



SUSTAINABILITY ELEMENTS

HUMAN RESOURCES



KEY ELEMENTS

- Leadership bench strength
- Employee-based transformation
- R45,8 million spent on training and development

KEY PRIORITIES GOING FORWARD

- Leadership capability and management development
- Transformation
- Technical training in core functions

Tongaat Hulett's human resource approach is aligned to and focussed on contributing towards the company meeting its strategic objectives. The view is both short and long term, focusing on managing the day to day requirements while building on the capabilities and capacity of the company for the future.

Total employees at the end of March 2017 was 30 512, compared to 31 230 in 2016. This includes full-time employees, contractors, seasonal and casual workers. The total number of employees during the peak of our milling season was 38 221 (2015/16: 40 858). The sugar operations shut down the mills between December and April/May, resulting in fewer seasonal employees, such as cane cutters, during this time.

The breakdown of Tongaat Hulett's employee base as at 31 March 2017 is as follows:

Operating country	Full-time (Permanent)	Fixed-term contractors	Seasonal and casual workers (Non-permanent)	Total	Employee total at the peak of the sugar milling season - 2016/17
South Africa	3 272	655	1 139	5 066	5 788
Mozambique	6 048	2 272	2 843	11 163	14 918
Zimbabwe	10 126	3 185	0	13 311	16 044
Swaziland	406	26	209	641	1 112
Botswana	104	0	13	117	119
Namibia	212	2	0	214	240
Total	20 168	6 140	4 204	30 512	38 221

TRAINING AND DEVELOPMENT

Appropriate training and development programmes are an investment in both our employees and the long-term sustainability of the organisation. Tongaat Hulett's diverse operations rely on an extensive range of skills, some of which are specialised. This needs to be retained within the company while a pipeline is built to ensure future capacity. The following table shows the existing qualified skills base within the organisation. A focussed capability building model is implemented across the company, as detailed on the following page.

The business invested R45,8 million (2015/16: R42,5 million) on 31 284 training programmes (2015/16: 25 339) which were attended by 25 533 employees (2015/16: 20 515), with some employees attending more than one programme. An overview of training programmes follows and a comprehensive breakdown of these programmes can be found at www.tongaat.com in the comprehensive sustainability report.

Programme categories	Number of employees who attended training from 1 April 2016 to 31 March 2017	Percentage of total training programmes
Safety and compliance training and certification	17 887	57,18
Operations/core functional skills training	11 315	36,17
Leadership and management development programmes	387	1,24
Talent development and career advancement	1 178	3,77
Graduate development programmes, entry-level skills training	371	1,19
Artisan training	146	0,47



CAPABILITY BUILDING MODEL

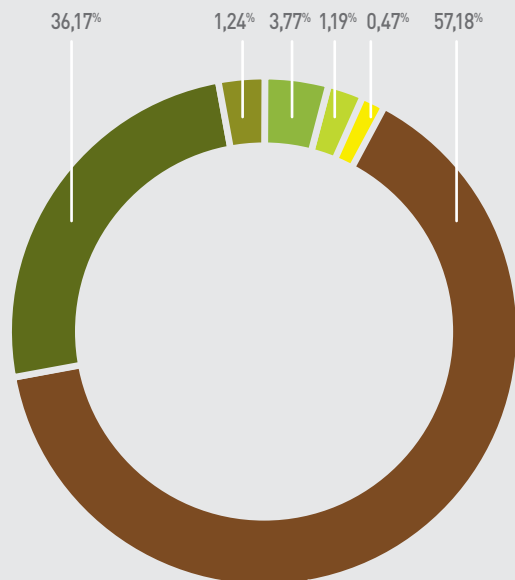
PROGRAMME	PURPOSE	INITIATIVE
<p>LEADERSHIP DEVELOPMENT</p>	<p>Aimed at developing an adequate pool of competence and engaged leaders to meet the organisation's present and future needs</p>	<ul style="list-style-type: none"> • Executive development • Senior management development • Management development • Supervisory development
<p>FUNCTIONAL TRAINING</p>	<p>Designed specifically for Tongaat Hulett functions and operations, such as milling, production and engineering</p>	<ul style="list-style-type: none"> • Process engineering and wet milling management development programme • Artisan and technical heirarchy training • Production Training • Discipline-specific technical training • Project management
<p>WORK INTEGRATED LEARNING PROGRAMMES</p>	<p>Structured programmes designed to expose individuals to institution-based learning and work exposure. This could be permanent employees or unemployed youth</p>	<ul style="list-style-type: none"> • Engineer-in-Training (EIT) programme • Apprenticeships • In-service training • Graduate programmes/placements • Work experience/vacation work
<p>SUSTAINABILITY INITIATIVES</p>	<p>Training programmes designed to develop personal effectiveness, life skills and skills essential to the organisation</p>	<ul style="list-style-type: none"> • Diversity inclusion programmes • SHE training • Wellness programmes • Legal compliance training • Study assistance: Part-time study • Bursaries for employees' children and previously disadvantaged students

TRAINING NEEDS ANALYSIS/ASSESSMENT

Functional competency acquisition framework/career ladders/foundational learning and competency/material development/blended learning



TRAINING FOCUS AREAS AS A PERCENTAGE OF TOTAL TRAINING PROGRAMMES



- SHE, safety and compliance
- Operations and core functional skills
- Leadership and management development
- Talent development and career advancement
- Graduate development
- Artisan training

CASE STUDY ENGINEERING SKILLS UPLIFTMENT PROJECT



Tongaat Hulett's starch operations requires scarce technical skills, and as such training and development initiatives look to grow these skills and address succession and retention in these critical positions. The engineering skills upliftment project is an example of one such technical training initiative. In 2016, a gap assessment and closure project involved 62 participants, comprising artisans, technicians and co-ordinators. They each underwent skills gap assessments and specific personalised development plans were compiled. Based on these results, 23 gap closure initiatives were prioritised. The focus was to drive competency acquisition and demonstrate application of skills through performance measurement. The selected employees varied in age, gender, race and experience.

To read more go to www.tongaat.com/2017/esup



While there was a year-on-year decrease in the number of artisans being trained, more investment was focused on existing engineering employees. This is demonstrated by a significant increase in the number of employees receiving engineering and technology training, from 247 in the previous year to 485 this year.

Other areas which saw a marked increase in the number of employees receiving training were SHE, which increased from 11 164 in 2016 to 12 798 this year, Agricultural skills which increased from 4 735 to 8 241 and Information technology which increased from 224 to 1 438 employees trained during the year.

Some of the highlights of the training programmes are as follows:

- Within the starch and sugar operations, a comprehensive programme to address artisans' skills gaps is underway, where skills gap assessments are completed and specific personalised development plans are compiled for each artisan. Training is already underway in some operations to address these gaps. Additionally, six unqualified artisans within the starch operations were identified and encouraged to volunteer undergoing recognition for prior learning. Four of these artisans have been trade tested and certified as

fitters and instrument mechanics. A further two are in the process of being evaluated.

- A partnership has been established between the Mozambican operations and the Eduardo Mondlane University in Maputo to source and create opportunities for final year students to complete their six-month workplace experiential training at the Xinavane mill, which creates a talent pipeline for the mill to select high potential students to participate in the three-year EIT programme.
- The apprenticeship programme in the Zimbabwe operations has attracted the attention of Government and other local blue chip companies, with organisations such as Delta and Mimosa Mines seconding their apprentices to the Zimbabwe operations on a full cost recovery basis, thereby ensuring that existing artisan development competencies are used to build on skills availability within Zimbabwe.
- The Namibian operations decided to provide across the board general upliftment training to all the production workers of the company. During the past year, a considerable portion of training budget was allocated to "Basic Money Sense" and "Life Skills" training provided to production workers. Positive feedback from employees includes the significant impact that the training has had on improving the quality of their lives.

CURRENT AND FUTURE LEADERSHIP

Tongaat Hulett is focused on building and strengthening leadership capability and bench strength, as well as succession planning and talent management. After the 2015 management development programme (MDP) and the senior management development programme (SMDP), some of the participants have been promoted. Others have been earmarked for possible promotions or enlarged roles with some featuring in succession plans for critical roles. The identified high potential and high performance individuals are receiving due attention and further personalised development and coaching actions have been put in place. In addition, a few of the key business improvement projects completed by the participants during the MDP and SMDP have been selected for adaptation and implementation to resolve identified business challenges. The next MDP commenced in May 2017.

Succession planning for all pre-retirement employees aims to ensure that enough time and resources are allocated to ensure that there are suitably trained and skilled employees available to succeed them when they retire. Where gaps are identified, recruitment initiatives look to identify, attract and hire highly talented individuals to build the strength of the succession pool. Further to this, talent management practices exist to retain and grow high potential individuals across the company.

CASE STUDY SHARLENE NARRAIDU



Tongaat Hulett is committed to creating an environment for its employees to learn and grow. Sharlene Narraidu's career at the company is an example of this commitment in action. Prior to joining the company in November 2000, her first job was with Legend Security as a security guard at the Tongaat Hulett Maidstone mill. Her responsibilities included access control, patrolling the mill and searching sugar trucks. Her time at the company has seen her grow from a senior recruiting clerk/secretary/receptionist at sugar's agricultural operations to the technical skills development manager for the South African sugar operations.

To read more go to www.tongaat.com/2017/sn

SELECTED ORGANISATIONAL RENEWAL, REORGANISATION AND ORGANISATIONAL CAPABILITY INITIATIVES

The company continues to review business structures and processes to ensure that these are optimised for future success. During the past year, the development operation embarked on an organisational renewal process in response to the need to shift from a largely project management centric approach to a more empowered, agile and entrepreneurial platform. This process adopted a multi-step progression including diagnostic, design and build, implementation, transitioning teams and individuals and embed. Agreement was reached on the business strategy, operating model and the design of a new organisational structure, which is being resourced using a comprehensive battery of selection processes. Further learning and development initiatives will assist in transitioning the teams and individuals. Key benefits emerging from this process include the following:

- Business re-alignment and role definition with better and sharper focus on development's ability to fulfil its operational and strategic business imperatives.
- Transformation at individual and organisational levels, positively impacting on the socio-economic landscape within which the company operates.

ACCELERATING EMPLOYEE TRANSFORMATION

Aligned with the strategic intent of creating value for all stakeholders, Tongaat Hulett understands the significant value that can be unlocked through transformation. Diversity and transformation goals are embedded in all human resource interventions rolled out across the company and management are committed and equipped to achieve success. The focus on transformation includes the upliftment of women in all countries in which Tongaat Hulett operates. Within the South African context, all relevant transformational legislation, relating to employment equity, affirmative action, B-BBEE, skills development and other applicable laws, are complied with.

The company's stable workforce, with very low employee turnover affects the pace of transformation, however various avenues to accelerate this are being investigated on an ongoing basis, and where appropriate, pursued. Tongaat Hulett has achieved a steady improvement over time, through focused interventions and processes, including attracting, retaining and advancing the careers of women throughout the business, localisation of skills in Mozambique, and the advancement of designated groups in South Africa, particularly African women.



In the South African operations, as at 31 March 2017:

- 65,1 percent of management are black employees (2015/16: 64,3 percent).
- 87,9 percent of skilled and supervisory positions are black employees (2015/16: 86,5 percent).
- 80,1 percent of the university and college qualified employees are black (2015/16: 77,5 percent).
- 49,4 percent of the university and college qualified employees are women (2015/16: 48,1 percent).
- 32,1 percent of the workforce across South African operations are women (2015/16: 32,1 percent).
- 21,1 percent of senior management level are women (2015/16: 18,9 percent).
- 24,9 percent of management are black females (2015/16: 24,2 percent).
- 33,3 percent of top management are black females (2015/16: 29,2 percent).

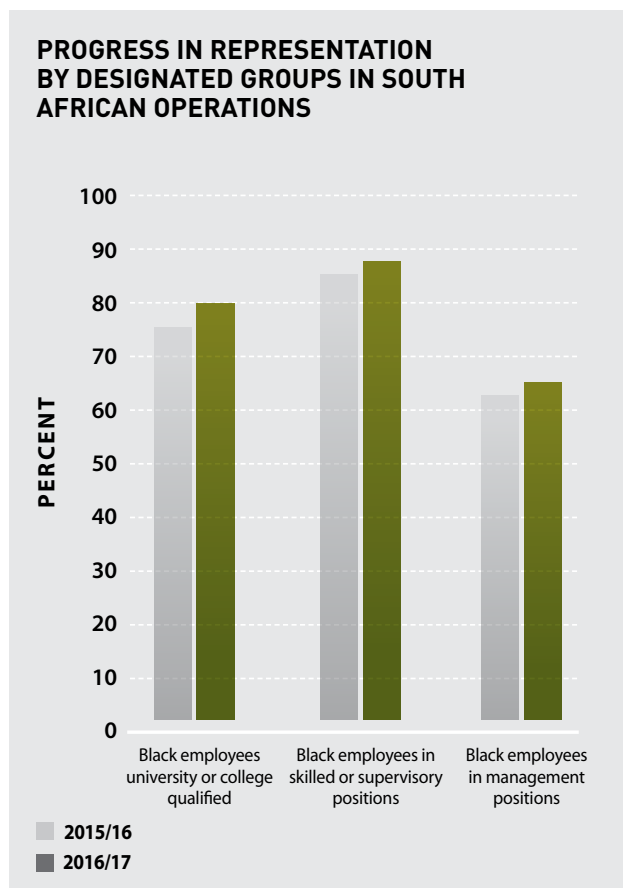
A total of R30,7 million, of the overall training costs of R45,8 million, was spent on the South African operations in the past financial year. As required by legislation, a breakdown of this training, from 1 April 2016 to 31 March 2017, including the different categories of spend, are detailed in the table below:

1 percent skills levy	R14 238 278
Training spend as a percentage of leviable amount	2.2%
Number of person days trained	43 267
Number of person days available	976 329
Percentage trained person days	4,43%
Number of persons trained	1 691
Expenditure on African, Coloured and Indian employees	R 27 318 661
Expenditure on African, Coloured and Indian women	R 14 725 267
Expenditure on employees with disabilities	R 25 720

PERSONS WITH DISABILITIES

Persons with disabilities continue to add value to the company. High unemployment rates exist among people with disabilities and as such, supporting transformation objectives, the business aims to create an enabling work environment for persons with disabilities. Aligned with legislated reporting requirements, there were 50 employees with disabilities as at 31 March 2017 (2015/16: 57) in the South African operations. This constituted 1 percent of the total employee complement (2015/16: 1,1 percent).

The decrease in employees with disabilities was due to employee attrition, and the reduction in new hires resulted in limited opportunities to recruit employees with disabilities in the past year.



EMPLOYEE VALUE PROPOSITION

Tongaat Hulett is working to position itself as an employer of choice, to attract, retain and grow employees within the company, with focus on high potential and skilled people, aligned with transformational objectives. The value proposition is being reviewed across the organisation, which includes elements of employee benefits, remuneration and career development initiatives. Read more about this in the Remuneration report, starting on page 73.



HR MANAGEMENT INFORMATION SYSTEMS

To standardise systems and simplify reporting across the company, SAP ERP is being implemented across all sites. This has been a multi-phased project, with the human capital management (HCM) module having gone live in the South African, Swaziland and Zimbabwean operations in the past financial year. This includes employee and management self-service, organisational management, time and leave management and personnel administration. The other countries are due to go live in the next financial year. While initial teething challenges have been experienced, these continue to be addressed and overall, this project looks to unlock future value for Tongaat Hulett.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The right of workers and employers to form and join organisations of their own choosing is a basic human right. As indicated in the table below, there are formally recognised unions in all six countries in which Tongaat Hulett operates and the business strives to maintain constructive, respectful relationships with these 12 unions. Should employees or unions believe that these rights are being contravened, the company has a formal grievance procedure, as detailed on page 45, which aims to address, and if necessary escalate, their grievance.



A total of 26 084 employees are covered by collective bargaining agreements. These stipulate the minimum terms and conditions of employment that will govern the employment relations in the respective countries. The minimum notice, which will be provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them, depends on the country in which they are based, and ranges from three weeks to three months. In some instances, these provisions are included in the collective bargaining agreements. The formally recognised trade unions are as follows:



Country	Recognised Unions
South Africa	African Meat Industry and Allied Trade Union (AMITU) Food and Allied Workers Union (FAWU) National Sugar and Refining and Allied Industries Employees Union (NASARIEU) Southern African Equity Workers Union (SAEWA) United Association of South Africa (UASA)
Zimbabwe	Zimbabwe Hotel and Catering Workers Union (ZHCWU) Zimbabwe Sugar Milling Industry Workers' Union (ZISMIWU) Sugar Production and Milling Workers' Union of Zimbabwe (SPMWUZ)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)
Swaziland	Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Cashiers Shop Assistant and Allied Workers Union (CASAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

In Swaziland, SAPWU members comprising 94 percent (958 employees) of the workforce, embarked on a 42-day wage related industrial action from 29 July to 9 September 2016, which cost the company R6 million. The employees requested a 12,5 percent increase, with a two-year wage increase agreement finally being reached.

Some 65 Mozambican employees embarked on an illegal four-day strike at a cost of R135 328.75. The Mafambisse-based tractor drivers requested an upgrading of their job grades, but based on the findings of a previously completed job grading review, this was not granted. Union and Ministry of Labour representatives assisted in resolving the matter. The employees faced disciplinary action for participating in an illegal strike as stipulated in Mozambican Labour Law. With a compliment of over 11 000, the participation in the strike equated to less than 1 percent of the Mozambique workforce.

DISCIPLINARY PROCEDURES

Disciplinary codes and procedures must be fair, non-discriminatory, equitable, consistent and guided by the relevant labour legislation. These codes and procedures form the foundation of corrective behaviour. As part of the disciplinary procedure, employees are:

- Notified timeously of their hearing
- Receive clarification of the charges against them
- Afforded an opportunity to be represented
- Afforded an opportunity to call their own witnesses
- Afforded an opportunity to cross-examine witnesses
- Guaranteed that proceedings are chaired by a neutral person
- Afforded the right to an appeal process

Disciplinary codes and procedures have been implemented at local operations, after negotiations with the relevant trade unions.

GRIEVANCE PROCEDURES

Good employee relations are further enhanced through grievance procedures by facilitating prompt and fair action by the company in response to legitimate complaints by employees. The procedure aims to secure mutually acceptable resolutions to grievances through a framework for all employees to deal with grievances raised effectively, and to facilitate their resolution as near to their point of origin as possible, and within a reasonable timeframe. Through internal communications, employees are:

- made aware of the opportunity to express grievances.
- encouraged to voice their grievances without the fear of victimisation, intimidation or prejudice.
- encouraged to use the procedure, but also warned not to abuse it with false grievances.

HUMAN RIGHTS

Tongaat Hulett is a signatory to the Universal Declaration of Human Rights and is committed to supporting freedom of association and collective bargaining at its locations. It is also committed to preventing child labour and does not tolerate the inhumane treatment of employees, including any form of forced or compulsory labour, physical punishment or other abuse. Human rights principles are incorporated in the company's practices and are included in the Code of Business Conduct and Ethics. All new employees are familiarised with and become signatories of the code upon joining the company.

Management processes assist in monitoring adherence to these commitments and ensuring that there are no contraventions. Company operations in all six countries only hire employees 18 years and older. Employment records, including identification numbers, are monitored to ensure compliance with this requirement.

Formalised employment contracts, collective bargaining agreements and union participation ensures fair labour practices and prevents any form of forced or compulsory labour. In addition to formalised procedures to address grievances, including any human rights abuses, the company subscribes to a Tip-Offs anonymous service, which is well communicated at each site, and with full investigation of all reported incidents. Any employee who is found to behave in contravention to the Code of Business Conduct and Ethics faces disciplinary action which could result in termination of their employment, and where applicable, they could face legal action.

ANTI-BRIBERY AND CORRUPTION

Aligned with its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business, Tongaat Hulett actively works to prevent corruption and bribery, including procedures that provide guidance on areas such as dealing with gifts and donations. Employees of Tongaat Hulett who do not comply with the company's Code of Business Conduct and Ethics face disciplinary action, including dismissal.





STAKEHOLDER RELATIONSHIPS



SOCIAL AND RELATIONSHIP CAPITAL

R186,3
MILLION

INVESTED IN SED
INITIATIVES

R68,6
MILLION

INVESTED IN
HEALTHCARE
RELATED ACTIVITIES

R19,6
MILLION

INVESTED IN
EDUCATION

KEY ELEMENTS

R186,3 million spent on SED Initiatives
(2015/16: R190,5 million)

2016 Investment Analyst Society Awards Winner:
Consumer Products Sector

13 consecutive years included on the
FTSE/JSE Responsible Investment Index

KEY PRIORITIES GOING FORWARD

Zero fatalities and improved safety performance

Implementing the South African National
Standards (SANS) 16001 on wellness
management systems

Tongaat Hulett has long-standing relationships with multiple stakeholders and the business endeavours to maintain and further develop these associations for the benefit of all parties. The process to increase Tongaat Hulett's understanding of its stakeholders is ongoing and includes identifying key clusters based on the degree to which they influence or are impacted on by the business, and documenting the various proactive engagements that are already in place as the business seeks to further strengthen these relationships. These are outlined on the following page.

	Nature of engagement	Priorities for stakeholders	Outcomes
Shareholders, investors and analysts	<ul style="list-style-type: none"> • Multiple regular meetings with CEO, CFO and key executives • Roadshows locally and abroad • Annual and interim results presentations and publications • Annual general meeting • Interactions managed by the Tongaat Hulett investor relations team 	<ul style="list-style-type: none"> • Clear communication of the company's strategy and prospects going forward • Return on investment and growth in value 	<ul style="list-style-type: none"> • Tongaat Hulett continues to improve on reporting its strategy and prospects • Improved understanding of the business's ability to create long-term value among investors and analysts
Government authorities and regulators in the region	<ul style="list-style-type: none"> • Partnerships on joint projects • Forums discussing existing and emerging initiatives • Ad hoc meetings • Compliance monitoring 	<ul style="list-style-type: none"> • Compliance across operations with local, provincial and national regulations • Effective partnerships towards achieving articulated government objectives, projects and policies • Demonstrable company support towards sustainable socio-economic growth in the region 	<ul style="list-style-type: none"> • Tongaat Hulett has systems in place to ensure compliance with regulatory frameworks • Ongoing partnership with relevant government agencies on various initiatives including sugar expansion in rural communities and land conversion activities
Private farmers	<ul style="list-style-type: none"> • Groups are organised per logistical areas of operation 	<ul style="list-style-type: none"> • Maximum return in terms of revenue received for sugarcane and maize • Support from the company towards the long-term sustainability of private sugarcane farmers 	<ul style="list-style-type: none"> • Access to maximum quality seed cane and cost savings on key inputs such as fertiliser and herbicides • Tongaat Hulett works to unlock grant funding from relevant authorities • Sustainable integrated farming model for staple foods implemented across SADC region
Local communities	<ul style="list-style-type: none"> • Regular and ad hoc local forums with traditional and community leaders • Development of small-scale private farmers in the communal areas identified for sugarcane expansion • Regular interaction at local level through the Socio-economic development (SED) provision of basic needs and services 	<ul style="list-style-type: none"> • Access to sustainable jobs and economic opportunities • Affordable education, training and access to healthcare, basic amenities • The conservation of the community's way of life, culture and environment 	<ul style="list-style-type: none"> • Additional direct and indirect jobs • SED investment addressing a broad range of needs in Mozambique, South Africa, Swaziland and Zimbabwe • Health programmes for all employees extend to communities, including counselling, screening and treatment for both HIV/AIDS and malaria • Ongoing schooling and infrastructure development projects involving local communities
Employees	<ul style="list-style-type: none"> • Regular collaboration on topics of employee protection, diversity and performance management • A variety of internal communication channels, including the company intranet, internal newsletters and briefings 	<ul style="list-style-type: none"> • Stable employment relationships and job security • A working environment that guarantees health, safety, fairness and equal opportunity • Opportunities for upward and sideways movement within the organisation • Freedom of association and the right to collective bargaining • Training and development 	<ul style="list-style-type: none"> • Sound corporate governance practices aligning remuneration with performance • Managers across operations interact with trade unions in an open and constructive manner • Ongoing healthcare and wellness programmes across rural operations, particularly in Mozambique, Swaziland and Zimbabwe
Customers, suppliers and service providers	<ul style="list-style-type: none"> • Regular interaction on procurement processes, responsible sourcing standards and supply chain management • Regular interactions with customers on various matters 	<ul style="list-style-type: none"> • Local procurement • High quality products at competitive prices that attract consumers and encourage brand loyalty • Access to quality housing and property solutions • Product innovation and growth of the business • Professional and mutually beneficial trade relationships and robust supply chain mechanisms • Product responsibility and food safety 	<ul style="list-style-type: none"> • Tongaat Hulett continuously improves the quality, taste and innovative features of products at reasonable prices • The land developments undertaken by Tongaat Hulett have catered for all levels of society with housing solutions being developed for low, middle and high-end income earners • Land developments undertaken take cognisance of the evolving needs of society i.e. business, recreation, leisure etc • The company operates under the relevant regulations, standards and laws to ensure the quality and safety of all its products



SOCIO-ECONOMIC DEVELOPMENT (SED)

Tongaat Hulett recognises that societal dynamics have an increasing impact on all its operations. Given this context, the business has articulated its strategic goal of striving for a relationship with society that is based on shared value and prosperity. This strategic goal has been described as "Value creation for all stakeholders through an all-inclusive approach to growth and development". Tongaat Hulett's SED activities are one of the vehicles used to strengthen and, in some instances, build improved relationships with Government and society, specifically those stakeholders that are most impacted by business activities. The business has articulated the principles which it embraces in its approach to SED and these include:

- Corporate governance - the business continues to adhere to legal and accepted business practices
- Corporate social responsibility - the company demonstrates responsibility to society by minimising any negative impact and extending philanthropic and charitable inputs to the communities that it operates in
- Social sustainability and innovation - Tongaat Hulett is developing innovative practical approaches to transform society and the environment thereby uplifting communities

The business exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2017. For the year to 31 March 2017, Tongaat Hulett invested R186,3 million in its SED initiatives (2015/16: R190,5 million), including the cost of company sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 91 percent of the total amount invested in SED initiatives.

Key elements of SED spend for the period are as follows:

HEALTHCARE

- With most operations being in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
- R68,6 million was invested in health-related activities, of which R1 948 445 was specifically allocated to dealing with the impact of HIV/ AIDS.

BASIC NEEDS

- Tongaat Hulett continues to invest in basic needs and social development, which includes food security projects and the provision of basic materials, to uplift communities around company operations.

SPORTS, ARTS AND CULTURE

- The company acknowledges the important role that arts, sports and culture can play in the development of successful rural communities. R15,9 million was invested in these initiatives during the year. In Zimbabwe and Mozambique soccer plays a significant role in communities and Tongaat Hulett sponsors various teams in these operations.

EDUCATION

- R19,6 million was invested in education initiatives across the company. This included the purchase of exercise and textbooks and new chairs in the estate schools in Mozambique, Swaziland and Zimbabwe.

**CASE STUDY
UPLIFTING COMMUNITIES THROUGH THE
SORGHUM GRAIN PROJECT**



One of Tongaat Hulett's objectives is to build relationships with society based on shared value and prosperity. An example of this commitment is demonstrated through the company's Zimbabwean operations that identified the opportunity to purchase its sorghum requirements from a community-based outgrower programme that was developed in conjunction with government and community leaders. This project supports the UN Sustainable Development Goal of ending extreme poverty in all forms by 2030.

To read more go to www.tongaathulett.com/2017/uc



**CASE STUDY
GROWING TONGAAT HULETT'S TALENT POOL
THROUGH INVESTMENTS IN EDUCATION**



Tongaathulett's operations require many skilled employees, particularly engineers and artisans. Over the past few years, the business has employed several people that have benefitted from the Programme for Technological Careers (PROTEC). Tongaathulett has had a long-standing relationship with the PROTEC Tongaathulett branch, which is located at the Maidstone mill. The company's investments in PROTEC contributed to the education and development of a student that qualified as a mechanical engineer. She is now employed at the South African sugar refinery and is making a significant contribution to the development of previously disadvantaged students throughout South Africa. Tongaathulett's ongoing commitment to investing in education speaks to the UN Sustainable Development Goal to ensure inclusive and equitable quality education.

To read more go to www.tongaathulett.com/2017/gth



FOOD SECURITY

The world's food systems play a central role in the well-being of ecosystems and human societies, and are a key driver of economic livelihoods. They contribute to most of the 17 SDGs adopted by the UN in 2016. However, today's food systems will not be able to feed the world's growing population both nutritiously and sustainably. Agricultural output in sub-Saharan Africa is primarily derived from small-holder farmers, who account for more than 80 percent of all farmers in the region. The greatest challenge facing most of these farmers is a lack of technical farming skills, capital and adequate mechanisation. In addition, they farm on small parcels of land that are often degraded and have no access to irrigation. It is for these reasons that most smallholder farmers in the region cannot produce optimally. Tongaathulett understands the crucial role that agriculture can play in improving food security, and ensuring environmental safety. Its strategy is underpinned by the following parameters:

CHANGE OF ATTITUDE IN AGRICULTURE

- Agriculture will thrive when government, businesses, policymakers, civil society and farmers (commercial and smallholder) jointly develop solutions to improve food security.

LAND REFORM AND WATER STORAGE CAPACITY

- Select beneficiaries based on farming experience, provide them with proper and adequate support, and establish partnerships between them and organised agriculture.

GREATER INVESTMENT IN AGRICULTURE

- Increase expenditure and direct it to improving agricultural infrastructure, research and development, and education and training for smallholder farmers.

MAKE AGRICULTURE AN ATTRACTIVE CAREER OPTION FOR YOUNG PEOPLE

- Developing innovative tools and measures that will ensure that all farmers, and particularly smallholders, can improve their competitiveness. In addition, ensure that young people are made aware of farming as a business career option that offers great opportunities to engage in all areas of the value chain.

**CASE STUDY
CHANGING THE LIVES OF RURAL
COMMUNITIES THROUGH PARTNERSHIPS**



The Graca Machel small-scale grower association members in Xinavane are celebrating their first sugarcane harvest. In 2015 they were one of five small-scale grower associations that partnered with the European Union (EU), the Mozambican Government, BancABC and Tongaat Hulett to establish sugarcane plantations. The project, which aimed to foster economic stability and create successful, sustainable communities cost a total of €3 918 774. This was funded by an EU grant of €1 545 596 and a BancABC loan of €2 373 278. The five associations, comprising 362 farmers, established 530 hectares of irrigated sugarcane farmlands, with all cane supplied to Tongaat Hulett's Xinavane mill. In addition, 30 hectares of irrigated food crops was established to assist in ensuring food security. This project supports the SDG of ending extreme poverty in all forms by 2030 and of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture.

To read more go to www.tongaathulett.com/2017/gm

PROMOTING SUSTAINABLE AGRICULTURE

Tongaathulett supports farm management practices that boost soil carbon sequestration such as climate smart-agriculture, mulching and intercropping. It assists small-scale farmers to become professional growers as this improves living conditions for rural communities, while improving food security in a sustainable manner. Inclusive agricultural growth is promoted: small-scale farmers produce part of their own food requirements and surplus production is available for local and regional markets.

The company applies a range of conservation methods and complements agricultural extension projects with a portfolio of partnerships in advanced crop science and land-use strategies to ensure that every field is environmentally assessed before planting. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions and nitrogen prevalence for the subsequent sugarcane crop. This is implemented with the view that better farming practices will halt, and in some instances, reverse the negative process of soil degradation. At the same time, farmers are encouraged to use existing farmland more efficiently. Sustainable farming solutions include not tilling the

land, crop rotations, bringing vegetation back to degraded land and planting vegetation around fields to prevent erosion. The business understands that for agriculture to be sustainable, land and water must be used efficiently to reduce negative impact on the environment and ensure resilience to climate change.

SUPPLY CHAIN

Tongaathulett has maintained its current Level 4 B-BBEE rating, and will continue striving to improve this result. The draft Agricultural (AgriBEE) Sector Codes were released for public comment in October 2015 and are expected to be gazetted during the course of 2017. The Property Sector Codes were gazetted on 9 June 2017, the draft of which had been released for public comment in November 2015. The increased compliance levels and introduction of priority elements in the draft revised AgriBEE Sector Codes and the new Property Sector Codes have placed greater emphasis on ownership, skills development as well as enterprise and supplier development (ESD).

In conjunction with government's call for a quicker pace and intensive action on economic transformation, the business is executing on an innovative ESD strategy, with the aim of diversifying the supplier base with special focus on localization. There are targeted efforts to support small, medium and micro sized enterprises (SMMEs), while prioritising black-owned and black women-owned enterprises through various initiatives such as preferential payment terms, innovative financing options on land sales, encouragement of joint ventures between large enterprises and exempt micro enterprises (EMEs) and/or qualifying small enterprises (QSEs). There is continuous engagement with B-BBEE non-compliant as well as unrated suppliers, with an objective of helping these suppliers transform their businesses and/or get the necessary verification - to obtain the requisite B-BBEE certificates.





Further details on Tongaat Hulett's B-BBEE certificate is available at www.tongaat.com.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Tongaat Hulett is achieving encouraging progress along its ZERO HARM journey and strives to strengthen stakeholder partnerships in this campaign. The company's SHE policies and cardinal rules empower every individual stakeholder, including employees, contractors, farmers and people from surrounding communities, to take total ownership of their safety and health as well as that of their peers. Every Tongaat Hulett stakeholder is always challenged to take individual responsibility in protecting the environment from harm and use resources in a responsible and sustainable manner for the benefit of current and future generations.

The company's leadership demonstrates commitment to adhering to SHE principles, deploying necessary resources and providing desired guidance to stakeholders for the ZERO HARM goal to be realised and sustained.

SAFETY

Regrettably, a total of three work related fatalities were suffered during the year 2016/17. There was a reduction in the number of fatalities recorded in 2016/17 when compared to the five suffered in 2015/16. However, given that Tongaat Hulett's ZERO HARM campaign is targeted at eliminating fatalities as a top priority, it is deeply concerning to have had fatality experiences in the year.

Fatality risk management protocols were revisited and strengthened to avoid further loss of lives at the workplace.

The company's safety performance in terms of serious injuries that result in loss of time slightly declined in 2016/17 when compared to the previous year. A Lost Time Injury Frequency Rate (LTIFR) of 0,093 per 200 000 hours worked, was achieved in 2016/17 reflecting a negative trend for the first time in more than five years following a prior consistent performance of 0.073 achieved in 2015/16, 0,085 (2014/15), 0,087 (2013/14), 0,094 (2012/13) and 0,010 (2011/12). This decline was partly caused by an increase of five lost time injuries and a significant reduction of employee hours worked amounting to ten million hours less when compared to those recorded in 2015/16.

Total Recordable Cases Frequency Rate and Total Injury Frequency Rate were at 1,46 (2015/16: 1,27) and 3,41 (2015/16: 3,82). This performance suggested an improvement in the reporting of minor incidents that result in minor injuries requiring mild medical treatment without experiencing loss of time. The reporting of minor first aid cases however, declined slightly. A dedicated campaign is being pursued to encourage the reporting of these minor incidents that could easily go unreported.

Nevertheless, Tongaat Hulett's safety performance still compares satisfactorily with leading benchmarked companies across the world, particularly in terms of LTIFR. The company is gaining meaningful progress along its ZERO HARM journey as demonstrated by the following milestone achievements realised by some of its operations in 2016/17:

- Undertaking pro-active/reactive top executive "stand-back" reviews of operations experiencing unsatisfactory business and/or safety trends considering a correlation between both aspects.
- Adopting a new risk matrix and consistently applying it in risk-assessment processes that determine high fatality risk topics and relevant critical control protocols to be deployed.
- Strengthening behaviour-based interventions and contractor management protocols to enhance a sustainable ZERO HARM culture within the organisation.



FOOD SAFETY

Tongaat Hulett's longstanding reputation of being a producer of high-quality products continues to grow and is acknowledged by its stakeholders, which include customers, regulatory authorities and third-party auditing bodies within and outside the food industry. Such a reputation is protected and strengthened through adherence to structured food safety processes that include managing maize and sugarcane requirements on a non-genetically modified basis and applying a sophisticated identity preservation system. Compliance with these systems and processes is monitored through several annual customer audits that apply global audit protocols. In addition, ongoing attention is paid to the requirements of FSSC 22000 (a Food Safety System Certification used by food manufacturers which is aligned with ISO 22000 and includes Good Manufacturing Practices), ISO 22000 and ISO 9001, in terms of quality and food safety standards. In 2016/17, all starch operations, the refinery in South Africa and sugar packaging stations for Xinavane mill in Mozambique, Triangle mill in Zimbabwe and Namibia operations retained certification for FSSC 22000 or ISO 22000 on food safety management systems. Other pack stations are at different stages in preparing to secure similar certifications.

Regarding the health promotion levy (previously referred to as the tax on sweetened beverages), the South African sugar industry, which includes Tongaat Hulett, continues to engage with government. Sugar or sucrose is a natural plant product. It is produced by the sugarcane plant in much the same way that other plants, such as fruit and vegetables, produce sugars. Neither white nor brown sugar contains additives or

preservatives of any kind, although the excessive consumption of any foodstuff, no matter how harmless, is not conducive to good health. Sugar is a natural and healthy contributor to the enjoyment of food as part of a sensible and balanced diet.

HEALTH

Tongaat Hulett has 38 221 employees (peak milling season) working at 27 locations in six countries in southern Africa. Health issues across the region where the business operates are therefore varied. Tongaat Hulett's thrust on sustainability requires sound management of business risks, including those posed by ill health among its employees and people from surrounding communities. These risks can result in increased absenteeism, increased production costs and reduced productivity. Managing all health-related risks is therefore imperative to Tongaat Hulett's continued viability.

While geographical location may have some unique effect, health concerns are similar in areas where Tongaat Hulett has business interests. The need for integrated management of health risks for chronic illness, occupational injuries and diseases, mental diseases and disability is a key health focus area. Elements of key health focus areas entail:

- HIV/AIDS management
- Wellness and disease management
- Occupational health programmes with emphasis on managing risks of noise induced hearing loss
- Malaria case control

HIV, AIDS AND TB MANAGEMENT

All Tongaat Hulett operations are now fully compliant with the World Health Organisation strategy of “test and treat” in the management of HIV and AIDS - i.e. all persons who test positive will go onto treatment immediately irrespective of their CD4 count status. Furthermore, the 90:90:90 approach has been adopted by all operations in setting following internal targets:

- 90 percent of workforce should know their HIV status
- 90 percent of HIV+ people should be on antiretroviral therapy (ART)
- 90 percent of those on ART should remain on ART

Performance for the past year (2016/17) against these parameters was 92:83:94. The only target not achieved was largely because of employees who prefer to access non-company based schemes to obtain ART. This is evident in South Africa where many employees access treatment from state and private facilities. Their statistics are therefore not captured in Tongaat Hulett’s records as being on treatment. Key statistics of the HIV/AIDS management programme for the 2016/17 fiscal year are:

- Employees currently receiving ART through company-provided ART: 3 919 (2015/16: 3 768)
- Voluntary counselling and testing (VCT) uptake: 88,8 percent (2015/16: 88,4 percent)
- Employees knowing their status: 91,8 percent (2015/16: 90,5 percent)
- Number of new employees confirmed HIV+ on testing: 642 (2015/16: 1 187)
- Number of employees currently HIV+: 4 752 (2015/16: 4 689)
- HIV prevalence: 22,7 percent (2015/16: 21,6 percent)
- Cost of ART: R1,9 million (2015/16: R1,9 million)
- Seasonal employees/contractors VCT uptake: 7 930 (2015/16: 9 951)
- Seasonal employees/contractors on ART: 1 144 (2015/16: 1 080)

An increase in HIV prevalence was realised even though the number of new infections declined by 46 percent and the number of employees currently HIV positive only increased by 1 percent. This is attributed to the significant reduction in the total number of employees as shown by the reduction of employees’ hours, amounting to seven million hours.

While the retention rate of ART is high, the challenge for non-South African operations is ensuring that those on treatment are virally suppressed. This is because of the limited access to viral load testing. Opportunities for private-public partnerships are being explored.

WELLNESS MANAGEMENT

Mental health issues, stress and non-communicable diseases worldwide are contributing to the burden of disease among employees. While acute infectious diseases (e.g. malaria) still rank as the leading cause of ill health, non-communicable diseases are increasingly featuring in the causes of ill health among employees. The company is working towards implementing the South Africa National Standards (SANS) 16001 on wellness management systems to ensure best practices are adopted and measured for compliance.

MALARIA

Heavy rains experienced throughout the region in late 2016 and into 2017, increased pockets of stagnant water and thus mosquito breeding sites. This resulted in malaria endemics in Zimbabwe and Mozambique. This is despite the presence of integrated malaria control programmes that include vector control, awareness and personal protection. The situation was compounded in Zimbabwe by lack of malaria control activities in the new outgrower farms within and bordering Tongaat Hulett operations. Outgrowers are being engaged to resuscitate these controls. There were no malaria-related fatalities recorded at Tongaat Hulett’s operations during 2016/17.

OCCUPATIONAL HEALTH RISK MANAGEMENT


The occupational health risk of main concern is that of noise induced hearing loss as this adversely affects the livelihood of employees even after they leave employment. As part of managing this risk, the company focuses on early identification of those at highest risk, and taking necessary precautionary measures before the severity of hearing loss increases. Various other occupational health risks are monitored through periodic medical surveillance programmes to ensure employees are not showing signs of over exposure to inherent risks.

In 2016/17, there was no occupational health related fatality (2015/16: 0) nor occupational health case with irreversible health effects (2015/16: 2) recorded. A total of 12 occupational health cases with reversible health effects (2015/16:10) were registered in the year.





INTELLECTUAL PROPERTY



INTELLECTUAL CAPITAL

14
REGISTERED PATENTS

369
REGISTERED TRADEMARKS

50
REGISTERED DOMAINS

KEY ELEMENTS

- Market-leading brands
- Patents
- Intellectual Property

KEY PRIORITIES GOING FORWARD

- Retention of third-party certification
- Growing market share responsibly through innovation and the development of high-quality products

Tongaat Hulett’s intellectual property is protected through employment contracts and confidentiality agreements and/or license agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. In the sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately obtaining provisional patents, with targeted national and international patenting.

Tongaat Hulett holds 14 patents registered in Australia, Brazil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and the USA. It is a proprietor of 369 registered trademarks in Australia, Botswana, Lesotho, Namibia, New Zealand, Philippines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 50 domain names registered to it.

THIRD-PARTY CERTIFICATIONS

SHE and food safety performances are benchmarked against global best practices to promote continuous improvement and stakeholder satisfaction. Operations subscribe to various internationally-recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000.

All operations retained certification to either NOSA 5 Star systems or OHSAS 18001 covering occupational health and safety. All 19 main operations are now certified to the ISO 14001 environmental management system. All starch operations, the refinery, and pack stations for Xinavane, Triangle and Namibia operations retained certification for FSSC 22000 or ISO 2200 on food safety management systems.

PRODUCT RESPONSIBILITY

Tongaat Hulett complies with the relevant safety, health, environmental and quality legislation in each of the countries in which it operates, while striving to implement industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operations have adopted Hazard Analysis Critical Control Points (HACCP), where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the standards of the Food and Drugs Act.

Tongaat Hulett ensures that appropriate information is provided to its customers. All product labels contain information about the product in compliance with the respective country legislation and labelling regulations.

BRANDS

Several Tongaat Hulett brands hold prominent positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products. The following table provides a summary of the business's major food and animal feed brands:



	Hulett's® White sugar Brown sugar	Market leader in South Africa Over 120 years in the market
	Hulett's Sunsweet® White sugar Brown sugar	Market leader in Zimbabwe
	Voermol Feeds® Animal feeds	Market leader in the molasses and pith-based animal feeds industry in South Africa
	Blue Crystal® White sugar Brown sugar	Market leader in Botswana
	Marathon® White sugar Brown sugar	Market leader in Namibia
	Amryal® Hydex® Vaalgold®	Leading starch and glucose brands



ENVIRONMENT

 <p>NATURAL CAPITAL</p>	<p>15% DECREASE IN PURCHASED ELECTRICITY</p>	<p>535 248 METRIC TONS CO₂-E SEQUESTERED IN 2016/17</p>	<p>436 322 MWH ELECTRICITY GENERATED BY TONGAAT HULETT SUGAR MILLS</p>
---	---	---	---

KEY ELEMENTS

- Reduced emissions by 1 percent
- Eight consecutive years of participating in CDP Carbon, 4 years in CDP Water
- Improvement in Water Resources Management

KEY PRIORITIES GOING FORWARD

- Improving soil health and promoting sustainable agriculture
- Energy efficiency
- Emissions reduction
- Smart irrigation solutions

As a major user of land, biodiversity and water, Tongaat Hulett’s agri-processing and land development operations are significantly impacted by natural systems and, in turn, impact the environment and local communities. As a responsible corporate citizen, Tongaat Hulett seeks to demonstrate its commitment to sound environmental stewardship, within a context of sustainable and ethical practice. Compliance with legal requirements is a minimum requirement, with operations striving to establish and comply with local and international best practices. In line with this approach, the company aims to retain certification to ISO 14001 Environmental Management System standard across all its operations.

With the increasing demand to grow more food, the responsibility lies with agriculture and agri-processing businesses to look after the soil in areas in which they operate. Since healthy soil forms the foundation of food production in successful agriculture, unproductive soil can be rehabilitated through the adoption and implementation of more environmentally friendly approaches. This is promoted by the three main interlinked principles of Conservation Agriculture: minimal soil disturbance, permanent soil mulch cover and crop diversification.

CLIMATE CHANGE

According to the United Nations Food and Agriculture Organisation, there is no doubt that climate change impacts food security. Overhauling farming and food systems will be complex due to the vast number of stakeholders involved, the multiplicity of farming and food processing systems and differences in ecosystems. The effects of climate change on agricultural production and livelihoods will vary across countries and regions. Tongaat Hulett recognises the need to adapt to the physical impacts of climate change, which may affect operations, particularly through the availability of water and the occurrence of extreme weather events. The company continues to engage with experts on several innovative initiatives, including programmes to improve irrigation efficiency and more drought-resistant crop varieties.

Sub-Saharan Africa will experience the largest increase in the number of poor, partly because its population is more reliant on agriculture. Therefore, success in transforming food and agricultural systems will largely depend on supporting smallholders in adapting to climate change. Tongaat Hulett relies on agricultural products produced in greatly varying agro-ecological and socio-economic conditions. Solutions are tailored to these conditions, but overall, significant improvements in food security, as well as resilience to climate change is achieved by introducing sustainable agricultural practices.

Tongaat Hulett's approach to dealing with the impacts of climate change includes increasing resource-use efficiency, cutting fossil fuel usage and avoiding direct environmental degradation, enhancing productivity sustainably and reducing dependence on external inputs. Improved crop production and fertiliser management offer the greatest potential to reduce nitrous oxide emissions, while also reducing input costs. Increasing stocks of soil organic carbon improve crop yields and build resilience to drought and flooding, but also sequester carbon. The company participates in public environment fora and, during the past year, this included Business Unity of South Africa (BUSA), the Industry Task Team on Climate Change (ITTCC), parliamentary discussions and the Department of Environmental Affairs (DEA) on Carbon Budget and Carbon Tax alignment.

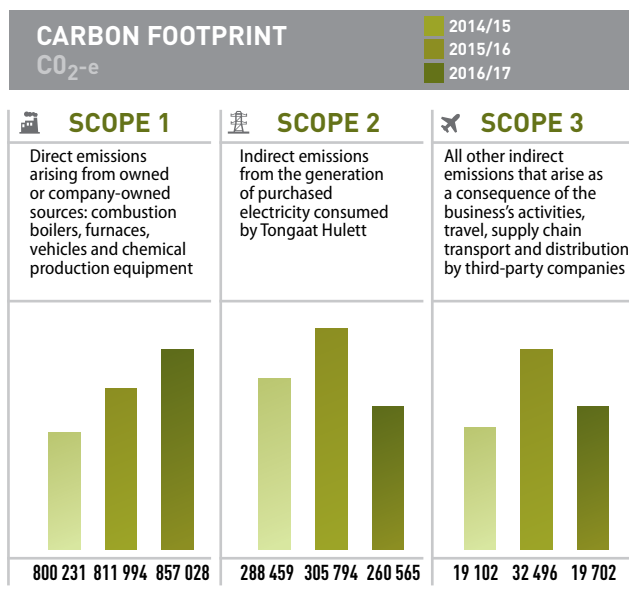


CARBON MANAGEMENT

As part of its broader response to climate change, Tongaat Hulett participated in the CDP (formerly Carbon Disclosure Project) for the eighth consecutive year. The CDP is an independent initiative that encourages transparency on climate change-related issues, with an emphasis on emissions disclosure. The company's carbon footprint analysis was conducted per the Greenhouse Gas (GHG) Protocol, published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute and has reported Scope 1 and 2 GHG data in compliance with ISO14064:3. Terra Firma Solutions has provided limited assurance on Scope 1 and 2 GHG data in accordance with ISO14064:3. Details of the company's current actions are provided in the public response to the CDP, available at www.cdproject.net. Tongaat Hulett tracks and monitors its GHG emissions, seeking through ongoing efforts to improve the accuracy and reporting of its carbon footprint.

During the year, business operations emitted 857 028 metric tons of CO₂ equivalent (CO₂-e) Scope 1 emissions (2015/16: 811 994). The company purchased electricity that emitted 260 565 metric tons of CO₂-e (2015/16: 305 794). The total Scope 3 emissions were 19 702 metric tons CO₂-e covering business travel, comprehensive supply chain transport and distribution by third-party companies (2015/16: 32 496). In the 2016/17 reporting period, employees booked 7 274 business trips, flying more than 5,675 million kilometres, resulting in 1 067 metric tons CO₂-e being emitted from business travel. The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 137 295 metric tons CO₂-e and the turnover was R17,915 billion, which equates to 63 grams of CO₂ emitted per Rand generated. The GHG emissions have been verified by a third-party service provider.

Overall, there was a 1 percent decrease in emissions from the previous period, a 15 percent decrease in purchased electricity due to improved weather conditions resulting in less irrigation, and a 39 percent decrease in Scope 3.



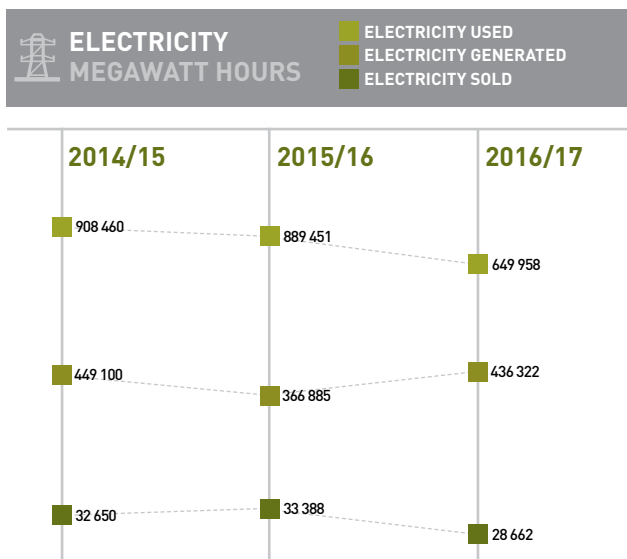
Total emissions from South African operations, calculated at 712 015 metric tons CO₂-e, includes emissions of 404 215 metric tons CO₂-e emanating from the South African sugar operations. Tongaat Hulett completed a study with the assistance of global carbon experts, which found that the company's sugar farms sequester carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 44 604 hectares (grown from company-owned and leased land) equates to 535 248 metric tons CO₂-e sequestered in this financial year. The South African sugar operations could benefit from the carbon capture and storage of CO₂ in the growing of sugarcane if the National Treasury allows for sequestered emissions to be deducted from the company's carbon footprint. Therefore, 176 767 metric tons would have been subject to carbon tax in this financial year.

ENERGY

Energy efficiency is one of the regions challenges compounded by the need for an affordable, sustainable energy supply. The most practical and immediate route to success is not the building of new power-generating plants, but the use of less energy from the national grid. Eskom has long called for a voluntary 10 percent reduction by users to assist with the balance of electricity supply and demand, particularly at peak periods. It will take years for the government-backed utility to commission enough new power stations to cater for the backlogs in supply. The introduction of a suitable regulatory framework for the provision of privately-produced alternative electricity to the national grid in South Africa could potentially result in Tongaat Hulett expanding the business's ability to generate electricity from bagasse, a renewable resource produced as a co-product of the sugar production process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills to significantly increase electricity generation from bagasse.

For the year ended 31 March 2017, Tongaat Hulett used a total of 649 958 MWh (2015/16: 889 451 MWh) of electricity across all its operations and offices. It generated 436 322 MWh

(2015/16: 366 885 MWh) from its sugar mills, predominantly from bagasse, and sold 28 662 MWh (2015/16: 33 388 MWh) to the national grid. Other sources of fuel that are used include coal 300 268 tons (2015/16: 282 885 tons), diesel 10,9 million litres (2015/16: 12,7 million litres), petrol 0,857 million litres (2015/16: 0,994 million litres), gas 472 349 GJ (2015/16: 492 397 GJ) and wood.



AIR QUALITY

The deliberate strategy of burning bagasse ahead of coal as a fuel by sugar mills significantly improves the quality of emissions in terms of particulate matter, noxious gases, and carbon and sulphur oxide. Wet scrubbing technology continues to be used by most operations to remove fly-ash from the flue gas to ensure that emissions meet acceptable air quality standards. Tightening regulatory constraints and changing societal expectations in relation to air emissions present challenges and opportunities for the business. While some emissions will always be inevitable because of the very nature of manufacturing operations, the company realises the need to improve performance. The primary use of coal as a fuel to fire boilers at the refinery in South Africa presents challenges in improving the quality of emissions. To address this, the company has developed an improved process technology solution which could be applied at that operation. The execution of the first phase of this process technology solution is expected to take place during 2017. This technology implementation is aligned with the refining operation's commitment to reducing emissions and achieving its compliance objectives as agreed with the authorities.

BIODIVERSITY AND LAND MANAGEMENT

Soil health plays a critical role in maintaining biodiversity. Experts warn that 33 percent of world soil is already moderately to highly degraded due to erosion, nutrient depletion, acidification, urbanisation, and chemical pollution, putting future supplies of food, water and energy at risk. Tongaat Hulett continues to rehabilitate currently unproductive land to agriculture, while also securing additional sugarcane supply to its mills.

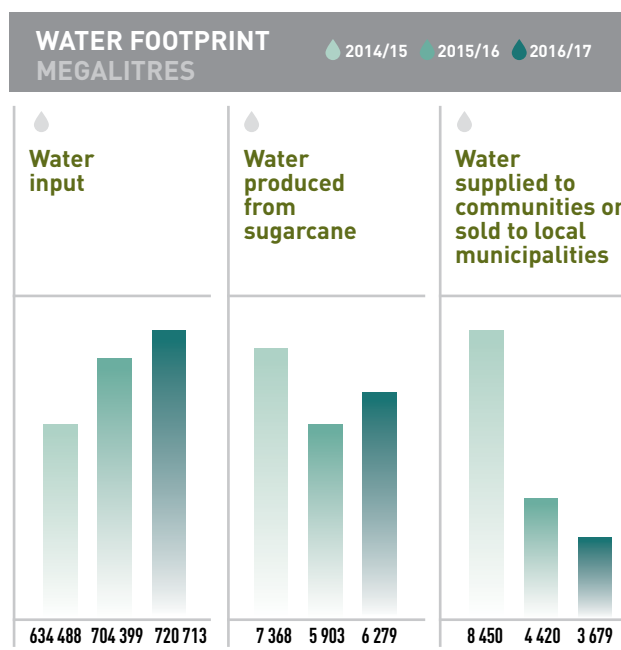
A total of 7 709 developable hectares of land in KwaZulu-Natal has been identified for conversion, at the appropriate time, in support of growth and development of the region. This conversion is carefully managed and coordinated in line with broader government objectives and spatial policies. A major element of this conversion includes the rehabilitation of the affected ecological systems through a range of biodiversity improvement practices.

The business works to avoid and minimise biodiversity loss and land disturbance, while improving its biodiversity management practices. This approach, which has been well established over many years, focuses on implementing the mitigation hierarchy of avoidance, minimisation, restoration, and offsets where appropriate.

WATER RESOURCE MANAGEMENT

Water is an essential input in the business, all operations are affected by uncertainties and challenges associated with water consumption. According to the 2030 Water Resources Group projections, without improvements in the way water is managed and used, the world could face a 40 percent supply gap by 2030. It is for this reason that the business is using the Water Risk Filter Tool to assess the water risk exposure to share in the implementation of sound water stewardship strategies at the watershed level.

To this end Tongaat Hulett is partnering with other stakeholders in the uMhlatuze Water Stewardship Programme. The uMhlatuze region of the Pongola-Umzimkhulu Catchment Management Area is facing significant water stress. This is significantly impacting economic activity and livelihoods, particularly within the Richards Bay industrial complex and is also affecting agricultural and forestry activities in the middle and upper reaches of the catchment. In the context of the critical drought situation in South Africa, the uMhlatuze is one of the most affected areas.



NEED FOR COLLECTIVE ACTION AT SCALE

It is recognised that businesses, landowners, government and civil society are already collaborating on water-related risk mitigation through other fora, primarily around the Richards Bay area. However, these efforts do not consider the need for collective action at the catchment scale, or to unlock resources and action from national and international parties to assist in efforts in the catchment. These and other parties in the uMhlathuze region therefore recognise the need for focused and immediate collective action to facilitate improved water resources management by all relevant stakeholders, resulting in improved water security for all water users. Stakeholders include the Department of Water and Sanitation; KwaZulu-Natal, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH - International Water Stewardship Programme, Grindrod, Mondi South Africa Division, National Business Initiative (NBI), Pongola Umzimkhulu Proto Catchment Management Agency, Strategic Water Partners Network, Tongaat Hulett, Transnet and WWF South Africa.

As an agriculture and agri-processing business, water is a vital part of Tongaat Hulett's daily operations. Climate change, with its consequent impacts on water availability and water quality, continues to impact on several the regions in which Tongaat Hulett and its suppliers operate. Water pollution has the potential to increase operational costs and compromise the quality of products. It is therefore in Tongaat Hulett's interest to ensure sustainable management of shared water resources in the regions where it operates and procures.



Input water sources include water abstracted from rivers, water available in sugarcane and water purchased from municipal sources. Most sugar mills operate in remote locations and therefore assist in the provision of potable water to local communities. For the reporting year ended 31 March 2017, the total water input was 720 713 megalitres (2015/16: 704 399) of which 6 279 megalitres (2015/16: 5 903) was produced from sugarcane and 3 679 megalitres (2015/16: 4 420) was supplied to communities or sold to local municipalities. Overall, there was a 2 percent increase in water input.

EFFLUENT MANAGEMENT

A philosophy of "target zero effluent" disposal is subscribed to across all operations. It is understood that it entails a journey involving upgrading production processes and infrastructure and shifting operational culture, aiming to reduce effluent discharge as a priority before treating and reusing the minimal amount that must be discharged. The quality of effluent being discharged is subjected to ongoing internal and third-party monitoring processes to ensure it meets minimum specifications set by statutory authorities. Water that is produced as part of the sugar milling process is largely used for the irrigation of sugarcane on adjacent estates while effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment. The quantity and quality thereof is monitored to ensure compliance with the relevant specifications. The remaining mills are progressing with environmental management programmes to adopt best practices and ensure legal compliance as a minimum.

The Maidstone mill, in South Africa, is currently developing a Request For Proposal for the building of an effluent treatment plant, to treat effluent to the standard required for discharge to watercourses.

WASTE MANAGEMENT

In line with the "ZERO HARM" principle, Tongaat Hulett manages waste from its operational processes with a "target zero hazardous waste" mindset. Efforts are directed towards reducing the amount of hazardous waste being generated. Waste management plans follow a hierarchy of control steps to reduce, re-use and recycle waste before earmarking for ultimate disposal. Operations based in South Africa, Mozambique, Botswana, Namibia and Swaziland make use of registered waste companies that collect non-valuable hazardous waste from operations and dispose of it at designated hazardous landfill sites. Zimbabwe-based operations have constructed hazardous disposal sites that are registered by the regulatory authority and are subject to annual statutory and third-party audits.

During the reporting period 2016/17, 10 209 tons of general waste (2015/16: 10 387 tons), 3 080 tons of scrap metal (2015/16: 2 486 tons) and 413 tons of hazardous waste (2015/16: 763 tons) was generated and disposed of in accordance with applicable legislation.

ENVIRONMENTAL INCIDENTS AND COMPLIANCE

The company responded to most concerns raised by affected stakeholders, mainly from surrounding communities. There were no serious incidents or non-monetary sanctions for non-compliance with applicable environmental regulations registered during the year under review. The established community liaison forums between Tongaat Hulett and interested parties continue to address environmentally-related complaints.

There were no Level 2 or 3 environmental incidents nor complaints recorded in the year (2015/16: 2 Level 2 Incidents; 0 Level 3 Incidents). A total of 425 Level 1 incidents were recorded (2015/16: 416) while 142 Level 1 complaints were registered and attended to (2015/16: 92). Most Level 1 incidents were related to vandal fires (in sugarcane fields) and illegal dumping incidents perpetrated by unidentified members of the public. There were also incidents/complaints of dust, environmental noise and effluent smell particularly at Maidstone mill. At Starch operations, Level 1 environmental odour complaints were recorded related to nuisance odour often experienced during plant start-up or stoppages.

Operational processes were adjusted to improve odour emanating from production processes. At Tongaat Hulett Sugar Maidstone mill, purging of the system with lime and keeping to irrigation times reduced the odour complaints but these were also weather dependent. Environmental noise at the

same operation was caused by malfunctioning of equipment, which was repaired. The impact of dust from all operations is monitored through dust fall out processes. The plan that was previously committed to refurbishing feed dryers at Tongaat Hulett Starch Kliprivier mill was completed in July 2016 and optimisation of dryer operation after installation was also completed.

INDEPENDENT THIRD-PARTY ASSURANCE

Environmental Resources Management (ERM) has provided independent third-party assurance over selected sustainability content of the 2017 Integrated Annual Report. The assurance was conducted in line with the AccountAbility AA1000 Assurance Standard (Revised, 2008) (Type I Moderate level). The engagement was conducted using the AA1000 AccountAbility Principles Standard (2008) criteria and those of the GRI Standards Sustainability Reporting Guidelines. For the detailed assurance statement refer to:

www.tonga.com/2017/ermassurance.pdf

