RESOURCES

GEOLOGICAL AREA	Reserves category	2023		2023	
		Reserves (million tons)	% $P_2O_5$	Reserves (million tons)	% $P_2O_5$
North Pyroxenite Pit	Measured	775	7.17	794	7.16
	Indicated	205	7.02	203	6.99
	Inferred	227	6.81	202	6.71
South Pyroxenite Pit	Measured	1 943	6.53	1 998	6.55
	Indicated	858	6.29	867	6.29
	Inferred	1 432	6.28	1 419	6.28
PMC Active Tailings Dam	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	297	6.40	297	6.40

### DEFINITIONS

**Proven:** is the economically mineable part of a measured mineral resource.

**Probable:** is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource.

**Measured:** is the part of the mineral resource which quantity, grade or quality, densities, shape, and physical characteristics are estimated with higher level of confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

**Indicated:** is the part of the mineral resource which quantity, grade or quality, densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

**Inferred:** is the part of the mineral resource which is estimated with lower confidence level in terms of grade and quantity. Estimated based on limited geological evidence or sampling.

This can be upgraded with further drilling.

## MINING RIGHTS

Foskor has been issued all the required mining rights and converted all old order rights as required. The mining right did not include all other minerals, and Foskor has applied to have the mining right amended to accommodate all previously listed minerals. The DMRE has confirmed that the applications are receiving attention. The outstanding approval, however, do not impact the mining operation as it entails including additional minerals that might be mined in the future.

LP30/5/1/2/2/09 MR	New mining right to mine the South Pyroxenite mine	Granted September 2009
LP30/5/1/2/2/03 MR	New mining right to mine the North Pyroxenite extension	Granted September 2009
LP30/5/1/2/2/22 MR	New mining right for the Stripping Area	Granted September 2009
LP30/5/1/2/2/124 CMR	Old order used right converted to mine the North Pyroxenite mine	Granted January 2013
LP30/5/1/2/2/125 CMR	Old order used right converted to utilise all existing Stockpiles	Granted January 2013
LP30/5/2/2/126 MR	New mining right to include the North-West corner of the North Pyroxenite mine	Approval pending

Furthermore, certified surface rights permits were issued by DMRE on 14 December 2022 for the following certified surface rights permits:

RMT NUMBER	PERMIT NUMBER	DMR REF NUMBER
RMT 111/78	Permit No. 54/82	LP 30/5/4/2/11236 SU
RMT 134/89	Permit No.201/90	LP 30/5/4/2/11235 SU
RMT S11/89	Permit No. 11/90	LP 30/5/4/2/11234 SU
RMT 334/77	Permit No. 58/82	LP 30/5/4/2/11233 SU
RMT 444	Permit No F10/67	LP 30/5/4/2/11232 SU
RMT 334/80	Permit No.169/81	LP 30/5/4/2/11231 SU
RMT 333/80	Permit No.169/81	LP 30/5/4/2/11230 SU
RMT 332/80	Permit No.169/81	LP 30/5/4/2/11229 SU
RMT 331/80	Permit No.169/81	LP 30/5/4/2/11228 SU

## MINE REHABILITATION

Foskor has implemented the changes pertaining to provisions for mine closure cost during active operations and provision for latent defects after closure as per the revised NEMA. Golder Associates was appointed by Foskor to review the requirements and submitted a working document to guide Foskor to implement the changes. Currently, a separate environmental rehabilitation trust fund and bank guarantees are in place to rehabilitate land in the event of either scheduled or unscheduled mine closures.

Closure costs are evaluated annually, and sufficient provision has been made for closure costs. The rehabilitation cost provision is made in line with the current requirements of the MPRDA, Section 41, and was reviewed as per requirements in NEMA.



## OPERATIONAL PERFORMANCE (CONTINUED)

### ACID DIVISION

#### PRODUCTION CHALLENGES

##### MAJOR EQUIPMENT AND FAILURES

- High pump failure rates due to age of equipment and unavailability of spares. Pump and electric motor replacement strategy were developed, and replacement in progress.
- Poor efficiency in the converters due to collapsed catalyst bed on A plant and high pressure drop on C plant. B plant screening and C plant statutory shutdowns were completed.
- Numerous process tanks out of operation for repairs:
  - Tank replacement and refurbishment programme developed and in progress.

##### WATER SUPPLY

- Several shutdowns at uMhlatuze water led to the loss of runtime at the phosphoric acid plant.

##### INCIDENTS RESULTING IN PRODUCTION LOSS

- Rail line failures and the strategic sale of rock led to shortages at the plant. This resulted in the loss of approximately 40 days of production.

### KEY HIGHLIGHTS

#### MAINTAINED QUALITY MANAGEMENT

- ISO certifications (9001, 14001 & 45001) retained.
- One fatality (2023: nil).

#### ASSET REPLACEMENT PROGRAMME PROGRESSING WELL

- The C plant economiser 3B and main acid cooler were replaced.
- New clean sulphur tank is currently under reconstruction – 90% complete.
- Completed four phosphoric acid plant cooling tank revamp.
- One export tank (E3) with capacity of 6 000 metric tons  $P_2O_5$  was refurbished and returned to service.



## OVERVIEW

The Acid Division has three sulphuric acid plants, two streams of phosphoric acid plants and a granulation plant to make granular fertiliser products. Raw materials used in Richards Bay are phosphate rock which is produced at our Mining Division and transported to the Acid Division via rail and sulphur which is converted into sulphuric acid in the sulphuric Acid Plant is imported via the port of Richards Bay.

Sulphuric acid is transferred to the phosphoric acid plant where it is used to digest the phosphate rock to convert it into phosphoric acid. The waste heat resulting from sulphur combustion and conversion is used to produce steam which is used for concentrating the phosphoric acid into merchant grade acid. The phosphoric acid is either exported in its acid form, sold locally, or used in producing granular fertiliser at Foskor. Granular fertiliser is sold locally unless there is an opportunity to export in low season.

## PRODUCTION

### SULPHURIC ACID

Sulphuric acid production for the year was 1.1 million tons which is aligned to the production of the previous year 1.1 million tons.

The sulphuric acid production was impacted by a number of power outages from the Municipality.

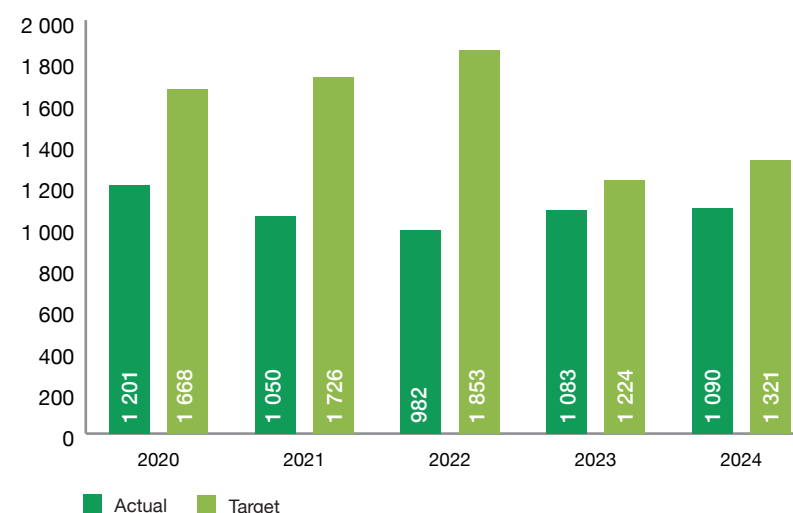
These outages aggravated equipment internal corrosion and resulted in high rates of leakages in the system. The sulphuric acid plants were also stopped due to unavailability of phosphate rock. Following these plant stoppages, tube leaks on economisers were experienced.

During the 2024 financial year, a TopGun Analysis was conducted to assess the performance of the three sulphuric acid plants. Among the findings, it was noted that the support grids for A-plant converter first pass had collapsed. A-plant was subsequently taken out of service for 70 days to screen the catalyst and repair the grids. For the towers, the Interpass was completely emptied while 1m deep ceramic packing was removed from final and drying towers. The tower support grids were repaired, damaged ceramic packing replaced, and spouts were cleaned to comply with air quality standards. Retubing of economiser No. 1 was also done during the A-plant shut.

During the fiscal year, C-plant economiser 3B and the main acid cooler were replaced as part of asset replacement programme. On B-plant, the final cooler and the Drying/Interpass cooler were replaced. New cat-ladders and platforms for the C-plant main stack were also installed during the fiscal year.

A new type of catalyst was also identified in order to comply with the new 2025 environmental regulations.

(K'000 TONS PRODUCED)



## OPERATIONAL PERFORMANCE (CONTINUED)

### PHOSPHORIC ACID

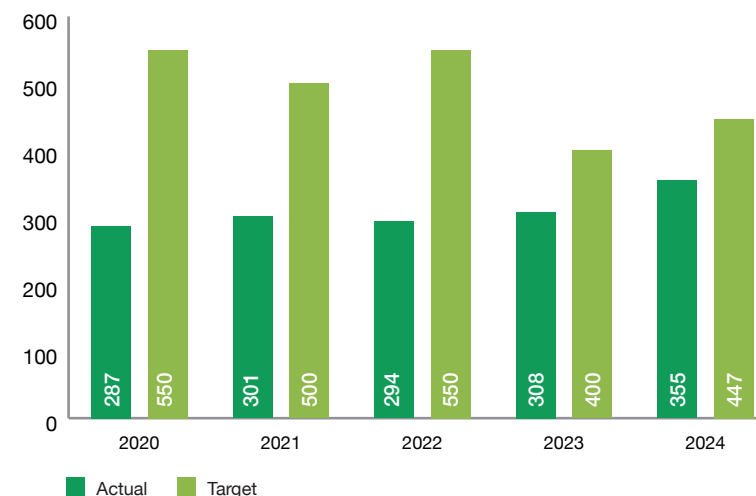
The phosphoric acid plant production for the year was 355.2 thousand tons (2023: 307.7 thousand tons) which is 15.44% more than the previous year.

The challenges faced during the financial year were:

- **Impact of Rock shortages:** During the year on several occasions the plant suffered from a shortage of rock. This was due to both issues with transporting the rock from Phalaborwa to site as well as the strategic decision to sell the rock directly rather than processing it. This resulted in the loss of approximately 40 production days across both the old and new plants.
- **Reaction and Filtration ('R&F'):** Old plant reactor was taken earlier than the initial plan due to unavailability of rock and limited final product storage capacity. Major repairs on the compartments were undertaken to ensure asset integrity is maintained. Work on the gypsum line also contributed to the reaction and filtration downtime.
- **Concentration:** Concentration was taken off at the same time as R&F for inspection and repairs.



(THOUSAND TONS PRODUCED)



### PRODUCTION EFFICIENCY

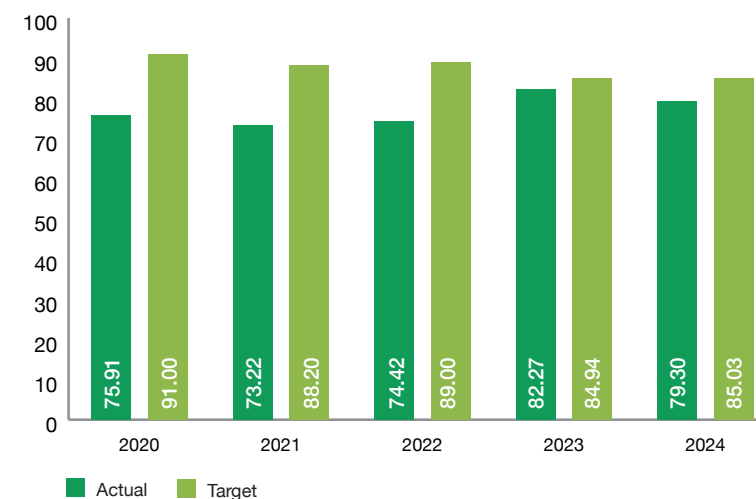
The production efficiency rate for the year was 79.30% (2023: 82.27%), decrease of 3.61% from the previous financial year.

Frequent stopping and starting of the filters due to power outages and emptying of both reactors and maturation tanks during the shutdown contributed to  $P_2O_5$  losses. One major contributor beside the plant issues was the handling losses between logistics and rock store. Due to the material's dry nature, a significant amount of rock is lost during transfer and heavy rains is washed away.

Maintaining operational discipline and running plants within design parameters ensured that the recovery of valuable  $P_2O_5$  is adhered to.



$P_2O_5$  EFFICIENCY (%)



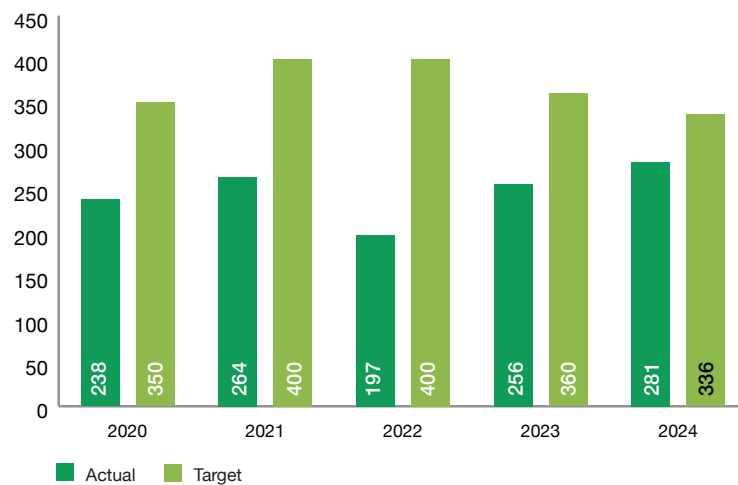
## GRANULATION

Granulation plant production is dependent on phosphoric acid availability after meeting local supply of the product. The granulation plant produced 280.9 thousand tons of MAP which is 30.21% more than the previous year (2023: 256.5 thousand tons).

Lower than targeted production was mainly due to ammonia limitations and lower phosphoric acid availability.

There was also a major breakdown on the dryer drum which resulted in a loss of 20.0 thousand tons of MAP production.

### (THOUSAND TONS PRODUCED)





## OPERATIONAL PERFORMANCE (CONTINUED)

### ASSET REPLACEMENT

A key focus area at the Acid Division and part of the turnaround strategy for the division is the replacement of aging infrastructure and equipment.

Projects below were identified as priority projects:

ASSET REPLACEMENT ITEMS	DESCRIPTION	PLANNED TIMELINE
<b>1</b> <b>TK871 clean sulphur tank</b>	Sulphur ash has been a persistent challenge and major contributor to equipment unavailability in the melter section and a new sulphur tank is therefore required.	Clean sulphur tank 871 to be commissioned in June 2024. Tank construction is complete, and piping is in progress.
<b>2</b> <b>Economiser 1 &amp; 2 A/B require replacement</b>	Economisers for plant A/B require replacement to address production efficiencies and environmental challenges. More than 60% of the tubes are plugged in and efficiency is compromised.  Duct replacement programme.	Economiser 2B was replaced. New economisers 1A, 1B & 2A, 2B to comply with AEL compliance projects are currently on tender process and to be installed in February 2025.  Duct replacement at A plant is complete and B plant is at 64% progress and, C plant is at 35% progress.
<b>3</b> <b>Seawater pump system optimisation phase 1 &amp; 2</b>	Phosphoric acid plants require raw water to slurry gypsum before discharge to sea. Increasing the seawater supply to the plant will reduce raw water intake and positively reduce operational costs.	Seawater pump system project phase 1 is complete. New pumps have been ordered and will be commissioned by October 2024.
<b>4</b> <b>Stormwater dams upgrade</b>	Primary and secondary stormwater dams require relining and capacity upgrade to meet one in 50-year flood event as per legislation.	Relining of primary and secondary dams is on tender process and projected construction completion is in August 2025.
<b>5</b> <b>Refurbishment of cooling towers (old and new plant)</b>	The efficiency of the phosphoric concentration plant is dependent on the cooling system that supports process flow to achieve optimum production at desired quality. Many cooling tower cells are no longer performed efficiently.	All new plant cooling tower cells have been completed and are commissioned. Old plant cell 7 & 8 require refurbishment from the OEM. This project is planned to be completed by April 2025.
<b>6</b> <b>2025 AEL Compliance Projects</b>	2025 SOx emission targets were promulgated to be effective from 14 April 2025. Alternative execution plan to achieve compliance on B & C sulphuric acid plants before March 2025 was approved by Foskor Board in March 2024.	The project is in implementation stage and shutdown is planned for September and October 2024 for C plant and B plant respectively to carry out loading of the new catalyst to achieve compliance with emissions. The work on a plant will be conducted once the other plants have passed the performance guarantee test on emission targets.
<b>7</b> <b>Replacement of asbestos roof sheeting</b>	When the plant was built in the mid-1970s, asbestos was an acceptable material for construction.  Health hazards associated with asbestos resulted in legislative requirements to replace asbestos containing materials.	Foskor has an asbestos replacement programme.  Asbestos replacement at Fabrication Workshop is currently in progress and to be complete by end of July 2024.

## OCCUPATIONAL HEALTH AND SAFETY

Foskor's primary concern is the health and safety of all employees and stakeholders and thus supports a culture of ZERO HARM. Our ongoing campaign focuses on leading safety and health indicators which will further support our commitment and drive towards ZERO harm. Foskor makes use of an accredited and integrated SHEQ Management system with certification in ISO 9001, 14001 and 45001.

The Lost Time Injury Frequency Rate ('LTIFR') based on 200 000-man hour calculation for 2023/24 was 0.07 (2023: 0.40).

There were two Section 24 incidents reportable to Department of Employment and Labour in terms of the OHS Act 85 of 1993 which were:

1. One contractor fatality.
2. Loss time injury related to fall from heights.

We conduct baseline risk assessments on employee exposure to various biological, chemical, and physical stressors to establish, update and maintain accurate risk profiles. This is done both qualitatively and quantitatively and both assessments enable us to identify problem areas and implement suitable controls as required.

The occupational medical practitioner and occupational hygiene technician conduct walk-through surveys every two months (to identify hazards and make recommendations to the business) within specific areas of the plant to utilise more waste heat generated as part of the exothermic chemical process.

## ENVIRONMENTAL MANAGEMENT

We maintain a credible certification at our operation to not only to comply with safety, health, and hygiene standards but to also to operate an environmentally friendly business. The Acid Division is ISO 14001 certified and operates with all the required environmental permits and authorisation. We are committed to continuously reduce our impact on the environment by reducing our footprint.

Environmental management systems support our operations to meet environmental protection standards, compliance with legislation, and improving reporting and transparency. We report our carbon footprint and use the Greenhouse Gas ('GCG') Protocol Corporate Accounting and Reporting Standard methodology to establish a carbon footprint baseline against which to measure future progress GHG emissions from electricity consumption accounts for 86% of the total emissions from the Acid Division operation.

## ENERGY CONSUMPTION PER SOURCE – 2023/2024

	Scope Consumption		Ton CO <sub>2</sub> e
Sasol Gas (GJ)	Scope 1	405 707	22 289
Diesel (L)	Scope 1	254 097	616
Grid Electricity (kWh)	Scope 2	141 816 867	146 071
<b>Total</b>	<b>Scope 1&amp;2</b>		<b>168 977</b>

Scope 1 = Direct emissions.

Scope 2 = Indirect emissions as a result of purchased electricity.

## WATER USE

Water is vital to our individual health, our collective industrial, agricultural needs, and the needs of our environment and as such Foskor recognises its obligation to use water responsibly as water is a scarce resource. Foskor acknowledges that the uneven distribution of water is becoming one of the most important resource issues and has clear implications for our business and our stakeholders. Foskor has continued with engagements with the local and national authorities on sustainable and responsible water supply.

Impacts of climate change on freshwater ecosystems and water cycles, industrial water withdrawal from freshwater ecosystems can lower the water table, reducing the volume of water available to other stakeholders and the healthy functioning of ecosystems. This can have negative economic and social consequences for local communities and industry. As a result of this, we have made water management a priority.

There is a significant decrease in the amount of water used per ton of product between 2023 and 2024. The decrease can be attributed mainly to internal quality water use programmes and Foskor remains committed to improving water consumption efficiencies. The asset replacement programme will continue to support the drive to reduce water consumption.

## FRESH WATER CONSUMPTION (m<sup>3</sup>)

WATER TYPE	2024	2023	2022	2021	2020
Potable water	3 419 908	2 996 115	2 872 204	4 225 848	3 192 650
Clarified water	4 214 091	3 808 560	4 419 873	3 386 663	3 807 884
<b>Total</b>	<b>7 633 999</b>	<b>6 804 675</b>	<b>7 292 077</b>	<b>7 612 511</b>	<b>7 000 534</b>

## OPERATIONAL PERFORMANCE (CONTINUED)

### ALTERNATIVE WATER SUPPLY

A stormwater dam situated on the south-east boundary of the site collects the majority of stormwater run-off from the site. The water is reused in our two phosphoric acid plants. The project to increase the capacity of the storm water dam by 29 000m<sup>3</sup> is awaiting the Department of Water and Sanitation approval.

Seawater is now part of the gypsum disposal process reducing reliance on raw water for slurring the gypsum. A project is under way to increase the volume of seawater that can be used and free raw water from being used to slurry gypsum.

### EFFLUENT MANAGEMENT

As per regulatory requirements in terms of section 69 of the Integrated Coastal Management Act (Act No. 24 of 2008) ('ICM Act') and enforced by uMgeni uThukela Water Board, Foskor endeavours to comply with the permit conditions where reasonably possible.

A new effluent disposal agreement between Foskor and uMgeni uThukela Water Board reflecting revised but more stringent permit conditions has been finalised. As a way of enforcing compliance to all stakeholders, uMgeni uThukela Water implemented a non-conformance penalty system which came into effect in November 2022.

Certain discharge limits cannot yet be achieved and Foskor is in discussion with the authorities to review these limits while implementing possible solutions. The effluent limits that are the most difficult to control are pH and fluorides.

### GROUNDWATER REMEDIATION

Groundwater contamination is a high inherent risk due to the processes and chemicals used and produced. Controls are in place and further actions identified to eliminate or reduce this risk. The groundwater remediation projects objectives are as follows:

- To ensure the ground condition is safe for plants and infrastructure;
- Identify, estimate, and fix the land contamination;
- Determine the soil deterioration, develop a remediation plan and implement it; and
- Avoid contaminated acidic water from seeping into the environment (day lighting).

A detail plan was submitted to Department of Forestry, Fisheries and Environment ('DEFF') on how Foskor will improve storm water management and prevent seepage from the stormwater dams. Desilting of the primary dam completed and partial desilting of the secondary dam has been completed.

### AIR QUALITY MANAGEMENT

Foskor operates with an approved Atmospheric Emission License ('AEL') and Foskor acknowledges the link between its activities, air quality and the need to act responsibly in managing our impacts. We have a holistic air quality management approach, which is informed by accepted practices.

Due to operational and plant design limitations, not all emission limits can be achieved yet. Foskor was granted postponement in the implementation of new limits for sulphur dioxide ('SO<sub>2</sub>') and has until March 2025 to implement initiatives to achieve the new limits.

A phased approach is taken to reduce SO<sub>2</sub> emission limits, and the plan is executed accordingly. The new limits for SO<sub>2</sub> as approved are reflected in the table below:

	Maximum Limit (mg/Nm <sup>3</sup> )		
	New 2025	Current	Pollutant
A and B stack	350	1 000	SO <sub>2</sub>
C stack	350	1 000	SO <sub>2</sub>

Estimated completion for B plant and C plant is November 2024 with A plant to be completed in 2025. The project is estimated to cost R1.8 billion.

### REPORTABLE INCIDENTS

There were no Section 30 Reportable Incidents in terms of the National Environmental Management Act No., 107 of 1998.

### WASTE MANAGEMENT

We acknowledge the importance of effective waste management on site and the Acid Division through the baseline risk assessment has identified circa 25 waste streams.

The Acid Division has a culture to re-use and recycle where possible waste disposal is normally the last resort. Sulphur ash is the biggest generated waste stream and Foskor is currently working with Interwaste for recycling of sulphur ash for other uses such as renewable gas energy, however, this is still in early stages.

Our waste is divided into three broad categories – hazardous, general, and recyclable waste. The amount of waste disposed, and the form of disposal is presented in the Sustainability Performance Data Table.

## RADIATION MONITORING

Foskor Acid Division has a certification of registration ('COR') with the National Nuclear Regulator ('NNR') and therefore must comply to set conditions and regulatory requirements as set out in the authorisation. Quarterly monitoring is done and reported biannually to NNR as set out in the authorisation. Two semester reports were submitted to NNR for the 2023 reporting.

The National Nuclear Regulator conduct regular inspections and audits at the Acid Division. Three non-conformances were raised and closed during 2023/2024 financial year and periodic reports have been submitted to the NNR for review.

All radiation doses were below 4mSv/annum which is below the annual prescribed limit of 20mSv/annum.

## WASTE MANAGEMENT

All quarterly waste reports have been sent to NNR as required. Scrap material and phosphogypsum is released to COR holders reclamation and EMG where it is sold for various authorised purposes. Radiologically contaminated waste materials can only be released to a COR holder/approved activities by the NNR. Asbestos material is disposed at Dolphin Coast Landfill Management ('DCLM') in Stanger.

### Radiation waste report 2023/2024

Waste Type	Quantity
Restricted Scrap/Material	–
Unrestricted Scrap	650 tons
Semi Solids Waste (Dense)	7 390 000 m <sup>3</sup>
Gaseous Waste	–
Liquid Waste (Buoyant)	931 000 m <sup>3</sup>
Solid (Gypsum Sludge)	177 000 tons
Other Waste (Filter Cloth)	–

## OCCURRENCES

For the financial year of 2023/2024, there were two occurrences reported to NNR and they occurred offsite (gypsum pipeline rupture).



# OPERATIONAL PERFORMANCE (CONTINUED)

## SUSTAINABILITY PERFORMANCE DATA – ACID DIVISION

### Performance Data – Human, Natural and Social Capital

	2024	2023	2022	2021	2020
<b>People</b>					
Employee numbers (including contractors)	690	648	621	613	604
Recruitment	42	25	30	29	35
Unionised labour	87.75%	92.00%	90.92%	89.63%	90.27%
Employee turnover	3.76%	3.39%	4.95%	5.0%	4.4%
<b>Skills development</b>					
Training and development (R)	2 495 599	15 777 628	11 539 519	9 769 501	10 195 377
Learnerships (number)	59	50	64	52	68
Learnerships (R)	3 847 944	2 975 400	3 059 691	3 972 192	2 292 260
Bursaries (R)	960 000	560 000	611 600	856 092	960 000
<b>Safety</b>					
Fatalities	1	–	–	–	–
Lost time injuries	1	6	3	10	6
Lost Time Injury Frequency Rate (LTIFR)	0.07	0.40	0.21	0.89	0.51
Total Injury Frequency Rate (TIFR)	1.52	4.62	4.63	2.58	3.41
<b>Greenhouse gas emissions (ton of CO<sub>2</sub>e)*</b>					
Diesel (Scope 1) <sup>1</sup>	616	716	1 335	1 162	850
Gas (Scope 1) <sup>1</sup>	22 290	7 459	16 355	5 886	2 374
Electricity (Scope 2) <sup>2</sup>	146 071	129 158	127 896	154 640	141 518
Total greenhouse gas (CO <sub>2</sub> equivalent) (Scope 1 and 2)	168 977	137 333	145 586	161 688	144 742
<b>Water</b>					
Potable water (Municipal) m <sup>3</sup>	3 419 908	2 996 115	2 872 204	4 225 848	3 912 650
Clarified water (Municipal) m <sup>3</sup>	4 214 091	3 808 560	4 419 873	3 386 663	3 807 884
Total freshwater consumption	7 633 999	6 804 675	7 292 027	7 612 511	7 000 534
<b>Waste management (tons)</b>					
Hazardous material – registered landfill disposal	10 974	389 114	316 344	7 388	18 728
General material – registered landfill disposal	257	115 077	144 770	262	249 910
Recyclable material – registered landfill disposal	439	–	1 340	37	–
<b>Legal compliance</b>					
Fines, penalties and settlements (number)	–	–	–	–	–
Fines, penalties and settlements (Rands)	–	–	–	–	–
<b>Procurement spend (%)</b>					
Local	35	16	84	80	63
Other provinces	21	24	13	11	20
International	44	40	3	9	17
<b>B-BBEE rating level</b>	6	8	8	6	6

<sup>1</sup> Scope 1 = Direct emissions

<sup>2</sup> Scope 2 = Indirect emissions

\* Prior year figures were restated



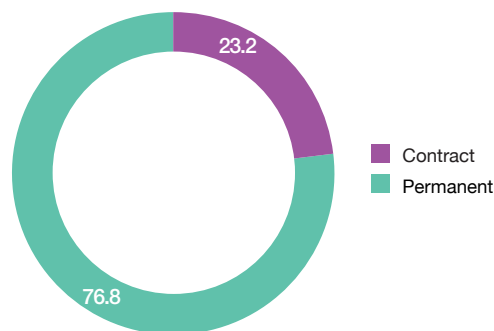




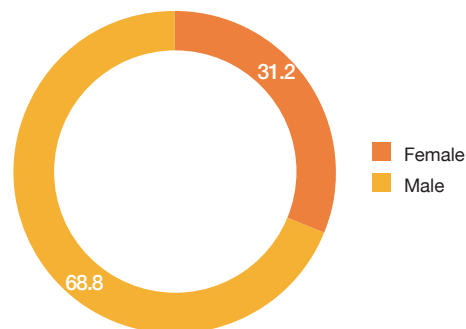
## OPERATIONAL PERFORMANCE (CONTINUED)

### OUR PEOPLE

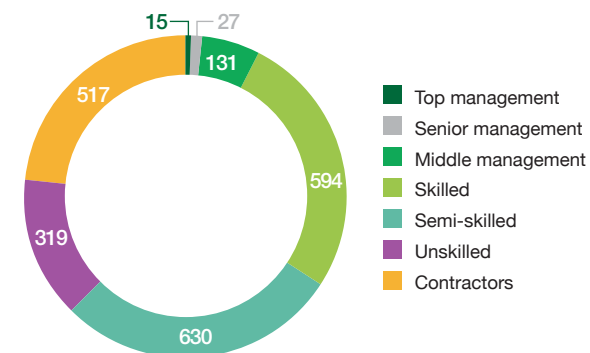
CONTRACT TYPE (%)



GENDER PROFILE (%)



EMPLOYEES PER LEVEL



**2 233**

TOTAL EMPLOYEES  
(INCLUDING  
CONTRACTORS)

MALE EMPLOYEES

**1 536**

FEMALE EMPLOYEES

**697**

TOTAL EMPLOYEES	2024	% change	2023	2022	2021	2020
Foskor Group (including contractors)	2 233	11.5	2 003	1 912	1 912	1 950
EMPLOYEES PER CONTRACT TYPE	2024	% Split	2023	2022	2021	2020
Permanent	1 716	76.8	1 675	1 654	1 629	1 607
Contract	517	23.2	328	258	283	343
EMPLOYEES PER GENDER	2024	Gender % Split	2023	2022	2021	2020
Male	1 536	68.8	1 463	1 447	1 456	1 487
Female	697	31.2	540	465	456	463
EMPLOYEES PER LEVEL	2024	% change	2023	2022	2021	2020
Top management	15	–	15	14	13	12
Senior management	27	12.5	24	23	21	20
Middle management	131	9.2	120	119	120	110
Skilled	594	1.0	588	564	549	544
Semi-skilled	630	2.6	614	620	632	621
Unskilled	319	1.6	314	314	294	300
Contractors	517	57.6	328	258	283	343
Foskor Group	2 233	11.5	2 003	1 912	1 912	1 950

## RECRUITMENT

Foskor hired a total of 123 new permanent employees during the year, and our permanent employee complement increased by 2.45% to 1 716 (2023: 1.27% increase).

All levels except top management increased in numbers, as per Foskor's operational requirements.

The size of our senior and top management team increased to 42 this year, while our overall female representation increased by 29.1% (2023: increased by 16.1%). This development was primarily destined to harness organisational capability, as well as enhanced alignment with our future business strategy and aspirations.

Contractors increased to 517 (2023: 328), representing 23.2% of our total workforce, although the majority are learnership programmes and graduates in training, as future skills readiness in core operations and mission-critical roles is essential.

The average age of our entire workforce is approximately 39.5, which leaves 25.5 years on average working life until retirement. Our average annual staff turnover is 4.8% (2023: 5.8%) of which retirees make up 2.6%. A system whereby some of the retirees are appointed as mentors and coaches for the engineers in our training programme is in place. Our continued focus on learnership programmes youth intake, Graduates in Training ('GiT') intervention and on other programmes will help balance the workforce average age, while also ensuring a steady supply of future essential talent and skills.

## OPERATIONAL PERFORMANCE (CONTINUED)

PERMANENT EMPLOYEES RECRUITED	2024	2023	2022	2021	2020
Foskor Group	123	119	126	97	41
RECRUITMENT PER DIVISION	2024	2023	2022	2021	2020
Phalaborwa and Midrand	91	88	93	68	23
Richards Bay	32	31	33	29	18
RECRUITMENT PER GENDER	2024	2023	2022	2021	2020
Male	66	73	85	67	31
Female	57	46	41	30	10
RECRUITMENT BY AGE	2024	2023	2022	2021	2020
<30	40	39	50	34	15
30–40	53	52	52	41	16
40–50	27	19	17	17	6
50–60	3	9	6	5	1
>61	–	–	1	–	3
% EMPLOYEE TURNOVER	2024	2023	2022	2021	2020
Foskor Group	4.8	5.8	6.1	4.6	5.5
% TURNOVER PER DIVISION	2024	2023	2022	2021	2020
Phalaborwa and Midrand	5.2	5.7	6.3	4.4	5.4
Richards Bay	3.9	6.2	5.5	5.0	5.8
% TURNOVER PER GENDER	2024	2023	2022	2021	2020
Male	5.6	6.4	6.4	5.4	5.4
Female	2.2	4.0	4.8	1.3	5.8
% TURNOVER BY AGE	2024	2023	2022	2021	2020
<30	4.4	3.2	4.0	0.0	3.1
30–40	2.6	2.8	4.2	0.9	3.0
40–50	2.4	5.2	4.0	2.1	5.1
50–60	2.8	2.6	5.1	5.1	3.5
>60	33.7	33.3	26.5	31.1	24.6

## TRAINING AND DEVELOPMENT

Given the skills-based nature of our business, continuous learning and development remains one of our core essentials. We fully appreciate that optimal business performance requires that we maintain and improve our intellectual capital. Our annual Workplace Skills Plans ('WSP') as required by the Skills Development Act are responsive to business operations requirement of our organisation. Furthermore, Foskor has training matrices to details skills and capabilities requisite for core operations and maintenances occupation, which thus informs the lesson plans and training material content in such roles.

Foskor boasts internal training centres that are also guided by SETA requirements in the mining and the chemical sectors respectively.

Foskor's training and development initiatives cover the following key areas:

- Mining equipment and processing plants operator learnerships;
- Apprentices trades learnerships;
- Bursaries opportunities for tertiary education;
- Graduates in training experiential opportunities;
- Internships in various disciplines;
- Supervisory and management development programmes in conjunction with universities;
- Focused skills transfer interventions; and
- Talent management and succession readiness programmes.

Furthermore, Foskor embarked on the role profile review project to have the key roles properly profiled towards ensuring well captured Key Performance Areas ('KPA's') as well as value-add job deliverables. This was followed by skills-gap analysis which formed a basis for continuous training and development initiatives to have the identified gaps remedied.

The responsiveness of the implemented training and development programmes is evidenced in a fair balance in filling positions through career progression against external placements. Both these are essential towards ensuring career growth as well as importing new talent and skills respectively.

The remaining content in this Training and Development section of the report details and unpacks the overview provided here above:

**Operator learnership and apprentice trades programmes:** The Mining Division provided 149 learnerships, 51 of them were recruited after successfully completing their learnerships. A total of 69 apprentices were trained at the technical training centre. Apprenticeship in the Mining Division is run in partnership with Mining Qualifications Authority ('MQA'). An apprenticeship programme at the Acid Division is run in partnership with Chemical Industries Education and Training Authority (CHIETA) for the development of 34 Chemical Operations L-2 Learners. The Acid Division further hosted 50 apprentices in partnership with Umfolozi FET College.

**Bursaries allocation to the youth:** Our bursary programme offers deserving candidates the opportunity to study Engineering, Geology, Chemistry, Environmental Science, Law and Accounting at a university or a university of technology. In the Mining Division, there is a total number of 13 bursars and in the Acid Division has a total of 14 bursars during this financial year. A total amount of R1 028 495 was spent on the 27 bursars for both the divisions.

**Study finance for staff:** To address the challenge of a national shortage of critical skills as well as for enabling career progression, the company's study assistance scheme is provided to cater for bursaries granted to employees. There are currently 72 employees on this scheme, 36 in the Mining Division and 36 in the Acid Division. An amount of R566 033 was spent in Acid Division and R144 886 was spent in the Mining Division. A total amount of R710 920 was invested on study assistance in both divisions. Six permanent employees and three GiTs have been admitted into the Government Certificate of Competency ('GCC') programme by the DMRE and are currently undergoing exposure in different mines to enable them to complete Annexure E and ultimately write the GCC Exam.

**Graduate in Training ('GiT') Programme:** Our graduate development programme aims to develop a strong technical foundation and blends academic theory and practical exposure. Every participant has a mentor who supervises their formal training and work exposure. In the Mining Division, 42 graduates are currently participating in this programme (11 from the bursary feed, 10 are MQA funded, 19 were recruited from the community and two are funded by Linkmet). The Acid Division has 12 graduates in training from the bursary feed and this brings the total number of all GiTs in both divisions to 54. This represents a significant increase from the previous years. Furthermore, there are 20 Internships in the Acid Division.

On completion of the GiT programme, Foskor offers as many permanent placements as practically possible.

**SETA Grants Recoveries:** Given the alignment with respective SETAs in our two operation divisions, the business stands to benefit from study grants recoveries which helps propel further training and development. MQA grants received in the Mining Division for the financial year equal to R7 881 784 whereas CHIETA grants in the Acid Division equals to R1 501 160. This shows commitment to skills development and uplifting of the skills level in the country, which directly have an impact into the community.

Sixty-six (66) learners were registered at the Mining Division in the Foundational Learning Competency ('FLC') to assist them to meet MQA basic requirements needed for enabling them to register for qualification in Mineral Processing (Metallurgy) and Mineral Excavation Skills Programmes. An amount of R106 970 was spent on the programme.

**Supervisory and Management Development:** In partnership with Mopani FET College and the LGSETA, the Mining Division is hosting 19 interns in the fields of Management Assistant, Business Management, Finance Management and Human Resources. The purpose is to assist the learners in gaining workplace experience to enable them to qualify for diplomas at the end of the 18-month training programme.

The Leadership Programme was coordinated in the Mining Division with 28 employees enrolled in the Management Development Programme through Wits University and seven employees enrolled in the Supervisory Development Programme with the University of the Free State. In the Acid Division, 25 employees were enrolled in the Supervisory Development Programme and 18 employees in the Leadership Development Programme through UKZN.

## OPERATIONAL PERFORMANCE (CONTINUED)

### ORGANISATIONAL STRUCTURE AND EMPLOYEES' DIVERSITY

Foskor's staff falls broadly into two categories, namely: Operational Staff (i.e. Bargaining Unit Employees) and Managerial Staff (i.e. Middle, Senior and Top Management).

Foskor embraces its employees' diversity and varied demographics. The table below also shows the racial and gender diversification of our permanent staff:

The table below shows the staff representation across various employment levels, and Foskor will continue to enhance its equitable staff representations in line with the economically active population demographics:

OCCUPATIONAL LEVELS	Actual head-count	Disadvantaged		Advantaged		Race and Gender Composition							
		Total	%	Total	%	AF	AM	CF	CM	IF	IM	WF	WM
Top management	15	15	100.0	–	–	3	6	1	–	2	2	1	–
Senior management	27	25	92.6	2	7.4	7	15	–	–	–	3	–	2
Professional and middle management	131	120	91.6	11	8.4	44	61	–	2	1	7	5	11
Skilled	594	534	89.9	60	10.1	114	386	2	3	5	13	11	60
Semi-skilled	630	612	97.1	18	2.9	98	508	1	–	–	4	1	18
Unskilled	319	315	98.7	4	1.3	139	176	–	–	–	–	–	4
<b>Total</b>	<b>1 716</b>	<b>1 621</b>	<b>94.5</b>	<b>95</b>	<b>5.5</b>	<b>405</b>	<b>1 152</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>29</b>	<b>18</b>	<b>95</b>

### EMPLOYMENT RELATIONS

**Trade unions affiliation:** Foskor subscribes to the principles of industrial democracy and employee participation, as well as freedom of association as enshrined in the Constitution of the Republic of South Africa. This commitment is evident in the daily practices as well as policies and collective agreements that Foskor entered into with organised labour structures. This is further achieved through recognition of trade union representatives who meet regularly with management. In this way, all employees of Foskor are able to directly and indirectly participate in any matter of mutual interest and other matters affecting their conditions of employment. Approximately 90.0% of the total permanent staff complement were affiliated to the trade union of their choice as at 31 March 2024.

NUM, which operates predominantly at the Mining Division, although it started attracting membership in the Acid Division, continued to command a majority membership status with 43.9% of the total union membership in the Group. The National Union of Metalworkers of South Africa (NUMSA) represents 34.4% whereas the Chemical Energy Paper Printing Wood and Allied Workers Union ('CEPPWAWU') represents 4.9% and Solidarity represents 6.6%.

Both CEPPWAWU and NUMSA are based at the Acid Division in Richards Bay, although NUMSA started operating in the Mining Division. Solidarity at the Mining and Acid Divisions has a combined membership share of approximately 6.6%. On the other hand, non-Unionised employees account for 10.0% of the workforce.

While CEPPWAWU and Solidarity occupies minority representation at Group level, they continue to represent specialised skills sets at divisional level.

**Collective bargaining:** Wage agreements entered into with NUM and NUMSA respectively for the 2023 and 2024 financial years have been concluded in March 2022, effective 1 April 2022. The result is an increase of 6.75% for 2023 and 6% for 2024 in staff costs for the Mining Division, and 5.93% for 2023 and 6.44% for 2024 in staff costs for the Acid Division.

Collective bargaining is reserved for employment substantive issues in the bargaining unit category which comprise of non-management employees.

**Relationship building:** To invest in sound employment relations climate, Foskor convened the independently facilitated Relationship Building by Objectives ('RBO') sessions with representative Trade Unions in both operating divisions. These were destined at surfacing fundamental factors with adverse and positive impact on employment relations. The outcomes of these were joint resolutions on measures that should be put in place and sustained towards mobilisation of sound employment relations as well as containment of inherent conflict risks that may arise. These are being followed-through and addressed in order to secure the RBO's primary intent.

As a result of such interventions as well as other measures such as constant engagement and meaningful consensus seeking, Foskor experienced zero work stoppages throughout the financial year under review.







## OPERATIONAL PERFORMANCE (CONTINUED)

### SOCIAL CAPITAL



Sustainable Integrated Social Impact Engagement Business Model that Delivers Value to all Stakeholders.

#### INTRODUCTION

Foskor believes in the long-term integrated sustainable development of all citizens, more especially those in its host communities of its operations. Investment and meaningful contribution to Social Capital remain Foskor's commitments amongst key others.

This fundamental belief is premised on the spirit of Ubuntu, and it is enabled by our pursuit to implement provisions of the Broad-Based Black Economic Empowerment Act and the Minerals and Petroleum Resources Development Act.

Accordingly, our overall approach to doing business looks beyond merely complying with the regulatory frameworks. Our commitment to transformation is resolute and we view people empowerment to be one of the key and correct ways to conduct sustainable business.

While Foskor experienced productivity and cost challenges during the financial year 2023/2024, we have ensured that our steadfast commitment to transforming and empowering our people remains intact. We believe that our communities in the areas of operations are an important part of us, as they form an essential part of the ecosystem within which we do business.



## OUR COMMUNITIES IN THE AREAS OF OPERATIONS

Foskor's main business activities are based in two communities, namely Ba-Phalaborwa in the Limpopo Province where the Mining Division is situated, as well as in Richards Bay, in the KwaZulu-Natal Province where the Acid Plant Division is based. These communities form an integral part of our ecosystem within which we operate our business.

The Richards Bay community comprises some mixed settlements in rural villages, large townships, and urbanised suburban locations.

The Ba-Phalaborwa area comprises rural villages, semi-townships and one main town with two mining companies being the largest employers in the area.

As Foskor, we incorporated these two geographical areas as part of our strategic business imperatives towards socio-economic development. We understand that the people in these areas regard us as a beacon of hope for their livelihood. Therefore, local economic development continues to be an important and integral part of our strategic goals.

We harness community developments through multiple measures that will be detailed in the remainder of this report. These are mainly in the following areas:

- Basic education;
- Job creation;
- Training and development;
- Social infrastructure; and
- Sustainable development and projects.

## OUR TRAINING AND DEVELOPMENT PROGRAMMES

Our training and development programmes, the enterprise and supplier development initiatives, our community social investment, education (training and skills development), our enterprise and supplier development, local economic development projects and sponsorship initiatives are all aimed at creating a legacy for our people. We are about impacting people's lives positively.

Our FY2023/2024 programme structure is illustrated in the graphic below:



## OPERATIONAL PERFORMANCE (CONTINUED)

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Foskor remains committed to our objectives in compliance with the B-BBEE Act. Challenges were experienced over the past financial year, however, significant steps were taken by executive management to address SMME development, social investment and skills development. Continuous improvement initiatives are being recommended to have an approved budget in place to implement various projects as part of our Social and Labour Plan 2019 to 2023. Foskor has also embarked on a three-year plan to improve the B-BBEE status from Level 8 in 2022 to Level 4 by 2025.

The first year of the B-BBEE improvement plan has resulted in six companies being supported through supplier and enterprise development programmes in the year under review with a plan to increase the quantity of companies set to benefit in the coming financial year. Sixty-two disabled learners were also put through a 12-month "Contact Centre NQF Level 2" learnership initiative and successfully graduated with competency certificates.

Transportation of 60 000 tons of phosphate rock have been awarded to 80 previously disadvantaged local companies that represent the eight local communities.

### MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT

The Minerals & Petroleum Resources Development Act, Act 28 of 2002 ('MPRDA') requires that when a mining company lodges an application for the conversion of old mining rights or an application for new mining rights, the mining house must submit a Social and Labour Plan (SLP) that demonstrates how they are going to assist the communities economically and socially in the vicinity of the mine's operational area. The SLP is contained in Part II of the Regulations under the MPRDA.

Foskor has consistently supported the objectives and vision of the Mining Charter. In its Social and Labour Plans, it gives an account of compliance with the undertakings made in the Mining Charter.

The Mining Charter aims to achieve the following objectives:

- Promotion of equitable access to the nation's mineral resources to all citizens of South Africa;
- Expansion of meaningful and substantive opportunities for all Historically Disadvantaged South Africans ('HDSAs') to enter the mining industry and to benefit from the nation's mineral resources;
- Utilisation of the existing skills base for the empowerment of HDSAs;
- Expansion of the skills base of HDSAs to serve the community;
- Promotion of employment and advancement of the social and economic welfare of mining communities and the major labour-sending areas; and
- Promotion of beneficiation of South Africa's mineral commodities.

Although Foskor was unable to timeously fulfil its obligations in respect of SLP3 (2019–2023) due to financial constraints, the revised SLP was submitted to the DMRE. The SLP has been approved by the DMRE on 21 May 2024.

Foskor's SLP 3 (2019–2023) has run its five-year cycle, although there have been challenges with regards to the DMRE approval. However, a new SLP 4 is already being developed for the period 2024–2029.

The SLP is critical to ensuring the development of mining communities in terms of local economic development ('LED') and is at the heart of a harmonious co-existence between Foskor and our invaluable stakeholders.







## SUSTAINABLE LED PROGRAMMES UNDER THE AUSPICES OF THE SLP

As a partner in leading sustainable development in our communities, Foskor, through its Social and Labour Plan has committed R40 million for period 2019 to 2023. The SLP is a mining requirement which dictates that the company must invest in amongst other things, LED, Skills and Training Development, in consultation with various host community stakeholders at the Mining Division. Amongst the challenges faced for the year under-reporting was the delayed approval of the 2019–2023 SLP, which we believe has been optimally addressed, and awaits approval by the DMRE.

The LED projects were selected from the Integrated Development Plan in conjunction with the Traditional Authorities and Ba-Phalaborwa Municipality, which is the custodian of ensuring monitoring and evaluation of the project implementation. The following projects are included in the SLP 3 commitments:

Completion of Makatikele School	R7 800 000
Backhoe loader and truck	R4 618 650
High mast lights	R5 000 000
Rehabilitation of streets	R22 575 000
<b>Total</b>	<b>R39 993 650</b>

Foskor remains of the view that these initiatives will make a valuable and responsive contribution in the social capital space.

The construction of Makatikele School is complete and awaiting handover to the Department of Education. The school construction was responsive to the community's needs as part of remedying a challenge where school children had to travel a distance to nearby communities' schools.

In the spirit of Ubuntu and cooperation with the communities, Foskor also invests in the communities by extending a helping hand on various projects such as the Mabhudle Cooperative Agricultural Project at Eshowe, in the Umlalazi District Municipality.

The Cooperative requested assistance from Foskor to fence a 32-hectare piece of land which they are currently utilising for crop farming. In addition, Foskor is already supporting infrastructure development in the UMhlathuze local schools.

## ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAMME

In 2023 Foskor embarked on an Enterprise and Supplier Development Programme to uplift deserving and qualifying SMMEs that will benefit from these initiatives through shared opportunities for contracts, capacity, capability, and skills development. The company spent an initial R12 million in the first phase of the implementation of this initiative in FY2023.

Beneficiaries are being assisted by Foskor and our partners providing them with the requisite training and equipment to improve their skills in business development, management and sustainability. The creation of opportunities for growth and job creation will also play a major role in the upliftment of previously disadvantaged companies in Foscors journey to redress imbalances of the past. The beneficiaries are progressively showing the fruits of our investment. A noteworthy example is Afro Eco who work with enviro friendly sanitation chemicals, and their plans to expand operations due to our contribution to their business.

We are proud to be associated with development and growth that will ensure a positive footprint for our brand.

Opportunities have been identified to support the local communities' businesses in the current year which further demonstrates Foscors commitment not only to enterprise and supplier development, but local community development as well.

# GLOSSARY

ABBREVIATION	MEANING
<b>ABET</b>	Adult Basic Education Training
<b>AEL</b>	Atmospheric Emissions Licence
<b>AHF</b>	Anhydrous fluoride acid
<b>AMS 16001</b>	Aids Management Systems 16001 standard
<b>ARC</b>	Agricultural Research Council
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>BAC</b>	Board Audit Committee
<b>BEE</b>	Black Economic Empowerment
<b>Capex</b>	Capital expenditure
<b>CCMA</b>	Commission for Conciliation, Media Arbitration
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CEPPWAWU</b>	Chemical, Energy, Paper, Printing, Wood and Allied Workers Union
<b>CIL</b>	Coromandel International Ltd
<b>CINPF</b>	Chemical Industries National Provident Fund
<b>CO<sup>2</sup></b>	Carbon dioxide
<b>COBIT</b>	Control Objectives for Information Technology
<b>COID</b>	Compensation for occupational injuries and diseases
<b>COSO</b>	Committee of Sponsoring Organisations
<b>CRF Institute</b>	A company offering independent HR assessment and acknowledgment headquartered in The Netherlands
<b>CSI</b>	Corporate Social Investment
<b>DAEA</b>	Department of Agriculture and Environmental Affairs
<b>DAP</b>	Di-ammonium phosphate
<b>DEA</b>	Department Environmental Affairs
<b>DEKRA Certification</b>	A global provider of auditing and certification services, specialising in the fields of environment and health, headquartered in Germany
<b>DMR</b>	Department of Mineral Resources
<b>DTI</b>	Department of Trade and Industry
<b>DWA</b>	Department of Water Affairs

ABBREVIATION	MEANING
<b>EBIT</b>	Earnings before interest and taxes
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation
<b>ERM</b>	Enterprise-wide risk management
<b>ESOP</b>	Employee share ownership plan
<b>ER&amp;OM</b>	Enterprise Risk and Opportunity Management
<b>EXCO</b>	Executive Committee
<b>ESG</b>	Environmental, Social and Governance
<b>FFP3</b>	Filtering Face Piece Level 3 respirator
<b>FGAS</b>	Foskor Group Audit Services
<b>FOB</b>	Free on Board
<b>FOR</b>	Free on Rail
<b>FZE</b>	Free zone establishment. Refers to a limited liability entities owned by an individual or corporate entity, as in Sun International (FZE) Dubai
<b>GRI</b>	Global Reporting Initiative
<b>HDSA</b>	Historically Disadvantaged South Africans
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>HL, CMW, HDPE, K4</b>	Various recyclable waste generated
<b>IAS</b>	International Accounting Standards
<b>ICT</b>	Information and Communications Technology
<b>IDC</b>	Industrial Development Corporation of South Africa Limited
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standard IIR Framework
<b>IR</b>	Industrial Relations
<b>IRR</b>	Internal Rate of Return
<b>IRMSA</b>	Institute of Risk Management of South Africa
<b>IRMSA</b>	Institute of Risk Management of South Africa
<b>ISO 16001</b>	International Organisation of Standards – Energy Management Systems
<b>ISO 31000</b>	International Organisation of Standards – Risk Management
<b>ISO 9001</b>	International Organisation of Standards safety – Quality Management
<b>King IV</b>	Corporate Governance Codes of the King IV report
<b>KPI</b>	Key Performance Indicator
<b>KZN</b>	KwaZulu-Natal





