

HUMAN RESOURCES



HUMAN CAPITAL

31 355 PEOPLE EMPLOYED COMPARED TO 30 512 IN 2017

18 803 EMPLOYEES ATTENDED TRAINING PROGRAMMES

850 278 HOURS OF TRAINING RECEIVED BY EMPLOYEES

KEY ELEMENTS

Supplement existing strategic leadership bench strength

Accelerate employee transformation

R57,1 million spent on training and development

KEY PRIORITIES GOING FORWARD

Current and future leadership development

Transformation

Artisan and technical skill upliftment

Accelerating change in the world is fundamentally transforming society, the broader economy and business. Within the business context, new technologies, new market entrants, new customer expectations and new business models are emerging. Tongaat Hulett operates in this interconnected VUCA (volatile, uncertain, complex and ambiguous) world and at a time where, in each of the countries in which it operates, existing societal systems are being robustly challenged. Leadership in the business and human resources understand the impact of socio-economic and political change and are embracing and developing new ways of thinking about the company, its talent, and their role in global social issues. In dealing with this dynamic the capabilities and thinking to drive Tongaat Hulett's culture, organisational design, people and leadership practices, agility and dynamism is being challenged and developed, so that organisational behaviour can follow.

Tongaat Hulett offers a compelling employee value proposition, appropriate to a business context that continues to evolve dynamically, to attract, engage, develop and retain top performing talent. It achieves this by competitively remunerating employees against appropriate benchmark norms, creating a challenging work environment for high performance and using its size and complexity for career development that is cross operational and cross functional.

EMPLOYEE BASE

Tongaat Hulett employed a total of 31 355 employees at the end of March 2018, compared to 30 512 in 2017. During the peak sugar milling season the total number of permanent and seasonal employees was 40 382 (2016/17: 38 221). The breakdown of Tongaat Hulett's employee base as at 31 March 2018 is shown below.

Roles in Tongaat Hulett are constantly under review by business unit leaders supported by Human Resources as opportunities present. This involves revisiting key job outputs and organisational structures to determine future focus areas, the relevance of roles and where appropriate their design and skill requirements. This process impacts the employee base and the concomitant people costs, recruitment for employment equity decisions, talent retention, bench strength and succession planning processes.



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 - 2017/18*
South Africa	3 185	855	1 074	5 114	5 909
Mozambique	7 240	1 285	2 775	11 300	15 476
Zimbabwe	9 900	3 993	0	13 893	17 506
Swaziland	436	29	208	673	1 116
Botswana	138	13	0	151	151
Namibia	223	1	0	224	224
Total	21 122	6 176	4 057	31 355	40 382

*October 2017

PEOPLE DEVELOPMENT

LEARNING AND DEVELOPMENT PHILOSOPHY

The wide range of roles that exists across Tongaat Hulett's operations requires a focused approach to development interventions. Unique, specialised industry related skills, competencies and experience are critical to the success of the operations and are not readily available in the labour market. Underpinning this reality is the importance placed on ongoing performance management processes, which vary based on employees' job grades, roles and responsibilities. The setting of individual employee KPI's include ongoing learning and development opportunities required to achieve these KPIs. This informs employee development plans and budgets.

CAPABILITY BUILDING MODEL

The following capability model succinctly describes the nature, purpose and scope of Tongaat Hulett's learning and development interventions.

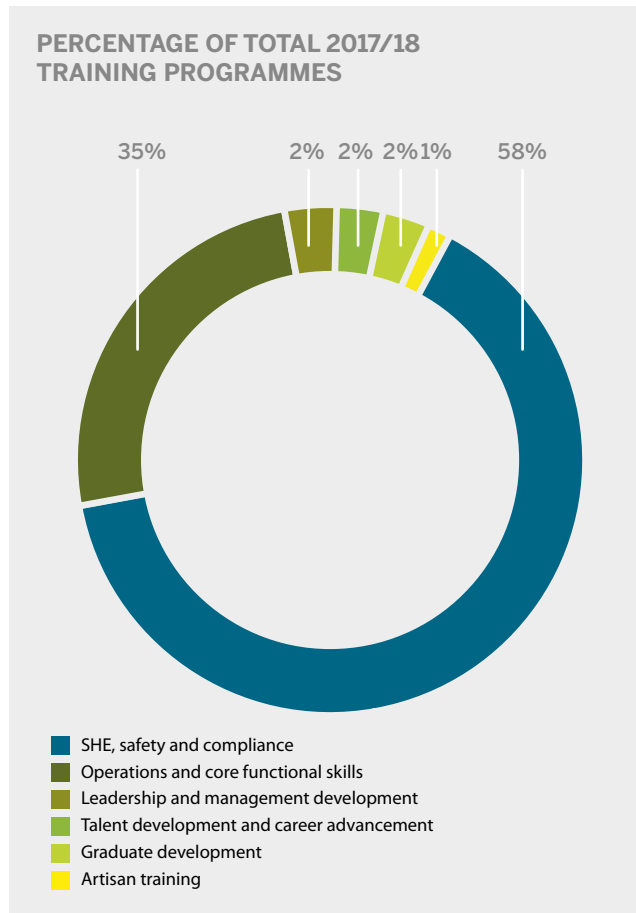
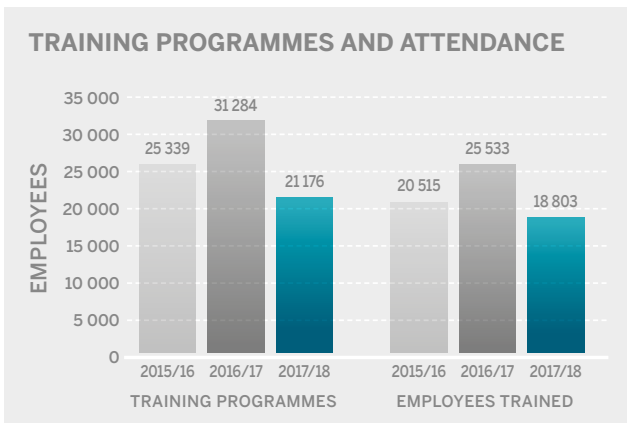
PROGRAMME	PURPOSE	IMPLEMENTATION	INITIATIVE
LEADERSHIP DEVELOPMENT	Aimed at developing an adequate pool of competent and engaged leaders to meet the organisation's present and future needs	<p>Leadership and management development programmes</p> <ul style="list-style-type: none"> • 363 people trained • 2% of total 2017/18 programmes <p>Talent development and career advancement</p> <ul style="list-style-type: none"> • 481 people trained • 2% of total 2017/18 programmes 	<ul style="list-style-type: none"> • Executive development • Senior management development • Management development • Supervisory development
FUNCTIONAL TRAINING	Designed specifically for Tongaat Hulett functions and operations, such as milling, production and engineering	<p>Operations/core functional skills training</p> <ul style="list-style-type: none"> • 7 444 people trained • 35% of total 2017/18 programmes 	<ul style="list-style-type: none"> • Production training • Discipline-specific technical training • Project management
WORK INTEGRATED LEARNING PROGRAMMES	Structured programmes designed to expose individuals to institution-based learning and work exposure. This could be permanent employees or unemployed youth	<p>Graduate development programmes, entry-level skills training</p> <ul style="list-style-type: none"> • 445 people trained • 2% of total 2017/18 programme <p>Artisan Training</p> <ul style="list-style-type: none"> • 199 people trained • 1% of total 2017/18 programmes 	<ul style="list-style-type: none"> • Engineer in training (EIT) programme • Apprenticeships • In-service training • Life skills • Graduate programmes/placements • Work experience
SUSTAINABILITY INITIATIVES	Training programmes designed to develop personal effectiveness, life skills and skills essential to the organisation	<p>Safety and compliance training and certification</p> <ul style="list-style-type: none"> • 12 244 people trained • 58% of total 2017/18 programmes 	<ul style="list-style-type: none"> • SHE training • Wellness programmes • Legal compliance training • Diversity inclusion programmes

TRAINING NEEDS ANALYSIS/ASSESSMENT

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



Some of the metrics used to measure the extent of the learning and development interventions across the company are shown in the diagrams below.



CASE STUDY EXPANDING TECHNICAL SKILLS



Tongaat Hulett is committed to growing its employee culture of continuous learning and development. An example of this commitment is the Supervisory Development Programme which was run by its starch operation.

To read more go to www.tongaat.com/skills

CURRENT AND FUTURE LEADERSHIP

Tongaat Hulett is driving an intensive cycle of building leadership bench strength, succession planning and talent management. Specifically, recent emphasis has been to:

- Encourage its leadership pool to further develop their skills, particularly focused on upskilling for the changing dynamics both today and into the future.
- Robustly assess selected executive leadership team members together with a review of the talent within operations' executive teams.
- Accelerate the developmental progression of talented individuals that are outside the "current leadership pool" or are more junior in the pool.
- Retain, as far as possible, talented key pre-retirement senior executives.
- Supplement the leadership bench strength with external appointments in such a way that positively impacts on the above, with these new individuals making a successful transition into Tongaat Hulett.

In line with these top-level processes, targeted external talent recruitment of high-calibre executive talent is currently underway in South Africa and Zimbabwe. Reorganisation initiatives have also taken place internally within the sugar operations of Mozambique and at the land conversion and development operation to strengthen the executive leadership bench strength. Additionally, a robust assessment of selected executive leadership team members has taken place, together with a review of the talent within operations' executive teams.

The company continued to support the customised, action learning and block release Tongaat Hulett Business Leadership Development Programme (SMDP and MDP) in conjunction with the Stellenbosch University Business School. The faculty for this

programme is drawn from academics, a cross-section of industry experts and Tongaat Hulett executive leadership participating as guest speakers, executive champions and mentors. The programme places a high level of importance on company business improvement projects.

FUNCTIONAL TRAINING

The business's core and critical operational skills development has continued with a significant emphasis on skills gap assessments and targeted interventions to uplift artisan skills across both the sugar and starch operations.

WORK INTEGRATED TRAINING

Experientially based learning programmes provide an extensive skills pipeline for the business to develop and grow its core competencies in engineering, production, agriculture and finance. In the year under review, certain graduate development programmes have targeted unemployed youth in strategic partnership with various training institutions as part of Tongaat Hulett's broader social and community response, affording these learners much-needed work place experience to improve their employability. For example, in South Africa, the sugar operations partnered with both the Owen Sitole College of Agriculture and the Umfolozi Technical and Vocational Education and Training (TVET) College on KwaZulu-Natal's north coast to provide workplace experiential learning to agricultural and engineering students for six to twelve month periods. In addition, working with the training faculties, the company has assisted in ensuring that training programmes are better aligned to actual workplace needs, bridging the gap between education and the workplace.

In support of the graduate training and development programme, the company's assisted study scheme provides bursaries to financially constrained and high potential youth, who attain a qualification within a specific study discipline. Once the learners have completed their studies, the programme provides workplace experiential learning, including a mentorship element.

CASE STUDY ADELAIDE CHIKUNGURU



Tongaat Hulett is committed to maintaining and growing its current pool of highly skilled engaged leaders to address the company's existing and future leadership needs. This commitment to growing leadership talent is clearly demonstrated in the support that the business continues to provide to Adelaide Chikunguru, who is based at the company's Zimbabwean operations.

To read more go to www.tongaat.com/adelaide

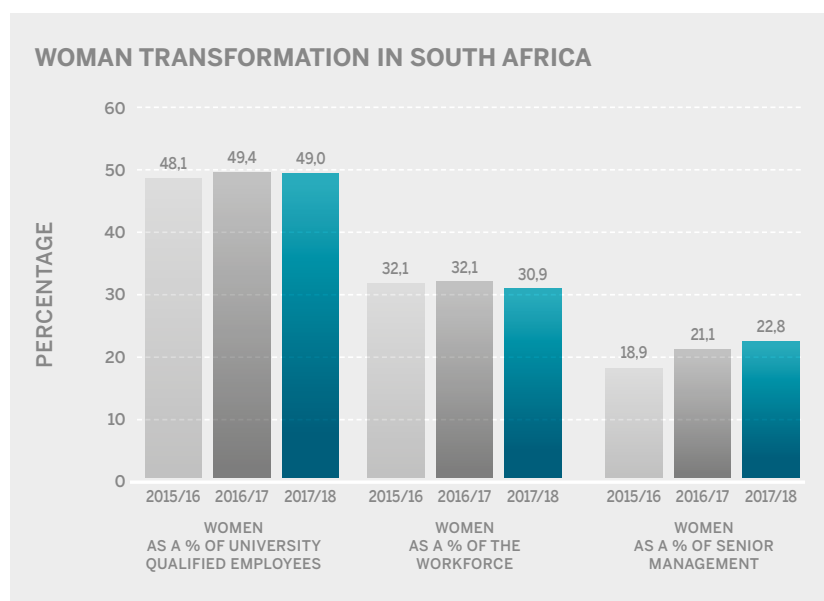
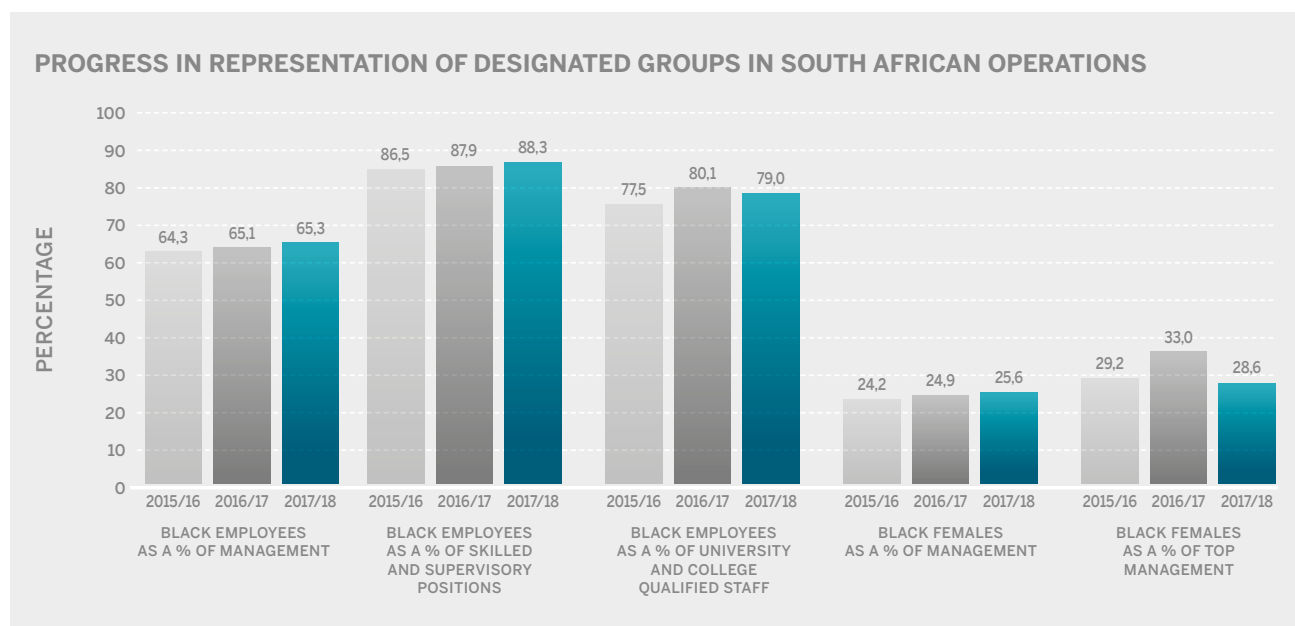
ACCELERATING EMPLOYEE TRANSFORMATION AND LOCALISATION

In each of the countries in which the business operates the transformation of the workforce continues to be prioritised through the improvement of management representation of previously disadvantaged individuals, localisation of skills and the general upliftment of women. In South Africa, steady progress has been achieved in increasing the representation of African skilled employees, management and leadership, together with improving the representation of persons with disabilities. In South Africa during the year under review, some 13 top and senior management level employees joined Tongaat Hulett, of which some 62 percent were either black females or black males. The progress in representation of designated groups in South African operations is shown diagrammatically below:

During 2017/18, a total amount of R45,7 million was spent on training and development in South Africa, of which R40,7 million was spent on employees from disadvantaged groups. In Mozambique the localisation of skills and the upliftment of women remains a key focus area. As a consequence, the expatriate community which forms a small core (0,7 percent) of the Mozambican workforce has reduced by 26 percent from 110 to 81 employees. In Zimbabwe, the emphasis on gender diversity has been supported by the preferential appointment of women in most available mid to senior level positions.

PERSONS WITH DISABILITIES

While some work environments across Tongaat Hulett's operations are less accessible to persons with disabilities, whenever possible, persons with disabilities are considered in employment decision making. Tongaat Hulett employed a total of 71 persons with disabilities, across all operations, as at the end of March 2018. In South Africa, the total was 57, increased from 50 in 2017.





HR MANAGEMENT INFORMATION SYSTEMS

The multi-phased rollout of the SAP ERP system across Tongaat Hulett was successfully completed with the Human Capital Management (HCM) module going live at the outstanding operations in Botswana, Mozambique and Namibia. The reviewing and streamlining of current HCM and payroll business practices and roles in the new SAP ERP system environment has been ongoing in pursuit of operational efficiencies and building a “one company” philosophy.

HUMAN RIGHTS

As a signatory of the Universal Declaration of Human Rights and a member of the UN Global Compact, the company commits to respect internationally recognised human rights standards. This includes a commitment to avoid causing or contributing towards adverse human rights impacts through company activities, and seeking to prevent or mitigate adverse human rights impacts that are directly linked to Tongaat Hulett operations, products or services by business relationships. Examples of Human Rights infringements that Tongaat Hulett aims to prevent includes child labour, forced and compulsory labour, unsafe and unhealthy working environments and constraints to employee's freedom of association, both within the company and in its supply chain.

During the past year the company undertook a review of its human rights practices throughout the organisation. Instances where human rights could potentially be impeded were identified, for example in the supply chain area. It was determined that while the company had generally good human rights practices, certain policies and procedures could be improved for more effective

monitoring and management. Tongaat Hulett is in the process of actioning these changes, with the following already implemented:

- The amendment of the Code of Business Conduct and Ethics, to include a human rights provision.
- Drafting and dissemination of the guidelines for human rights in the supply chain policy.
- Introduction of a supplier human rights review process as part of tenders and on-boarding of new suppliers.
- Better alignment of Safety, Health and Environment (SHE) practices and their role in maintaining human rights in the lives of our employees and communities through updates to Tongaat Hulett’s SHE policy guideline.
- A review of human resources policies across certain operations to ensure compliance with human rights guidelines. This resulted in the amendment of certain policies and initial planning of processes for measuring and monitoring key indicators linked to human rights.

This process will continue, with human resources policy reviews still required for some operations, which should include the implementation of measuring and monitoring processes. In addition, the supply chain function is investigating mechanisms to begin auditing existing suppliers of various sizes to ensure human rights compliance. SHE teams will also be taking steps to educate farmers supplying sugarcane to Tongaat Hulett sugar mills on human rights, including key topics such as child labour.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Freedom of association and collective bargaining is a basic human right that the business seeks to build and maintain with its employees and their union representatives. Tongaat Hulett bargains collectively with the unions, listed below, in the six countries in which it operates, with collective bargaining agreements covering a total of 22 504 employees (2016/17: 26 084) in manufacturing and agricultural operations.

Country	Recognised Unions
South Africa	African Meat Industry and Allied Trade Union (AMITU) Food and Allied Workers Union (FAWU) South African Equity Workers Union (SAEWA) The Association of Mineworkers and Construction Union (AMCU) United Association of South Africa (UASA)
Zimbabwe	Sugar Milling and Allied Workers Union of Zimbabwe (SMAWUZ) Sugar Production and Milling Workers' Union of Zimbabwe (SPMWUZ) Zimbabwe Hotel and Catering Workers Union (ZHCWU) Zimbabwe Sugar Milling Industry Workers' Union (ZISMIWU)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açúcar e Afins (SINTIA)
Swaziland	Swaziland Agricultural Manufacturing and Allied Staff Association (SAMASA) Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Cashiers Shop Assistant and Allied Workers Union (CASAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

During the past year the Department of Labour in South Africa cancelled the registration of the National Sugar and Refining and Allied Industries Employees Union (NASARIEU) and the Association of Mineworkers and Construction Union (AMCU) emerged in the sugar milling industry.

Following strike action at the Zimbabwean operations in 2016 and an ongoing wage arbitration process, interventions to restore and strengthen the employer-employee relationship and the working environment have been instituted.

Tongaat Hulett Starch settled a wage dispute after a 22-day strike following a protracted period of industrial peace, maintaining production at reduced levels and retaining key, blue chip, global customers. The strike, initiated by FAWU members falling within the Bargaining Unit, was triggered by an impasse in wage negotiations. The industrial action was resolved, in cooperation with FAWU national leadership structures, and a mutually agreeable settlement was reached. A total of 296 employees participated in the strike, being 44 percent of the starch operation's employee compliment, costing the company R8,84 million.

At the Mafambisse operations, 388 cane cutters, about three percent of the Mozambique operation's employee compliment, embarked on a two-day strike. This was triggered by insufficient understanding of the new staggered rest day and payment system, which was implemented at the beginning of 2017. This had been communicated as part of the induction process at the beginning of the season. The impasse was resolved through additional communication sessions between management and

these employees where the new system was further explained and clarified. This strike cost the company some R2,38 million.

DISCIPLINARY AND GRIEVANCE PROCEDURES

Tongaat Hulett's structured disciplinary and grievance procedures fairly and transparently regulate misconduct, incapacity and conflicts in the workplace in a manner that maintains the dignity and basic human rights of the employees, aided by the involvement of local shop stewards and union representatives. These processes are well documented and aligned with both international best practice and local legislation. As part of the disciplinary procedure, employees are timely notified, have the right to representation and are afforded the opportunity to call and cross-examine witnesses. The grievance procedure, in response to legitimate complaints by employees, seeks to fairly resolve grievances as close to their point of origin as possible, and within a reasonable timeframe.

ANTI-BRIBERY AND CORRUPTION

As articulated in the Code of Business Conduct and Ethics, Tongaat Hulett is committed to a policy of fair dealing, honesty and integrity in the conduct of its business. All employees are signatories of this Code and non-compliance may result in disciplinary action, including dismissal. The Deloitte Tip-Offs Anonymous service provides employees, in all operating countries, the opportunity to report any unethical behaviour by management, employees, contractors or other third parties.

