

## ACCOUNTABILITY AND INTERNAL CONTROL

The directors are required by the Companies Act to maintain records and prepare financial statements, which fairly present the state of affairs of the company as at the end of the financial year and the results of its operations for that year, in conformity with International Financial Reporting Standards. The financial statements are the responsibility of the directors and it is the responsibility of the independent external auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set, including the application of the company's Internal Control Framework. Tongaat Hulett Limited's Internal Control Framework is based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Framework, which has emerged as the leading framework that companies and auditors use to evaluate controls.

Systems of internal control are implemented to reduce the risk of error, loss or failure to achieve corporate objectives in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework of prudent and effective accounting procedures and adequate segregation of duties. They are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in an appropriate manner, which is above reproach.

The company's internal audit function operates independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognisance of relative degrees of risk of each function or aspect of business.

Comprehensive management reporting disciplines are in place, which include the preparation of annual budgets by all operating entities. The operating Boards approve individual operational budgets, while the company budget is reviewed and approved by the Tongaat Hulett Board. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios and working capital and borrowing levels are monitored on an ongoing basis.

## THIRD-PARTY MANAGEMENT AND RELATED PARTY TRANSACTIONS

No part of the company's business was managed during the year by any third-party in which any director had an interest.

The company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in Tongaat Hulett Limited's annual financial statements fairly represents their shareholding in the company, both beneficial and indirect, interest in share options of the company and the compensation earned from the company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

## INSIDER TRADING

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

## GOING CONCERN ASSERTION

The directors confirm that they are satisfied that the company has adequate strategic, financial and operational resources to continue its business for the foreseeable future. The basis upon which this assessment is made is recorded at the time of approval of the annual financial statements. The Board continues to adopt the going concern basis for preparing the financial statements.

## RELATIONSHIP WITH STAKEHOLDERS

The Board endorses the elements of Principle 16 of King IV™ that states that in the execution of its governance roles and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. For more detail on the company's engagement with its wide range of important stakeholders, and key focus areas during the reporting period, please refer to the sustainability section of this integrated report.

The CEO, CFO and the Investor Relations and Communications Executive interface regularly with institutional investors on key strategic themes and the performance of the company, through various presentations and scheduled meetings as per the company's investor relations programme. The current programme includes management conducting roadshows in South Africa, and internationally, in addition to its participation in selected conferences. Through the company's website, a wide range of information is available to all shareholders and other stakeholders, including the integrated annual report, information on investor relations, and updates of the company's activities and its many initiatives to promote stakeholder value creation and sustainability.

Tongaat Hulett remains committed to principles of transparency, and copies of presentations given to the investment community are available on the company's website. The company encourages the attendance of shareholders at AGMs and welcomes fruitful discussions and questions arising from the agenda and any additional issues of interest or concern to the shareholders.