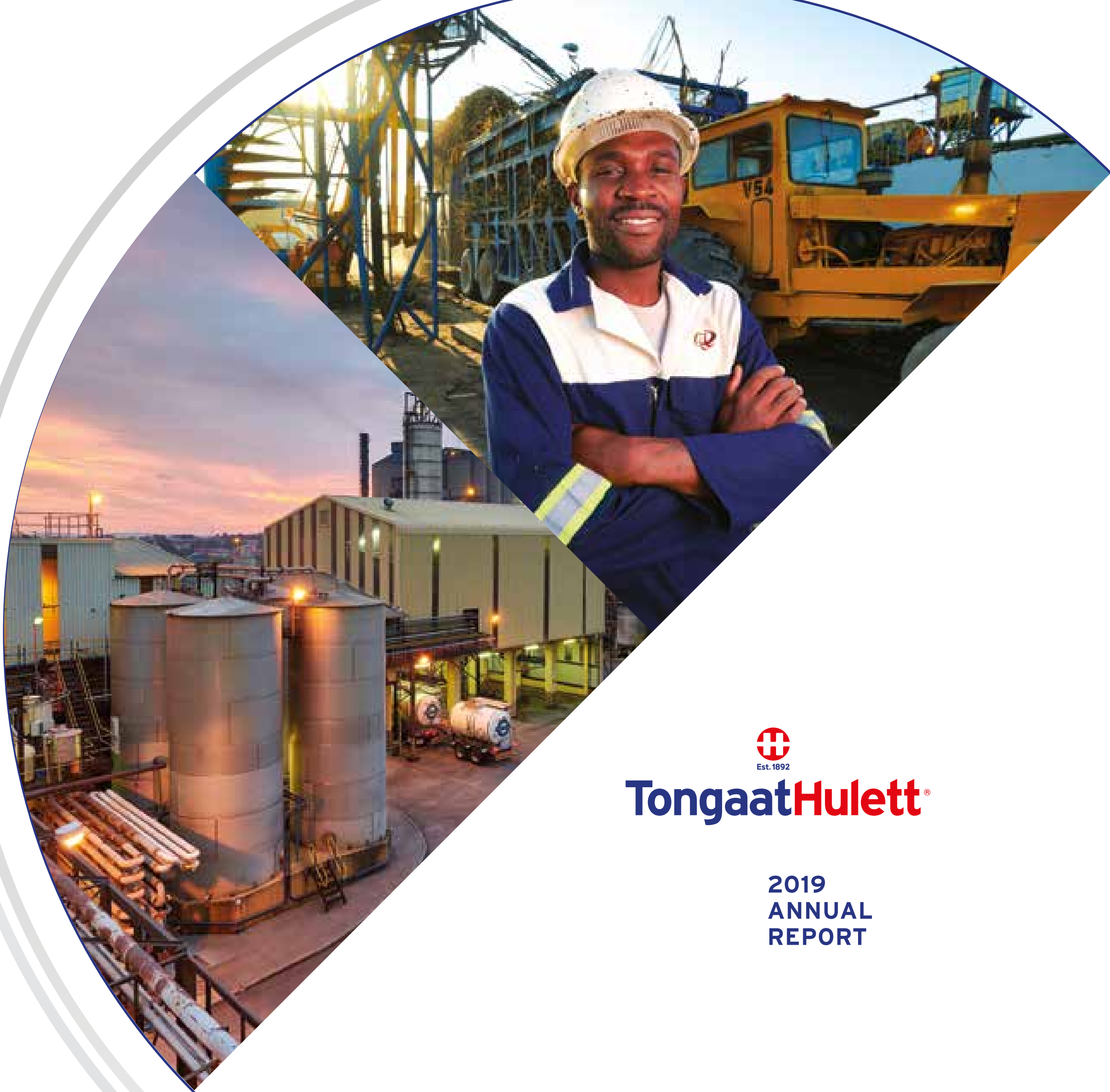

TongaatHulett
Est. 1892

2019 ANNUAL REPORT

ABOUT THIS REPORT

The 2019 annual report covers relevant financial and non-financial aspects of the operations of the company. We are currently undergoing a turnaround process which will impact the company's structure going forward; as much detail on this has been included in the report as possible.

The principles embodied in the King IV Report on Corporate Governance for South Africa 2016™ (King IV™), the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework and the Global Reporting Initiative's (GRI) Standards contributed to the compilation of this report.

ASSURANCE AND APPROVAL

The Audit and Compliance and the Risk, Capital and Investment Committees consider all material matters facing the company to ensure that these are adequately managed and that internal assurance activities are integrated and coordinated efficiently and proficiently.

The following service providers provided external assurance of various elements of the annual report:

- Annual financial statements - Deloitte & Touche
- Review of internal controls and risk review - KPMG
- Sustainability - Environmental Resources Management (ERM)
- B-BBEE contributor level - 1st Verification Networx
- Carbon emissions disclosure - Terra Firma Solutions
- Operational certifications - include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000

The report was approved by the Board for release to shareholders on 9 December 2019.

Readers should note that through a series of events that have largely fallen outside of our control, the publication of this annual report has regrettably been delayed by several months.

In the interest of providing our stakeholders with the most current view of the status of the company and its subsidiaries, we have provided, wherever possible, information that is up to date as at the date of this report. All financial information, by necessity, relates to the 12 months to 31 March 2019 and has not been updated.

SUITE OF REPORTS

The annual report forms part of, and should be read in conjunction with a suite of reports available online on our website at www.tongaat.com. Other reports available are:

- 2019 Annual Financial Statements (http://www.tongaat.com/2019AFS)
- 2019 Sustainability Report (www.tongaat.com/2019sustainability)

REQUEST FOR FEEDBACK

We would like to hear from all stakeholders on their views of the 2019 annual reporting suite, including the accessibility of the information provided and opportunities to expand and improve future reporting.

Please contact: Corporate Communications, Tongaat Hulett,
PO Box 3, Tongaat, 4400, South Africa
email: info@tongaat.com
telephone: +27 32 439 4365

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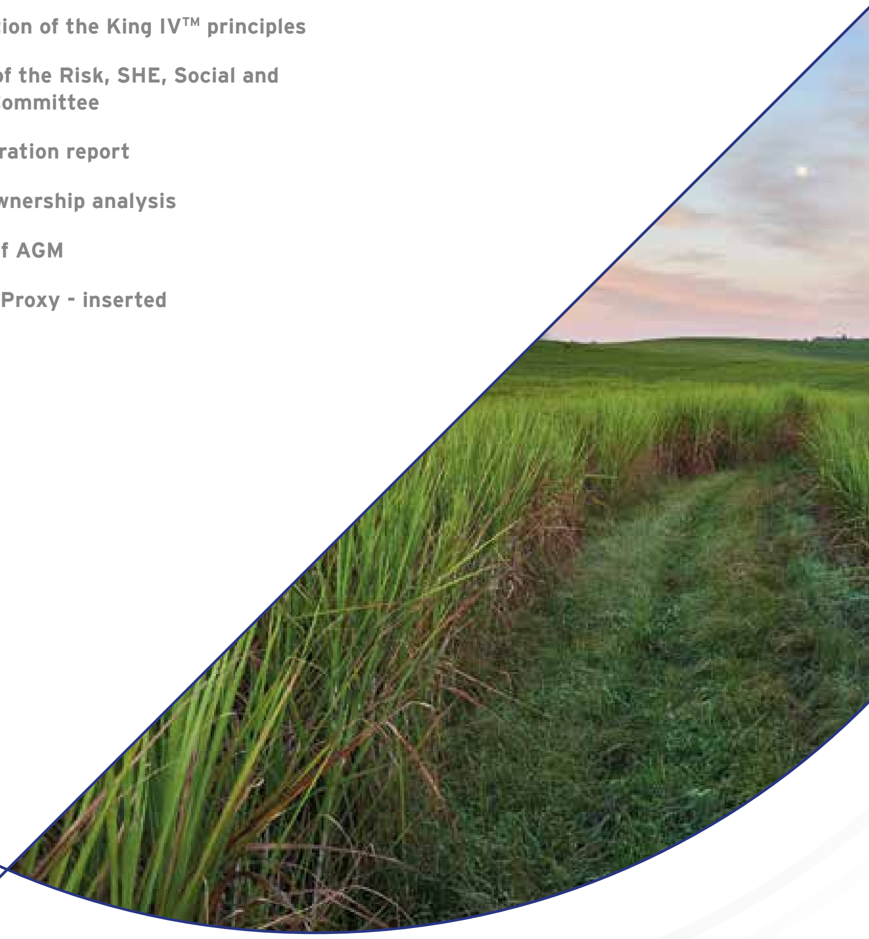


FURTHER DETAILS

Online information available

Further information in this report

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders

This year is different than any other before in the life of Tongaat Hulett, a company and its people who have gone through significant turbulence and change since the beginning of the 2019 calendar year.

You will notice that this report is not a typical integrated report, as you would have seen from us in the past, or elsewhere. This is a short and focused report, considering our state of transition. We will be providing a more 'traditional' report for the 2020 financial year in due course.

We are acutely aware that our misfortunes are not ours alone, but also impact directly and indirectly on our employees, growers, shareholders and funders, as well as our communities and broader society. This knowledge reinforces the Board's commitment to re-establish integrity and transparency, strengthen leadership and governance and bring stability to the company. The Board is committed to relentlessly instilling good governance in the business and achieve the King IV™ corporate governance outcomes of sustainable value creation, an ethical culture, effective control and trust, a good reputation and legitimacy.

In his review, the CEO talks about the forensic review, corrective action, the turnaround of the business, restructuring of debt and selling of assets. Similarly, the Board has gone through significant changes and the Board that is signing off of this report and the annual financial statements looks very different to the one that did so last year. Gavin Hudson was appointed as Chief Executive Officer (CEO) in February 2019 and Rob Aitken was appointed as Chief Financial Officer (CFO) in March 2019. They replaced CEO Peter Staude who retired 31 October 2018 and Murray Munro who stepped down as CFO with effect from 7 August 2018. Jenitha John and Nonhlanhla Mjoli-Mncube also resigned from the Board on 31 May 2019 and 30 June 2019 respectively.

To further revitalise the Board, a decision was taken to replace several long serving members to take the company forward in its efforts to expedite both its turnaround plan and operational objectives. Non-executive director and Chairman of the Board, Bahle Sibisi, independent non-executive directors Rachel Kupara, Brand Pretorius and Tomaz Salomão and non-executive director Thandeka Mgoduso stepped down with effect from 30 September 2019. The Board thanks these directors for their service and valuable contribution to Tongaat Hulett over many years and wishes them well in their future endeavours.

Independent non-executive director, Louis von Zeuner who joined the Board in December 2018, assumed the role of Chairman of the Board with effect from 1 October 2019. Fatima Daniels will step down as a director on the Board and Chairman of the Audit and Compliance Committee at the annual general meeting of the company on 24 January 2020. Stephen Beesley continues as a director on the Board and has been appointed Chairman of the Social and Ethics Committee with effect from 1 October 2019.

Andile Sangqu, Linda de Beer, Jean Nel and Robin Goetzsche have been appointed as new independent non-executive directors on the Board and Dan Marokane has been appointed as an executive director on the board. With their wide range of skills, knowledge, extensive experience and business acumen, the Board is confident that the incoming directors will make a meaningful contribution to the business going forward.

These changes have improved the balance of a concentration of power and an enhancement of skills diversity and independent thinking. The Board has a Diversity Policy at Board level and will look at setting relevant targets to enhance gender and race representation on the Board, as appropriate.

We are also in the process of reassessing the company secretariat function, in light of the resignation of our current Company Secretary, Maditshaba Mahlari. We would like to thank her for her contribution to the work of the Board. The Board welcomes Johann van Rooyen as the new Company Secretary with effect from 1 January 2020, and look forward to his contribution

With the reconstitution of the Board in place we are also reviving and enhancing our Board committees in order to focus on the task at hand. The most immediate focus areas of the Board are:

- Cost containment and the enhancements of cash flows.
- Execution of the business turnaround strategy.
- Debt restructuring and performance against debt milestones to a more sustainable debt level.
- The sale of non-core and core assets and an equity raise to assist with cash flow and debt extinction.
- Addressing the legal and disciplinary matters flowing from the forensic findings.
- Enhancing capacity in operational and support teams as well as the quality of systems, controls, monitoring, oversight and governance in general in the company.

As the incoming Chairman, I would like to extend my sincere appreciation to all those who have supported Tongaat Hulett during a very difficult time. Your continued support will be invaluable as we focus on turning the business around, rebuilding our resilience and returning to profitability. A special thank you should also go to our executive management and our employees for their loyalty and dedication, which has been above and beyond the call of duty this year.

A special vote of thanks must go to our CEO, Gavin Hudson and CFO, Rob Aitken who continue to demonstrate tremendous determination in reinvigorating the organisation, developing a new pathway to success and implementing the necessary changes that will deliver sustainable shareholder returns going forward.

We brace ourselves for what will certainly be a difficult journey ahead, that will require significant focus, stamina and resilience from all of us, and the ongoing support from our stakeholders as we work on rebuilding our trust. However, we are confident that implementation of the necessary changes would reposition Tongaat Hulett to again be a profitable business, reset the path towards sustainable value creation for our shareholder and all other stakeholders, and in time return the company to its former glory.

Louis von Zeuner
Chairman

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal

9 December 2019

CHIEF EXECUTIVE'S REVIEW

Events from the past year

I commenced my duties on 1 February 2019 as the new Chief Executive of Tongaat Hulett. My mandate was to expedite an immediate and comprehensive strategic and financial review with the view of stabilising the business, addressing the debt levels and re-establishing a growth path for shareholders.

Our immediate task was to appoint a permanent Chief Financial Officer, revitalise the executive leadership team and identify priority areas for significant and rapid intervention. These included streamlining operations, rationalising where appropriate, and improving business performance and accountability.

During the course of the strategic and financial review, it became clear that the business was facing a significant number of other challenges. These included:

- Operational performance continued to decline. This was mainly related to the overhang of excess sugar due to excessive imports, a significant reduction in demand due to the Health Promotion Levy (Sugar Tax) in South Africa and low world sugar prices.
- Following a thorough review of the land portfolio, there were cases in which debtors had not performed, and these sales had to be terminated to allow the company to pursue replacement sales. Despite these challenges and in a current economic climate that is not conducive to land sales, we are pleased to report that the company has negotiated two sale agreements this year and has taken steps to obtain the necessary planning approvals to conclude these transactions. Management is also focused on collecting the proceeds from previously concluded land transactions.
- The performance of the starch business remained strong

Tongaat Hulett's high debt levels and interest cost have a disproportionate impact on earnings. Our appointed advisors entered into discussions with lenders in February 2019 to address this as a matter of urgency. The Board and management identified improved cash generation as a key priority and implemented a comprehensive range of actions to reduce costs significantly and improve operating performance.

Tongaat Hulett also holds a substantial asset base including controlling interests in sugar operations in South Africa, eSwatini, Botswana, Namibia, Mozambique and Zimbabwe, an extensive property portfolio, and starch operations. The company has committed to selling certain assets to reduce debt, strengthen our balance sheet and improve our liquidity position. We have obtained independent valuations of our various businesses as well as our land portfolio, which are currently reflected in the financial statements at historical cost.

We also concluded a waiver and undertaking agreement with our lenders in relation to facilities provided by the lenders to the company and its subsidiaries. We have now entered into a detailed term sheet with our SA lenders. Negotiations on the debt standstill in Mozambique continue to proceed positively.

At the same time, management had to assess various assets, including cane assets and project costs for impairment risk, review the accounting implications of the currency dynamics in Zimbabwe and finalise the impact of IFRS 15 - Revenue from Contracts with Customers, on our financial statements.

In early March, it became clear from the financial review that certain historic accounting practices had emerged which required further scrutiny, and which could well impact on previously reported financial information. Bowman Gilfillan Inc. appointed PwC on behalf of the Board to assist with a comprehensive forensic review of these past practices. The primary focus areas of the review included:

- the timing and recognition of land sales and the allocation of the related costs;
- the apportionment of revenue between land sales and the provision of infrastructure;
- the appropriateness of overhead costs capitalised to specific assets;
- the assumptions used in establishing the fair value of growing crops; and
- the assessment of various assets for impairment.

In May 2019, we announced that the review had revealed that these past practices appeared to have resulted in financial statements that did not reflect Tongaat Hulett's underlying business performance accurately. This meant that the company's audited consolidated financial statements for the year ended 31 March 2018 would need to be restated, with an estimated reduction in the amount reflected in the 2018 Financial Statements as the company's equity as at 1 April 2018 of between R3.5 billion and R4.5 billion.

The adjustments were of a non-cash nature and related to the reassessment of land sales against the revenue recognition criteria defined by International Financial Reporting Standards and the associated profit margins; a revision to growing cane valuations; and a reversal of costs capitalised to, inter alia, projects, cane roots, maintenance and inventory, on a cumulative basis.

Given the extent of the envisaged restatements and the number of periods it would potentially affect, the company thought it appropriate to request the suspension of its shares on the JSE Limited and the London Stock Exchange on 10 June 2019. We maintained, as we do now, that there was insufficient reliable information in the market on which to make informed investment decisions. Tongaat Hulett also decided to cancel its London Stock Exchange listing in an effort to further reduce costs and complexity.

Throughout our temporary listing suspension, it was business as usual for Tongaat Hulett operationally. We consulted with our stakeholders to ensure there were no interruptions to our business operations, while we continued to engage in a collaborative process with our debt providers. We met with many other stakeholders who have a material impact on our business, including government at all tiers, our growers, our employees, and our communities.

On 29 November 2019 we published an overview of the PwC report on our website. The financial impact of the investigation and further work done in this regard can be seen in the restatement note in the annual financial statements.

Dissolution of our B-BBEE scheme

During the year, negotiations were also concluded between our B-BBEE shareholders, their advisors and funders about a formal unwind of the 2007 B-BBEE transaction funding structure.

Our turnaround plan

In an environment of extraordinary challenge and change, it was critical that we clarify and refine our strategic ambition to create a shared vision and understanding of our journey to becoming a more profitable and sustainable business.

Our strategic ambition

A major task was to mobilise our employees, many of whom had taken on additional responsibilities during the year, and many of whom had experienced considerable stress. An important part of this process was to clarify our strategic ambition, mission and values so that they could understand a shared goal in which they would play a critical role.

To achieve this ambition, the first phase of our transformation has been to focus on two key areas of improvement.

Focus area 1 - improving the profitability of the sugar operations

Our immediate focus is on our sugar operations where cost reductions are a major priority. In South Africa, the aim is to generate sustainable profits by, firstly, accelerating our move out of farming. Other material priorities include the continued reduction of subsidies for cane supply; investing in our animal feeds business; participating to help reshape the industry and the Sugar Act; diversifying into other cane uses such as ethanol and bioplastics, and consolidating and optimising our milling and refining operations.

In Zimbabwe, our focus is on building a business resilient to hyper-inflation and developing the capability to extract foreign exchange, rightsizing the business and outsourcing certain services, increasing sugar production, and driving exports.

In Mozambique, the goal is to ensure returns from our investment over the past few years by rightsizing the business, building up the refinery to full capacity, and reshaping our agricultural operations.

Focus area 2 - reducing debt

Reducing debt is a core priority for us. In addition to initiatives to improve cash flow, we have considered three options:

- An outright sale of assets: while this option would serve to reduce debt, it may not be the best option for long term sustainable growth.
- The formation of strategic partnerships: this option would also serve to reduce debt while at the same time, provide a sustainable platform for future growth and value extraction from our foreign operations.
- A combination of the first two options, potentially supplemented by a rights issue: a rights issue could accompany a combination of deals and remains an option worthy of consideration.

In evaluating the different options available to us, our key considerations are:

- Debt reduction to a more sustainable level.
- B-BBEE opportunities, and options which augment our licence to operate in Africa.
- Shareholder value creation and stakeholder benefit.

In analysing the best way forward, we believe that the sale of selected assets, combined with three key strategic partnerships, would achieve most if not all of the considerations.

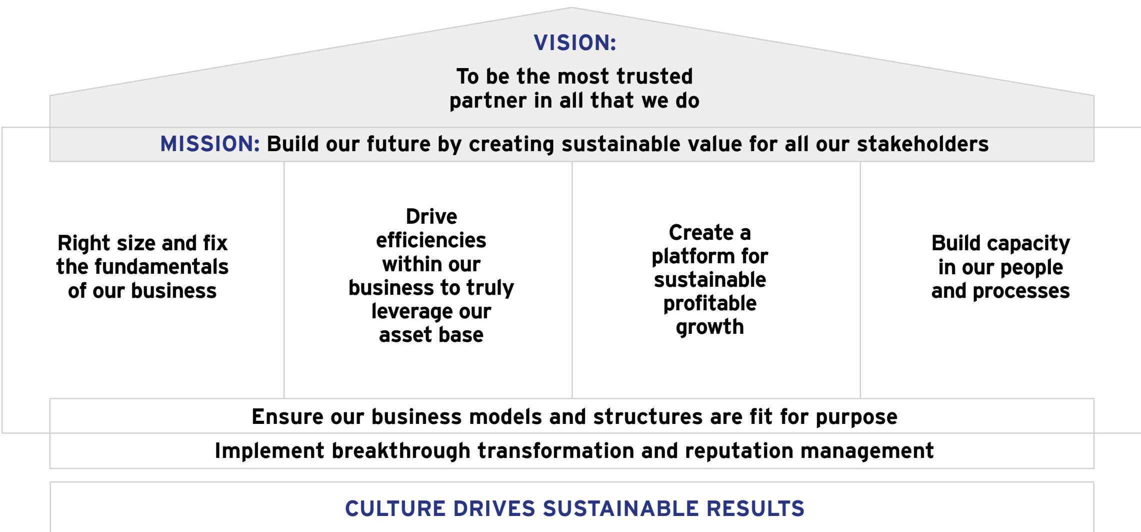
Strategic partnership opportunities

There are demonstrable opportunities for us to raise significant cash, step-change our transformation initiatives, and build strong strategic partnerships through four main initiatives:

Propco - The aim is for Tongaat Hulett to raise cash from an equity transaction and create stable and sustainable annuity earnings from the property portfolio. This would involve the creation of a diverse empowered property company (Propco) leveraging public-private partnerships, with Tongaat Hulett retaining a shareholding in the company in partnership with a broad-based empowerment consortium. We believe that Propco would accelerate property development through black local developer-led project implementation and property value chain participation, linked with public sector partnership and commitments to bulk services, social housing and amenities rollout in line with an accelerated development agenda. It presents an opportunity for land value of R11.7 billion to be developed to a total portfolio value greater than R30 billion.

Millco - The viability and sustainability of the South African sugar industry is under threat from both market and climatic conditions, and is lagging behind in transformation. We believe that one correctly structured, competitive sugar business on the KwaZulu-Natal North Coast that mills, refines and sells sugar and associated products in South Africa, with equity held by farmers and others, would achieve sustainability as well as empowerment. The strategy is for Tongaat Hulett to participate in this venture by injecting assets and retaining at least 50,1%, with an arms-length management and technical agreement.

Farmco - Tongaat Hulett's South African sugar operations are supplied by some 119 000 hectares, of which some 8 400 hectares are owned and farmed by the company. We have identified the opportunity to exit direct sugarcane farming activities in South Africa. Farmco aims to ensure that land which has been targeted for future property development remains productive under sugarcane. This creates opportunities for third party growers to farm company-owned land, which mitigates potential job losses at farm level and guarantees sugar supply. We have a successful enterprise already: one Farmco initiative has created a large-scale black-owned sugarcane farming enterprise, leasing three prime agricultural estates at rentals below market-related rates. This company, Uzinzo, is now one of the largest majority black-owned sugar farming businesses in the country.



Strategic progress to date and immediate next steps

We have made considerable progress on our journey to recovery, and we have completely reset our base. Implementation has begun on the initial phases of reducing our debt through streamlining and rationalising operations, and improving business performance and accountability. 12 key projects across all areas of the business are aimed at maximising net cash. Rolling out from March 2019, they are detailed in the graphic below.

Challenging targets have been set for each project and all work streams are monitored closely to ensure that projects remain on track. Weekly reports are submitted to the Board restructuring committee and internal audit, and provide assurance on reported savings.

Our target is to improve our cash flow over the next two years by some R3 billion. This will be done through a combination of asset sales, cost optimisation, increasing efficiencies in our working capital, and reducing our capital expenditure. These will allow us to reduce debt and further support cash flow through a reduced interest bill.

We are pleased with the progress across all projects. We are cautiously confident that we are on track to achieve our objectives.

As mentioned, the restructuring and refinancing of all existing facilities, and the provision of an additional seasonal liquidity facility, are being negotiated and are well progressed in South Africa. A debt standstill is being negotiated in Mozambique. We have also identified and initiated a process to sell non-core assets, with some projects well advanced.

The next phase of our turnaround plan will be to continue with the sale of a share of our core assets through the strategic partnerships of Millco, PropCo and FarmCo. Our aim is to re-establish our profitability and continue to build a sustainable business.

Impact of cost reductions and rightsizing

Cost reduction remains critical to ensure the sustainability of the company. An unavoidable part of this is rightsizing the different businesses. Notwithstanding this imperative, the company views retrenchment of employees as a last resort. All efforts were made to minimise the number of retrenchments through offering voluntary severance packages and early retirement to affected employees. Reskilling was also offered, and employees were placed in alternative positions wherever possible. 1 121 permanent and 740 seasonal employees elected to accept packages or had been retrenched by the end of October 2019.

Creating a safer work environment

We were deeply saddened that five people lost their lives in work-related fatalities during the past financial year. In response to this, we have reviewed our entire SHE process and have embarked on a new SHE programme. Our new approach will move us away from a mechanistic or systems-driven method to building an abiding culture of safety, focusing on influencing behaviour change and enforcing compliance.

Appreciation

In achieving what we must, we benefit considerably from the commitment, loyalty and drive of our employees. We owe a debt of gratitude to them for what they have delivered during a period of unprecedented change.

We also greatly appreciate the continuing support and constructive input that we have received from our funders and shareholders. It has been a considerable demonstration of trust in us, and we commit ourselves to keeping all these important stakeholders fully informed of our progress.

The Board has taken the lead in the investigations during the past year, and has provided outstanding guidance and strategic direction. Their joint and individual input and support have been highly valued.

Outlook

Tongaat Hulett has a strong legacy in South Africa and sub-Saharan Africa. We have had a demonstrable impact on the economies of these geographies, extending well beyond the people we employ in our operations. Our strong conviction is that we will continue to do so, with both hard work and commitment. We deeply value the relationships that we have established with small-scale, land reform and commercial private farmers, rural communities and governments. These relationships will be guarded as we work to develop, transform and create sustainable value for all our stakeholders.

Project Crystal - 12 Key projects

Project		Brief Description
1	**Restructure and optimise agriculture business (McP and CRDU)**	Restructure and optimise farming operations and extension services of McP and CRDU
2;3	**Optimise marketing, sales and distribution and refinery strategy**	Optimisation of the refinery and MSD operations, and determination of the South African Sugar refined sugar strategy
4	**Rationalise SA milling, ops, including review of Voermol**	Optimise the South African Sugar milling capacity to deliver targeted production unit cost
5	**Maximise procurement opportunities**	Implement various procurement contracting initiatives to deliver cost savings through integrated procurement teams from across the business.
6	**Tongaat Hulett corporate rightsizing**	Functional review of Tongaat Hulett's structures with a focus on reducing costs and enabling performance
7	**Ensure Mozambique business sustainability**	Drive cash savings through efficiency improvement across the value chains of the Mozambique operations
8	**Ensure Zimbabwe business sustainability**	Drive cash savings through efficiency improvement across the value chains of the Zimbabwe operations
9	**Ensure Starch business sustainability**	Drive cash savings through efficiency improvement across the Starch operations value chains
10	**Redefine property strategy and business model**	Optimisation/Rationalisation of Developments operations so as to maximise cash generation and long-term value for Tongaat Hulett
11	**Optimise working capital**	Improve working capital management across the business units
12	**Asset portfolio rationalisation**	Review non-core assets and consider disposals thereof for the purpose of debt-reduction.

BOARD OF DIRECTORS

Independent Non-executive Directors

L von Zeuner (58)
Independent
non-executive Chairman

Appointed:
10 December 2018

Bachelor of Economics, Chartered Director (SA)

Louis currently serves as a non-executive director on the boards of Transnet SOC Limited, Telkom SA SOC Limited, FirstRand Limited, Momentum Metropolitan Holdings Limited and AFGRI Holdings Limited, amongst others.
He is a member of Audit and Risk Committees on all the boards on which he serves. Prior to this, he had a long and industrious career at ABSA Group where he ultimately served as Deputy Group Chief Executive from 2009 – 2012. He was also Chairman of African Bank (post curatorship) until July 2018.

SM Beesley (67)
Independent
non-executive Director

Appointed:
17 June 2014

BA Law, MDP

Stephen has extensive multinational business experience in many countries, including Botswana, Namibia, Tanzania, Mozambique and Zimbabwe. He had a long career at BP plc where he held several executive and leadership roles, including as former Managing Director of BP Africa Limited, CEO of BP Southern African Pty Limited and Managing Director of BP and Shell Marketing Services, Zimbabwe. He is currently a partner at SJS Energy, and actively consults on a range of energy issues to the energy sector.

F Daniels (59)
Independent
non-executive Director

Appointed:
1 October 2008

Bsc, CA (SA)

Fatima has in-depth experience in various facets of large corporate business, from both a strategic and operational perspective, including industrial relations, transformation and employment equity issues. She has worked in various industries, and in positions ranging from finance to general management. She is a non-executive director of JSE Limited, Momentum Metropolitan Holdings Limited, Clicks Group Limited, Clicks Retailers Pty Limited, certain MTN subsidiaries, Rand Refinery Pty Limited and AfriSam Group Pty Limited.

L de Beer (50)
Independent
non-executive Director

Appointed:
1 October 2019

Chartered Director (SA), CA (SA), MComm (Tax)

Linda serves as an independent non-executive director on a number of JSE listed boards namely Aspen Pharmacare Limited, Omnia Limited and Momentum Metropolitan Holdings Limited. In addition, she chairs the Financial Reporting Investigation Panel of the JSE and is a member of the King Committee.

Linda is a visiting professor at the University of Johannesburg.

RM Goetzsche (59)
Independent
non-executive Director

Appointed:
1 October 2019

B Comm, EDP, AEP

Robin is an experienced former CEO of multi-beverage businesses, with 30 years' experience in SABMiller, initially in commercial roles then transitioning into Managing Director of the East African businesses. He is also currently a non-executive director of The Beverage Company, a number two player in the soft drink sector after the recent acquisition of SoftBev.

JJ Nel (47)
Independent
non-executive Director

Appointed:
1 October 2019

B Acc (Hons), CA (SA)

Jean, previously CEO of Aquarius Platinum and CEO of the platinum division of Sibanye-Stillwater, currently serves as a non-executive director of Mimosa Investments Ltd, Northam Platinum Ltd and DRD Gold Ltd. He co-owns and manages investments in a number of commercial property and hospitality assets and partnerships in South Africa, Namibia and the UK, and also serves on the investment committee and board of a small focussed Specialist Mining Finance Fund.

AH Sangqu (53)
Independent
non-executive Director

Appointed:
1 October 2019

B Compt (Hons CTA), H Dip Tax Law, EDP, MBL, AMP

Andile is a well-known visionary, business and thought leader who is currently Executive Head of Anglo American South Africa. He has provided leadership and strategic guidance such as business financial restructuring, financial systems development, implementation, strategic planning, and organisational transformation in many businesses including at Anglo American Platinum, Kumba Iron Ore, Pioneer Foods and Iliad Africa.

Executive Directors

JG Hudson (48)
Chief Executive Officer

Appointed:
1 February 2019

MBA

Gavin is an accomplished business executive with considerable experience in diverse and challenging markets within the alcoholic beverages industry. He was previously the Beer Group President and Chief Executive Officer of Anadolu Efes, a company listed on the Turkish stock exchange. Prior to this, Gavin served as the Managing Director of Anadolu Efes's beer businesses in Turkey and Russia and spent 26 years within SABMiller, holding senior roles, both in South Africa and internationally.

RD Aitken (36)
Chief Financial Officer

Appointed:
1 March 2019

BCom Accounting (Honours) (Cum Laude), CA (SA)

Rob is an experienced senior Financial Executive within Tongaat Hulett and was acting in the CFO role from August 2018 to February 2019. He is a qualified CA (SA) with 14 years' experience, 9 of which have been in the sugar industry and within an organisation previously listed on the JSE. He is well qualified and has the necessary experience and understanding to fulfil this role effectively.

DL Marokane (48)
Executive Director

Appointed:
18 November 2019

BSc Chem Eng, MSc Pet Eng, DIC, MBA

Dan has qualifications in BSc Chem Eng, MSc Pet Eng, DIC, MBA, Dan is a 48 year old seasoned executive with over 20 years in the oil, gas and power industries in various operational and strategic leadership roles. He was previously the Chairman of Eskom Enterprises Board, and the Eskom Roshcon and Rotek Industries Board. He also served as a member of the UK High Commission Management Board in SA and is a member of the UJ Engineering Advisory Board. He joined Tongaat Hulett as an executive in January 2018 and carried various responsibilities as the organisation embarked on the turnaround journey.

BOARD COMPOSITION

Current Board Composition as at the date of report

BOARD OF DIRECTORS		BOARD COMMITTEES						
Name	Year Appointed	Audit and Compliance	Remuneration and Human Resources	Nomination/ Directors Affairs	Risk, Capital and Investment	Social and Ethics	Strategy, Transformation and Operations	Legal and Regulatory
Non-executive directors								
L von Zeuner (Chairman) [1]	2018			Chairman			Member	Member
SM Beesley	2014		Member	Member		Chairman		
F Daniels	2008	Chairman		Member	Member		Member	
L de Beer [2]	2019	Member		Member	Member			Chairman
RM Goetzsche [2]	2019	Member	Member	Member			Chairman	
JJ Nel [2]	2019			Member	Chairman	Member	Member	
AH Sangqu [2]	2019		Chairman	Member		Member		
Executive directors								
JG Hudson (CEO) [3]	2019				Member	Member	Attendee	Member
RD Aitken (CFO) [4]	2019				Attendee			
DL Marokane [5]	2019				Attendee		Attendee	

1: Appointed as director on 10 December 2018, and as Chairman of the Board on 1 October 2019
2: Appointed as non-executive directors of the Board on 1 October 2019
3: Appointed as CEO on 1 February 2019
4: Appointed as CFO on 1 March 2019
5: Appointed as executive director on 18 November 2019

Board and Committee meeting attendance for the period 1 October 2019 to date of report

Director	Board		Audit and Compliance Committee	
	A	B	A	B
L Von Zeuner (Chairman) [1]	2	2	2[4]	2
JG Hudson (CEO)	2	2		
RD Aitken (CFO)	2	2		
SM Beesley	2	1	1	1
F Daniels	2	1	2	2
Linda de Beer [2]	2	2	2	2
Robin Goetzsche [2]	2	2	2	2
Jean Nel [2]	2	2		
Andile Sangqu [2]	2	2		
Dan Marokane [3]	1	1		

A: Indicates the number of meetings held during the year while the director was a member of the board and/or committee.
B: Indicates the number of meetings attended during the year while the director was a member of the board and/or committee.
1: Appointed non-executive director of the Board on 10 December 2018 and Chairman of the Board on 1 October 2019
2: Appointed non-executive director of the Board on 1 October 2019
3: Appointed executive director of the Board on 18 November 2019
4: Attended the audit and compliance committee meetings

Board and Committee meeting attendance for the period 1 April 2018 to 31 March 2019

Director	Board		Audit and Compliance Committee		Remuneration Committee		Nomination Committee		Risk, SHE, Social and Ethics Committee		Special Board Committee		Restructuring Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
CB Sibisi (Chairman)	7	7			3	3	3	3			4	4	1	1
PH Staude (CEO) [1]	4	4							2	2				
MH Munro (CFO) [2]	2	2												
SM Beesley	7	7	2	2					2	2	4	4	1	0
F Daniels	7	7	2	2					2	2			1	1
J John [3]	7	6	2	2										
R Kupara [5]	7	7	2	2										
TN Mgoduso [5]	7	6							2	2				
N Mjoli-Mncube [4]	7	6			3	3	3	3	2	2	4	4		
SG Pretorius [5]	7	6			3	3	3	3			4	4		
TA Salomao [5]	7	6												
L Von Zeuner	2	2											1	0
JG Hudson (CEO)	1	1											1	1
RD Aitken (CFO)	1	1											1	1

Board and committee meeting attendance for the period 1 April 2019 to 30 September 2019

Director	Board		Audit and Compliance Committee		Remuneration Committee		Nomination Committee		Risk, SHE, Social and Ethics Committee		Restructuring Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
CB Sibisi (Chairman)	2	2			2	2	2	2			15	15
SM Beesley	2	2	5	5					2	2	15	13
F Daniels	2	2	5	4					2	2	15	13
J John [3]	1	1	2	2								
R Kupara [5]	2	2	5	5								
TN Mgoduso [5]	2	2							2	2		
N Mjoli-Mncube [4]	1	1			2	1	1	1	1	0		
SG Pretorius [5]	2	2			2	2	2	2				
TA Salomao [5]	2	2										
L Von Zeuner	2	2	5	5					2	1	15	13
JG Hudson (CEO)	2	2							2	2	15	15
RD Aitken (CFO)	2	2									15	15

A: Indicates the number of meetings held during the year while the director was a member of the board and/or committee.
B: Indicates the number of meetings attended during the year while the director was a member of the board and/or committee.
1: Retired from the Board on 31 October 2018
2: Resigned from the Board on 7 August 2018
3: Resigned from the Board on 31 May 2019
4: Resigned from the Board on 30 June 2019
5: Resigned from the Board on 30 September 2019

APPLICATION OF THE KING IV™ PRINCIPLES

- **Ethical culture**
- **Good performance**
- **Effective control**
- **Legitimacy**

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Leadership

Principle 1 – The Board should lead ethically and effectively

Application

- The Board leads the organisation in accordance with principles based on transparency, accountability, integrity and ethical leadership. A Corporate Governance Manual which includes the board-approved Board Charter, Code of Business Conduct and Ethics (the Code), Directors' Code of Conduct, committee terms of reference and established policies and practices demonstrate a sound framework for effective leadership premised on an ethical foundation.
- The company operates within a board-approved Code which supports a commitment to fair dealing, honesty and integrity in the conduct of its business.
- The company has established an ethics management program which comprises systems and processes such as the whistle-blowing service, ethics reporting and auditing which include trends, root cause analyses and reporting on financial impact of ethics violations.

Focus areas since 1 April 2019 and in the near future:

- Significant changes have been made to the Board. In doing so, it was ensured that the required ethical leadership skills are enhanced at a board level.
- Board and individual director efficiency and effectiveness measurements will be implemented.

Organisational ethics

Principle 2 – The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

Application

- The Board sets the tone of ethical leadership and has delegated to management the responsibility to execute and implement the Code and through the Audit Committee and Social and Ethics Committee, exercises ongoing oversight of the effective management of the ethics program, to ensure that an ethical culture is embedded in the organisation.
- The key elements of the Code include the company's policy on human rights, principles of ethical business practice, conflict of interest which includes a gifts policy and managing relationships with stakeholders (including a supplier code of conduct), anti-competitive behavior, whistle-blowing mechanisms, an independently monitored reporting line at all operations across geographic locations, the company's stance against the intimidation/victimisation of whistle-blowers, anti-corruption, amongst others.
- Tongaat Hulett's ethics program elements include leadership commitment, governance structures, corporate citizenship direction and focus, codes and policies and effective reporting mechanisms.
- The Code is available on the website and is referenced in employee and supplier contracts.

Focus areas since 1 April 2019 and in the near future:

- Enhancing the governance of ethics by more effective Board oversight, reporting, reconsidering policies, practices and processes to instil ethics and to address instances of unethical behaviour and to change the culture where necessary, in the group.
- The effectiveness and appropriate placing and management of the ethics hotline will be investigated and improved.
- Ethics awareness training will be rolled out across the business with climate surveys to follow.

Responsible corporate citizenship

Principle 3 – The Board should ensure that the organisation is and is seen to be a responsible corporate citizen

Application

- Tongaat Hulett's responsible corporate citizenship is premised on a broader context and is informed by various initiatives, including the United National Global Compact, UN Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, the National Development Plan (South Africa), the Broad-based Black Economic Empowerment Act's Code of Good Practices, King Code on Corporate Governance (King IV™) and stakeholder feedback.
- Tongaat Hulett's core values, strategy and conduct are congruent with it being a responsible and ethical corporate citizen, and these include sustainable development; human rights; impact on communities in which the company conducts its operations; protection of the environment; fair labour practices; fair and responsible remuneration; employee well-being and development; public health and employee well-being.
- The Board, through the Social and Ethics Committee oversees and monitors the company's performance and activities relating to its status and role as an ethical, responsible corporate citizen, measured against set performance targets and in line with the company's strategic mission to build our future by creating sustainable value for all our stakeholders.
- Tongaat Hulett's medium term sustainability strategy consists of 12 key parameters that cut across human, natural and social capital. They also require development of a wide range of internal capabilities, all of which build the organisation's resilience and ability to respond to the challenges and uncertainties inherent in today's operational environment. These include compliance, safety, efficiency, ethics and human rights, governance, adapting to a changing regulatory context, a skilled and diverse workforce, and partnership with key stakeholders. The company is in its ninth year of the strategy and continues to evolve and learn in response to feedback from the wide range of partners involved.

Focus areas since 1 April 2019 and in the near future:

- There will be a step up in 2020 to focus on the governance, trust and legitimacy side of the business in order to ensure that the group regains trust and its social license to operate.

STRATEGY, PERFORMANCE AND REPORTING

Strategy and performance

Principle 4 – The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

Application

- The Board Charter outlines the Board's responsibility for organisational performance by steering and setting the direction for the realisation of the organisations core purpose and values through its strategy.
- The Board constructively deliberates the formulated strategy once a year, taking into account various elements such as risks, opportunities, timelines and parameters and approves the company's strategy annually.
- The delegation of authority document delegates to management the responsibility to implement and executive approved policies and operational plans.

Focus areas since 1 April 2019 and in the near future:

- Various board committees, namely the Risk, Capital and Investment Committee as well as the Strategy, Transformation and Operations Committee have been established to ensure focus on strategic opportunities as well as the right sizing and effective restructure and turnaround of the business. This will better address structural and other risks and utilise opportunities.
- Efforts are also focused on creating the right organisational structures, processes and capacity for sustainable value creation.

Reporting

Principle 5 – The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects

Application

- The Board endorses the principles of transparency and accountability in its Charter as well as the Code of Business Conduct. This sets the tone of how the company reports in terms of its strategy, business performance, future prospects and outlook.
- The Board, through the Audit and Compliance Committee ensures the integrity of external reports and that necessary controls are in place by ensuring that various external assurance providers provide assurance of various key elements of the report. Reporting frameworks and materiality are in place.
- The annual report is the company's primary communication tool to all stakeholders of the company as it provides an overview of the company's financial and non-financial performance for the reporting period, with comparative data where applicable. In addition, corporate governance disclosures, integrated reports and annual financial statements amongst others, are published on the company's website.

Focus areas since 1 April 2019 and in the near future:

- More regular and transparent communication, both at an internal and external stakeholder level is high on the agenda of the Board.
- Unlike the Abridged Annual Report, a more holistic Integrated Report will again be prepared in 2020 in accordance with the International Integrated Reporting Framework.

GOVERNING STRUCTURES AND DELEGATION

Primary role and responsibilities of the Board

Principle 6 – The Board should serve as the focal point and custodian of corporate governance in the organisation

Application

- An appropriate governance framework, with the Board charter, necessary policies and terms of reference, is in place and approved by the Board to ensure that its role, responsibilities, membership requirements and procedural conduct are documented in a charter that is regularly reviewed to guide its effective functioning.
- The Board exercises its leadership role by steering the organisation and setting its strategic direction; approving policy and planning, that gives effect to the direction provided; oversee and monitor implementation and execution by management and ensure accountability for organisational performance by means of amongst other reporting and disclosure.
- The annual report provides the disclosures in terms of the Board, its Committees, and roles and responsibilities, as appropriate.
- The Board Charter and the Committee terms of reference outline appropriate protocol to be followed in instances where independent external professional advice is sought.

Composition of the Board

Principle 7 – The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

Application

- The Board Charter, as well as the terms of reference of the Nomination/Director Affairs Committee, set out the Board's responsibility for its composition, effective functioning, skills requirements, diversity policy at Board level, amongst other key elements.
- In accordance with the requirements of the King IV™, and as stipulated in the Charter, the Tongaat Hulett Board comprises a majority of independent non-executive directors. A rigorous review of the independence and performance of directors serving more than 9 years is undertaken by the Board.
- Through the Nomination Committee, the Board ensures that Board appointments are rigorous, fair, and open processes and adequately consider a balance of appropriate skills, knowledge, experience, diversity and independence.
- Tongaat Hulett complies with the JSE Listings Requirements paragraph 3.84 with regard to balance of power and authority; appointment of CEO and Chairman process; Policy on the promotion of diversity on the Board, and disclosing in the annual report CVs of each director standing for election or re-election.
- The Tongaat Hulett MOI covers the staggered rotation of the Board. New skills and expertise are introduced to the Board regularly, while at the same time retaining valuable knowledge skills and maintaining continuity. The Board has an appropriate mix in this regard.
- Details of the composition of the Board are covered in the annual report.

Focus areas since 1 April 2019 and in the near future:

- A significantly restructured Board is now in place, as further discussed elsewhere in this Annual Report. This was not only to enhance independence, but also to improve the balance of skills, experience and diversity of the board.
- Independence assessments and skills audits will be performed on the Board collectively and individual directors, from time to time.

Committees of the Board

Principle 8 – The Board should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties

Application

- The Board has formalised its delegation process to Committees and management through the Board Charter, terms of reference of Committees, and the Delegation of Authority framework. The Committees, some of which are newly constituted are: the Remuneration and Human Resources Committee, Nomination and Director Affairs Committee, the Audit and Compliance Committee, Risk, Capital and Investment Committee, Social and Ethics Committee, the Strategy, Transformation and Operations Committee and the Legal and Regulatory Committee.
- The Board considers the allocation of roles and responsibilities in the comprehensive terms of reference, with the Nomination/Director Affairs Committee and Board applying their mind on the composition of the various committees. Each of the Committees has appropriate knowledge, skills and experience to execute its duties as can be seen in the various CVs of the members of the various committees.
- The company complies with paragraph 3.84 of the JSE Listings Requirements with regard to the constitution and roles and responsibilities of the Audit Committee, the Remuneration and Human Resources Committee and the Social and Ethics Committee. A summary of the various terms of reference and details of how several Committees executed their responsibilities are contained the annual report.

Focus areas since 1 April 2019 and in the near future:

The Board has, subsequent to the 2019 year-end, established a number of new committees. The current Board committees are:

- Risk, Capital and Investment Committee;
- Strategy, Transformation and Operations Committee;
- Nomination and Director Affairs Committee;
- Legal and Regulatory Committee;
- Remuneration and Human Resources Committee;
- Social and Ethics Committee;
- Audit and Compliance

- The Board has removed authority, in many instances, from the business to be held at the centre, in order address the wrongs of the past. In due course the Board will reconsider appropriate and regularised levels of authority.

Evaluations of the performance of the Board

Principle 9 – The Board should ensure that the evaluation of its own performance and that of its committees, its chair and individual members, support continued improvement in its performance and effectiveness

Application

- The formal self-evaluation process of the Board and its committees, the assessment of the Chairman by the board, and the assessment of the performance of individual directors by the Chairman are an integral element of the Board evaluation process to review, and improve its performance annually.
- The last evaluation process, conducted in 2017, confirmed that the Board and Committees were working comprehensively and productively as a unit, and that all executed well on their mandate, duties and responsibilities and effectiveness given the size and complexity of the business.

Focus areas since 1 April 2019 and in the near future:

- The newly reconstituted Board will initiate its evaluation and that of its committees once settled into their roles.

Appointment and delegation to management

Principle 10 – The Board should ensure that the appointment of, and evaluation of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.

Application

- The role and function of the CEO is stipulated in the Board charter. The performance of the CEO is reviewed by the Remuneration and Human Resources Committee in accordance with set criteria and performance indicators, and is accountable to the Board for the successful implementation of the strategy and overall management and performance of the company.
- The CEO is accountable and reports to the Board and its various Committees as appropriate.
- The CEO attends Committee meetings by invitation, and is a member of the Risk, Capital and Investment Committee, Social and Ethics Committee as well as the Legal and Regulatory Committee.
- Specific matters and responsibilities have been assigned to the CEO in accordance with the Delegation of Authority Framework.
- The Board has appointed a suitably qualified Company Secretary, who holds BProc and MBA degrees and has extensive experience. The Company Secretary was duly appointed in terms of the Companies Act and is not a director of the company. The Board annually considers the competence of the Company Secretary.

Focus areas since 1 April 2019 and in the near future:

- Appropriate and regularised levels of authority will be implemented.

GOVERNANCE FUNCTIONAL AREAS

Risk governance

Principle 11 – The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

Application

- The Board has direct responsibility for the governance of risk and approves the company's risk policy that gives effect to its set direction on risk. In addition, it approves the terms of reference of the Risk, Capital and Investments Committee that has been delegated with the responsibility to monitor, among others, risk governance.
- The Board has delegated to management the responsibility to implement and execute effective risk and opportunity management. Reporting to and engaging with the Board on these topics is clearly spelled out and integrated into the regular Board reports, Strategic Plans and Budget/Business Plans, together with specific other communication when required.
- The risk policy and processes confirm the Board's commitment to effective risk management in pursuit of strategic objectives, with risk management practices being embedded in critical business activities and day to day key decision making.
- The Board exercises ongoing oversight of risk management, with regular reports presented at both the Risk Committee and the Board, outlining the company's assessment of risk and opportunities emanating from the triple context in which the company operates.
- A detailed assessment on opportunities presented by risks with potentially negative effects is presented to the Risk Committee, the Board, and included in the CEO's review from time to time.
- The risk management process involves identifying, analysing and taking the appropriate action with regard to specific identified scenarios, the aggregation of a number of individual risks, interrelated and interconnected issues, strategic positioning issues, macro issues/global trends, relevant clusters of such topics and a focus on the whole situation.
- Essentially it is an aggregation of risk data, with a consensus view thereof and the appropriate response. It is particularly aimed at identifying risks that might become extreme/beyond tolerance, as well as risk items, with their potential impact, that are being classified as within tolerance but could be beyond appetite.
- Relevant and appropriate disclosures are made in the annual report and in the statutory report of the Risk, Capital and Investment Committee.

Focus areas since 1 April 2019 and in the near future:

- The reconstituted Board is not convinced that risk management is at the appropriate level and is reconsidering policies, processes, structures and reporting in this regard to ensure improvement. This will follow a reconsideration of the risk strategy, tolerance and appetite.
- Once reconstituted, an independent assessment of the risk function's effectiveness and adequacy will also be performed from time to time.

Technology and information governance

Principle 12 – The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Application

- The Board has direct responsibility for the governance of technology and information, and approves the company's policy and charter that gives effect to its set direction on technology and information governance. In addition, it approves the terms of reference of the Audit Committee that has been delegated with the responsibility to monitor technology and information governance.
- The Board approves the policy and charter, which delegate to management the responsibility to implement and executive effective technology and information management, in accordance with King IV™ terminology and to ensure that it encapsulates current company ERP and Unified Communications developments and practices in line with recent technology upgrades.
- The recent migration of the organisation onto an integrated common platform and common business processes is resulting in standardised business processes and reporting across the organisation; created common data management standards to support key business objectives; standardised platform and systems architecture to reduce support costs, leverage scale and reduce system downtime, and risks; and increased process efficiencies.
- The company has strong business resilience arrangements and processes in place, with BCP and disaster recovery and testing processes in place.
- Information security and data protection policies are in place to ensure ethical and responsible use of technology and information, in compliance with applicable laws covering the collection and use of data of employees, suppliers and customers amongst others.
- Internal and external auditors perform assessments as part of their audit on technology and information management and related controls, with reports to the Audit Committee. All technology solutions impacting financial reporting are part of the audit scope.

Focus areas since 1 April 2019 and in the near future:

- The reconstituted Board is not yet comfortable as to whether the information and technology strategy is appropriately serving the business strategy and whether IT governance is functioning at an appropriate level. This will be a focus of both the Audit and Compliance as well as the Strategy, Transformation and Operations committees in 2020 and onwards.

Compliance governance

Principle 13 – The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

Application

- The Board Charter and Compliance Policy highlight the responsibility of the Board for the governance of compliance with applicable laws, non-binding rules, Codes of good governance and standards.
- Legal compliance systems are in place and monitored and improved regularly to mitigate the risk of non-compliance with laws. The Compliance Policy highlights the delegation of the responsibility for implementation and execution of effective compliance to management.
- The company adheres to non-binding codes and complies with applicable standards that impact financial statements, all of which are discussed by the Audit Committee.
- Key legislation and regulations have been identified as key legal compliance risk areas and receive ongoing management focus, with regular updates to the Board.
- Internal audit provides the required assurance on the effectiveness of compliance management on an annual basis.
- Compliance with environmental regulations is discussed at every meeting of the Social and Ethics Committee, with a report provided to the Board.

Focus areas since 1 April 2019 and in the near future:

- The reconstituted Board is not yet comfortable as to whether the compliance culture is satisfactory, and if appropriate policies, processes, structures and reporting are in place and adhered to in this regard. This will be a key focus area of the Audit and Compliance Committee in 2020 and onwards.

Remuneration governance

Principle 14 – The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

Application

- Through the Board Charter and the terms of reference of the Remuneration and Human Resources Committee, the Board sets out its responsibility for the governance of remuneration on a company wide basis. The Board also approves the remuneration policy to ensure that the company's practices are fair, responsible and transparent.
- The terms of reference of the Remuneration and Human Resources Committee highlight the philosophy and policy of the Committee, aligning the performance and fair reward of executives with the company's commercial success and sustainability.

The following objectives are included:
  - Attracting, motivating and retaining high calibre talent within market benchmark pay levels;
  - Fair reward for performance;
  - Motivating executives to achieve the company business plan, strategy and budget;
  - To promote the positive outcome of creating a strong performance orientated environment and alignment between employee and shareholder interests;
  - To promote an ethical culture and responsible citizenship.

- The most recent results of voting on the remuneration policy were disclosed to shareholders via the SENS portal. This will be included in the background statement of the Remuneration report as required by King IV™.
- The company will table both the remuneration policy and implementation report for separate votes by shareholders as required by King IV™ and paragraph 3.84(k) of the JSE Listings Requirements at the 2020 AGM, and will appropriately engage where there are dissenting votes of more than 25%. This will be reported on as appropriate in the background statement of the subsequent remuneration report included in the integrated annual report.
- A detailed copy of the remuneration policy and philosophy is contained in the remuneration report, in the annual report.

Focus areas since 1 April 2019 and in the near future:

- A revised remuneration policy was approved by the Board in October 2019, to address shareholder concerns and align newly appointed executives' remuneration and incentives with the goals of the company and ensure retention. This policy will be cascaded down to the next layer of management and throughout the organisation in the short-term.

Assurance

Principle 15 – The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Application

- The Board has delegated the responsibility of the arrangements for assurance services and functions to the Audit and Compliance Committee. The arrangements serve to achieve the enabling and effective internal control environment, supporting the integrity of information for internal decision-making by management, the Board and its Committees, and the integrity of external reports.
- The Tongaat Hulett combined assurance plan provides a framework for various assurance providers to work together to provide assurance to the Board that taken as a whole, they support the objective of assurance. Through the Audit Committee and Risk, Capital and Investment Committee, the Board satisfies itself that the combined assurance model is effective.
- The Combined Assurance plan and framework of the company consists of various layers of defence, being management and the organisation's specialist functions and subject matter experts; the internal audit function supported by its service provider KPMG; external auditors who provide the necessary assurance on various aspects including the AFS, and other external assurance providers such as those that provide assurance on sustainability elements.
- Through the Audit Committee and the Risk, Capital and Investment Committee, the Board has ensured a robust process for the company's combined assurance matters, and the integrity of the information and reports, as well as the degree to which an effective control environment has been achieved.
- Through the Audit Committee, the Board has ensured that internal audit has the necessary skills and is adequately resourced to perform its functions given the risks faced by the company. The Audit Committee reviews the scope and coverage of the internal audit function. The function is outsourced to a professional firm of registered accountants and auditors, headed by the chief audit executive (CAE). The position of CAE is set up to function independently from management and carries the necessary authority. The internal audit charter outlines this.
- The internal audit charter confirms the requirement to conduct independent quality review of the internal audit function at least every five years, with the most recent review being conducted in January 2018. It was concluded that the function generally conforms to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Focus areas since 1 April 2019 and in the near future:

- The recent events within the group have clearly indicated a need for significant improvement in all levels of assurance. The Audit and Compliance Committee will consider each of the assurance functions in particular, but also in a holistic manner, in order to facilitate speedy improvement in this regard.

STAKEHOLDER RELATIONSHIPS

Stakeholders

Principle 16 – In the execution of its governance role 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.

Application

- The Board is responsible for the governance of stakeholders, and the terms of reference of the Social and Ethics Committee articulate this responsibility.
- The company has a comprehensive stakeholder engagement framework that is regularly reviewed by the Social and Ethics Committee and there is detailed disclosure in the sustainability report.
- Through the Social and Ethics Committee, the Board reviews the company's methodologies for identifying and ranking the individual stakeholders, and at each committee meeting, operations highlight their top stakeholders and highlight what risk and mitigation actions. Stakeholder workshops with appropriate registers are maintained to ensure ongoing monitoring of the stakeholder relationships.
- Proactive engagement with shareholders takes place through the AGM. In addition, the CEO, CFO, Executives and the Investor Relations executive interface regularly with institutional investors on key strategic themes through various presentations and scheduled meetings through the company's investor relations programme.

Focus areas since 1 April 2019 and in the near future:

- As stated before, both internal and external stakeholder communication and relationship management is a key focus area of the board and on the agenda of the executive management team.

REPORT OF THE RISK, SHE, SOCIAL AND ETHICS COMMITTEE

Key focus areas in the period under review

Safety, health and environment (SHE)

- During the period under review, the committee performed its responsibility of overseeing the performance of the company against its set safety, health and environmental targets and objectives, and considered various reports relating to SHE risks and opportunities facing the company. We are deeply saddened that a total of 5 work-related fatalities took place in the reporting period. A significant increase in fatalities when compared to last year is deeply concerning and unacceptable. Fatality risk control interventions were identified and these form key focus areas in the year ahead. The committee reviewed in detail all the fatality reports presented before it, including, non-work and third party related. Safety, health and environment initiatives and risk management protocols continue to receive key focus, with key executives continuing to provide leadership and direction on the strategic implementation of these initiatives, not only within the company, but extending the various programmes to include contractors, service providers and where applicable, surrounding communities.
- The committee reviewed health management programmes including HIV/AIDS and malaria management, noting that the company's performance monitoring and measurement criteria in this regard are aligned with the World Health Organisation's approach. Other key ooccupational health programmes included focus on managing risks of noise induced hearing loss. Noise induced hearing loss has been identified as the leading occupational ailment of current concern at all operations. A common approach to the successful management of this risk is being progressed.
- The company continues to monitor its sustainability performance including the management of air quality, water, effluent and waste. A report in this regard is covered in the sustainability report on our website www.tongaat.com, and includes an update on the carbon disclosure and water disclosure projects.
- The company's comprehensive safety programmes, employee and community focused health initiatives and environmental stewardship are covered in detail in the social capital and natural capital elements of the sustainability report.
- Social and economic development (SED)
- To remain true to our goal of all-inclusive growth and development, Tongaat Hulett's SED initiatives partner with government and society in various operational areas, to create shared value, particularly in communities most impacted by business activities. .
- The company's key SED focus elements are in the area of among others,
    - healthcare - with communities in the rural areas being the largest beneficiaries;
    - food security projects;
    - education initiatives; and
    - sports, arts and culture.

During the review, the committee monitored the socio-economic development initiatives and contributions undertaken by the company with the aim of contributing to successful rural communities and fulfilling the company's SED policy of constructively contributing towards enhancing the quality of life of the communities in the Southern African regions where the company operates.

The strategic importance of the company's SED contribution and examples of recent achievements are described in the sustainability report.

The company is committed to economic sustainability and continues to assess its business approach to responsible strategic sourcing, empowerment and preferential procurement, taking into account employment equity, skills development and broad-based black economic empowerment within the Southern African context. The company is committed to meeting B-BBEE requirements in South Africa, and annually conducts a B-BBEE audit assessment through 1st Verification Networx, an accredited institution.

Further details on the company's B-BBEE rating, scorecard performance and certificate are discussed in the sustainability report and are available on the website.

- Tongaat Hulett is a signatory to and participant of the United Nations Global Compact, a corporate citizen initiative espousing principles in the areas of human rights, labour, environment and anti-corruption. The company continues to adhere to the ten principles articulated in the Global Compact to promote sustainable development and good corporate citizenship through a set of values based on universally accepted principles. The Committee is satisfied that the principles continue to receive appropriate attention by the company.

Risk Management

During the period under review, the committee fulfilled its responsibilities assigned to it by the Board in accordance with its terms of reference. The committee assisted the Board to fulfill its risk governance role by ensuring, amongst others, that the company has implemented effective policies and plans for risk management that enhance the company's ability to achieve its strategic objectives. The committee also ensured that disclosures and communication between the Board and the Audit and Compliance Committee regarding risk management processes and activities pertaining to safety, health and environment were comprehensive and adequately facilitated. Whilst the committee had specific duties relating to risk governance, the role of the Audit and Compliance Committee was retained in terms of some aspects of risk management, as discussed below.

Tongaat Hulett has recognised that its existing risk management processes were not appropriate. Given this reality the business has implemented various interventions to ensure an improvement in the oversight of both the control environment and risk management. This includes the introduction of new Board committees and splitting the SHE, Risk and Ethics committee to ensure improved focus by these new-look committees. The new and existing committees who play an oversight role in these areas are:

- Audit and compliance committee

- Risk capital and investment committee
- Social and ethics committee
- Legal and regulatory committee
- Strategy, transformation and operations committee
- Nomination and director affairs committee

The Exco has also improved its risk management capabilities through the appointment of a Business Assurance executive, responsible for internal audit, whistle blowing, ethics, SHE and security, social, sustainability and policy and procedure. This newly crafted position is intended to refocus our efforts on corporate governance going forward. In addition, from 1 January 2020 the incoming Company Secretary's newly-defined role includes that of Chief Compliance Officer. He will be responsible for compliance and regulatory, risk, legal, insurance and policy and procedure.

Good corporate citizenship

- Over many years Tongaat Hulett has partnered with surrounding communities, governments and other stakeholders to develop innovative approaches to contribute towards the sustainability of these communities. These are customised, based on the unique dynamics within each of the localities. The company's SED programme incorporates and contributes towards the achievement of Social Development Goals.
- The committee monitored the company's standing and commitment to being a responsible corporate citizen. This included a detailed review of the company's stakeholder value creation framework which is linked to its strategic objectives. The company continues to demonstrate responsibility to society by extending philanthropic and charitable initiatives to communities surrounding our operations.
- The committee also assessed the company's proactive stakeholder engagement interface and other processes that have been put in place to ensure the maintenance and development of strong and effective stakeholder relationships.
- A full report of the stakeholder relationships, various initiatives led by the company and the positive impact on stakeholder engagement can be found under the social and relationship capital element of the sustainability report.

Zero tolerance in respect of child labour, forced and compulsory labour

- As a signatory to the Universal Declaration of Human Rights, the company is committed to supporting freedom of association and collective bargaining at its various operations.
- The company also has a zero-tolerance approach to child labour and inhumane treatment of employees, including any form of forced labour or physical punishment of employees.
- As a signatory of the Universal Declaration of Human Rights, the company commits to respect internationally recognised human rights as expressed in the International Bill of Human Rights and by the International Labour Organisation. This includes a commitment to avoid causing or contributing towards adverse human rights impacts through business 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.
- Tongaat Hulett confirms its commitment to ongoing transparent engagement with stakeholders in response to specific human rights concerns that may be raised from time to time.
- Reporting in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) Standards is covered in the sustainability report.

Ethics Management Reporting

The company is fully committed to ethical business practices and abides by a policy of fair dealing, honesty and integrity in the conduct of its business. The Code embodies the strategic ethical mindset of the organisation and highlights key principles and values. As a responsible and ethical corporate citizen, the company entrenches a culture of organisational integrity that supports an ethical corporate environment. The Audit and Compliance Committee assists the Board in overseeing the consistent application of and compliance with the Code through reports compiled by the corporate security manager and reported to the committee by internal audit. Incidents of fraud, corruption or unethical practices that are reported or detected through management controls are formally investigated, followed by formal disciplinary processes. All serious cases lead to criminal proceedings. Management is strict in ensuring the implementation of the Code across all operations in a daily context. Compliance by directors, all employees and suppliers to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they are urged to promptly and confidentially report it through the whistleblowing system, Company Secretary or senior officials at management level.

Recent key focus areas included focused attention on the ethics violations sent directly to the new CEO through his newly established communication channel, "Gavin's Desk". All the reported violations were referred to PwC which has been appointed to specifically investigate these allegations and a report will be presented to both the Audit and Compliance Committee for violations that could potentially impact the financials, and to this Committee for all other ethical violations. The company has taken a strong stance against intimidation, victimisation, retaliation or harassment of all stakeholders (including employees, business partners and suppliers) who in good faith raise or report a concern that they reasonably believe is a violation of the Code or ethical behaviour.

Whistle-Blowing Service

As part of the fraud and corruption prevention approach, Tongaat Hulett has engaged the services of an independent whistle-blowing service provider to report on any unethical and unlawful behaviour or non-compliance with the Code. The anonymous independent whistle-blowing service is operational in South Africa, Zimbabwe, Botswana, Mozambique, Swaziland and Namibia. Continuous training and awareness are important aspects of a successful ethics management programme. Key focus areas for the ensuing year include revitalizing the whistle-blowing service and highlighting its benefits to both the company and its employees.

Measures taken to oversee organizational ethics include ongoing monitoring and reporting of fraudulent activities that are identified through the whistle-blowing service. Detailed reports are discussed at operational audit committee meetings, with significant reports submitted to and discussed in detail at the Audit and Compliance Committee meeting. The detailed reports, submitted by internal audit, highlight the nature of the violation of the Code, the detail of any financial loss if applicable, the root cause of the violation, the disciplinary action taken, and whether any criminal or civil action will be undertaken, as well as any possible recovery. During the period under review, there were a number of new significant fraudulent activities reported, which were investigated by PwC.

Conflict of interests

The Code of ethics incorporates a formal procedure to regulate conflicts of interest. Directors or employees who encounter such conflicts are required to formally declare such conflicts of interests for these to be considered by the appropriate forum, which in turn provides guidance as to how such conflicts are to be resolved, and to be recorded.

Terms of reference

The committee has adopted and operates within formal terms of reference that have been reviewed and approved by the Board during the period under review. The committee confirms that for the period, it discharged its duties and responsibilities in accordance with these updated terms of reference.

Relationship with other Board committees

The committee acknowledges the link between certain of its responsibilities and those of other committees of the Board. Some of these include the relationship with the Audit and Compliance Committee, which retains the responsibility for risk management as it relates to financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

Further, the company's standing on the recommendations espoused in the Organisation for Economic Cooperation and Development (OECD) regarding the prevention of corruption are reviewed and covered by the Audit and Compliance Committee. This ensures that the company has adopted systems of internal control, has an independent external auditor, operates within an approved code of ethics, and has implemented whistle-blowing processes that support the non-victimisation of whistle-blowers, amongst others.
The company complies with the Employment Equity Act and has implemented appropriate policies that are based on the principle of creating equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels; supported by appropriate performance and talent management processes and activities, set recruitment targets, clear development and training programs, and coaching and mentoring programmes, among others. The Human Resources team drives these processes under the leadership of the CEO and reports to the Remuneration Committee, which reviews, assesses and endorses appropriate employment equity goals and targets.

A detailed report on the company's human resources approach, including the company's efforts in accelerating employee transformation, appears in the sustainability report.

Sustainability reporting

The committee reviewed and accepted the sustainability report as part of its role of assisting the Board to achieve better performance on sustainability matters. The committee noted the various themes of the report including the performance against the capitals as articulated in the International Integrated Reporting framework, as well as the company's contribution to the development of communities, sponsorships and socio-economic development (SED) programs, relationships with key stakeholders, and the impact of the company's activities on the environment, employee health and public safety. As detailed above, the Audit and Compliance Committee has considered the sustainability and governance information as disclosed in the company's annual report to ensure its reliability and consistency with the annual financial statements. Various reports of the external assurance service providers to ensure that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee were also considered. The independence of the external assurance service provider for the sustainability report was also assessed and confirmed.

Effectiveness of Committee and Attendance

The committee had two meetings during the period under review as required by its terms of reference. The Board is satisfied with the leadership provided by the committee chairman and the diligence of its members.

The record of attendance is contained on page 9.

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

This remuneration report outlines the background, philosophy, policy and implementation details of the remuneration of executive and senior management, non-executive directors and other employees of Tongaat Hulett at a high level, as proposed by King IV™ and the JSE Listings Requirements. Whilst we realise that we are still dealing with legacy remuneration matters, we are pleased to present a report with enhanced disclosure and positive changes to our variable incentives. Its development has taken into consideration our turnaround strategy, shareholder feedback, advice from independent experts as well as sound remuneration governance principles.

HEADWINDS AND CHALLENGES WHICH INFLUENCED REMUNERATION DECISIONS IN 2019

The 2018/19 reporting period has been characterised by the convergence and interplay of issues related to executive succession, significant business underperformance, shareholder activism, a rejection of the company's remuneration policy and implementation report and associated negative media coverage.

- Tongaat Hulett dealt with the termination of employment of two executive directors, namely the former CEO who retired five months early in October 2018, and the former CFO who resigned in March 2019 after an extended period of special and normal leave. The departure of these executive directors gave rise to the need to appoint a new external CEO, and an internal CFO - who was appointed following an acting period. These appointments were made in February 2019 and March 2019 respectively. In order to set appropriate remuneration packages for the new appointees, the company took into careful consideration the criticism around the quantum and structure of the former executive directors' packages. This was achieved through an independent benchmark analysis of executive pay and pay mix which was done against a revised comparator group of companies listed on the JSE. The revised comparator group of companies has subsequently been reviewed again with consideration of the circumstances around Tongaat Hulett's changing profile, market positioning and shareholder feedback. The revised comparator group of companies has subsequently been reviewed again and is presented elsewhere in this report.
- Following announcements by the company, shareholders were notified that the company's audited consolidated financial statements for the year ended 31 March 2018 (2018 Financial Statements) would need to be restated and the publishing of the 2019 financial statements would be delayed. This led to the Board requesting that the JSE suspend the listing of the company's securities.
- The decline in business performance and failure to achieve the set performance targets dominated the Remco narrative as the strategic and financial review unfolded and planning for significant rightsizing took place.

KEY REMUNERATION OUTCOMES FOR 2019

No increase in executive and management salaries

As a result of declining business performance and the feedback received from our shareholders, the remuneration committee (Remco) took the decision not to increase executive and management salaries and to urgently review the existing remuneration policy. The highlight of this review centered on inadequate disclosure that left shareholders unable to determine the appropriateness of performance conditions and targets and their translation into the quantum of remuneration.

No short-term incentives (STIs) paid

Due to the failure to achieve the set performance targets, no short-term incentives (STIs) were paid in the 2019 financial year.

Long-term incentives (LTIs) (full details disclosed in part 3 of this report)

Approximately 27% of 2010 Long-term incentive performance awards (LTIPs) awarded in May 2015 vested in May 2018 and were settled to the former CEO and CFO while they were still in the employment of the company. 100% of the Deferred Bonus Plan awards (DBPs) allocated in May 2015, vested in May 2018 and were settled to the former CEO and CFO while they were still in the employ of the company. Refer to part 3, Schedule of vested and unvested awards on page 35 to 38. Based on the restated 2018 Financial Statements, the fair value of all unvested SARS and LTIPs awarded in 2017 and 2018 has decreased significantly. This is due to a lower updated estimated vesting percentage that is based on the likelihood of the performance conditions not being met.

At the 2018 AGM, shareholders rejected the company's remuneration policy due to concerns around the company's remuneration practices and concerns around a clear line of sight between executive reward and company performance/shareholder value creation. The Remco has taken heed of their feedback and taken meaningful action to propose changes to the remuneration policy, which includes the introduction of the following from 2020.

REMUNERATION PROPOSALS FROM 2020

A once-off **Turnaround Incentive Plan** (comprising of short, medium, and long-term incentives), at the request of the lender group of banks and financial institutions. This Turnaround Incentive Plan, which takes into account the terms and conditions of the debt refinancing agreement, has been designed to align and retain key role players in the turnaround strategy to achieve the interest of lenders through debt reduction and cash flow initiatives, whilst also preserving shareholder value.	**A proposed new LTI**, i.e. the Conditional Share Plan (CSP) **and new STI** to drive the short to long-term viability and sustainability of the company and align management's performance with shareholder value creation and lock-in participants post the turnaround. It is envisaged that the STI will be implemented in the 2021 financial year (i.e. from 1 April 2020) to ensure that the company remains viable in the short and medium term during and after the turnaround period. The proposed LTI will be presented to the shareholders at the 2019 AGM for approval and the company intends to implement the CSP at a point when it has stabilised as a result of the turnaround strategy and it is appropriate for it to set prospective performance conditions.	**A Malus and Clawback policy** and **Minimum Shareholding Requirement** policy designed to further align managements' interests and shareholder value creation.

It is anticipated that these proposals will lead to improved control over remuneration matters. For further details refer to pages 25 to 31 and page 33.

SHAREHOLDER VOTING AND ENGAGEMENT

At last year's AGM held on 8 August 2018:

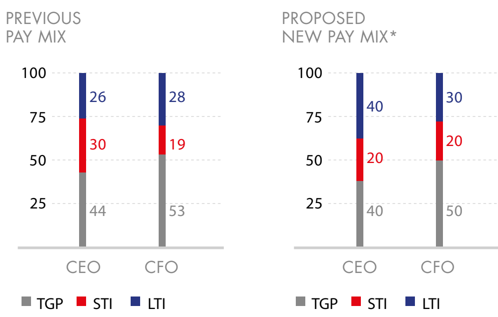
- 40,64% of the shareholders endorsed the remuneration policy; and
- 59,56% endorsed the remuneration implementation report.

Based on these negative votes, the major shareholders of the company were contacted individually, and individual teleconferences were convened to address their concerns. Their input has been taken into account in the updating of the remuneration policy and the redesign of the variable pay policies.

The table below discloses a summary of the concerns raised by shareholders and the corresponding actions taken in response. Shareholders are also referred to the Notice of AGM containing the details of the proposed CSP.

<table>
<tr><th>Shareholder feedback</th><th>Tongaat Hulett responses and action taken</th></tr>
<tr><td>The pay mix is not appropriate - there is a need for greater weighting for the LTIs (up to 50% of total reward (TR) compared to STIs and total guaranteed package (TGP)).</td><td>In terms of the company's new STI policy, a mandatory portion of the on-target STI (which is aligned to market benchmarks) will be deferred in shares, to rebalance the pay mix and encourage longer-term performance. Thus, for the CEO, the proposed pay mix is weighted towards variable pay (approximately 60% of total reward), and within variable pay, a third is short-term focused, whilst two thirds is long-term focused. Other members of the executive committee have an equal weighting of fixed and variable pay, with a slightly higher long-term focus than short-term.

We believe that this rebalanced pay mix, combined with revised performance conditions and the introduction of a minimum shareholding requirement for executives, will aid in creating a stronger alignment between executives and shareholders and ensure an appropriate focus on sustainable long-term value creation.



*After the successful turnaround strategy

For the CEO, the proposed pay mix indicates a higher weighting for the LTI component and a reduction in the TGP and STI components. This pay mix is now better aligned to the market. For other executives, the proposed pay mix is aligned to the market based on benchmark studies.</td></tr>
</table>

Shareholder feedback	Tongaat Hulett responses and action taken
Tongaat Hulett's key indicators require a more long-term, strategic focus and must change to encourage growth, improved performance and positive economic profit. Furthermore, financial performance conditions and targets have been questioned. These metrics need to be more focused on capital efficiency and capital management (Net profit after tax is underperforming and the company's ROI measure is lacking) and Economic Value Add (shareholder returns in excess of the weighted average cost of capital (WACC)).	For the Turnaround Incentive Plan appropriate performance conditions and targets have been included in the policy based on the company's turnaround strategy. To successfully achieve the turnaround strategy to ensure the short, medium and long-term growth of the company and to preserve/create value for shareholders, the company has introduced the following performance conditions: • Turnaround Incentive Plan – debt reduction, cash flow improvement, adjusted EBITDA, and health and safety; and • Once-off LTI allocation – share price growth. Further details are set out in part 2 or this report. It is envisaged that once the turnaround strategy has been finalised and the company is in a stable position, to ensure the sustainability of the business, as requested by shareholders, consideration will be given to the introduction of an economic return measure for capital efficiency and management. The proposed measures will be a return on invested capital (ROIC) measure to measure shareholder returns in excess of the WACC. For the proposed CSP and STI (FY2021), it is planned that ROIC will be introduced in both these incentives and will be measured relative to WACC.
A 5-year LTI vesting period is more appropriate to iron out the short-term fluctuations inherent in a soft commodity-linked business.	The performance shares in terms of the new CSP which will be put forward to shareholders in the notice of AGM will vest in equal tranches in years 3, 4 and 5. This vesting profile was selected in order to mitigate against the effect of the fluctuations of commodity prices.
The STI lacks the concept of a realistic focal point (termed the target and stretch target). Reference to minimum and maximum (outer boundaries of the performance sphere) is unusual and lacks clear definitive direction.	For the STI to be introduced in the 2021 financial year, threshold, target and stretch performance levels will be included in both the personal and business scores of the STI scheme to ensure that appropriate focal points are included, with appropriate quantum associated with each. • The target level reflects a stretching, but achievable target which we believe to be aligned to shareholder expectations of value-creation and unlocks a market-competitive STI payment. • Threshold reflects a minimum level of performance for which a moderate STI will be paid, to ensure that the target level is not hit-or-miss (serving to mitigate against risky behavior to hit a hit-or-miss target). • Stretch reflects a stretching level of performance and superior value-creation, for which a higher STI is warranted. Refer to part 2 for further details.
Disclosure is poor and not in line with best practice on the JSE, leaving shareholders unable to determine the appropriateness of performance targets and how this translates to the quantum of remuneration. Specifically, threshold, on-target and stretch performance targets for each STI and LTI performance factor, their weighting and the level of vesting that would be achieved at each of these targets is not adequately disclosed.	Tongaat Hulett has embarked on a process of improving its disclosure and is pleased to present this enhanced report which includes threshold, target and stretch performance targets for the STI and LTI schemes, the performance factors, their weighting and the level of vesting that would be achieved for the meeting of differing levels of performance.
Total shareholder return (TSR) vesting scale is poorly aligned with shareholders as there is high vesting for average performance versus peers. Better alignment with shareholders is achieved where there is 0% vesting for below median performance, threshold vesting of 30% for median performance and 100% vesting for upper quartile performance.	For the proposed CSP, the TSR vesting schedule is to be aligned to best market practice: 30% vesting at median and 100% vesting at upper quartile performance, with linear vesting between these points.
There is a requirement for the inclusion of environment and social and governance (ESG) non-financial performance conditions with specific targets and associated weightings, rather than only including non-financials measures in the personal performance component of the STI.	In view of the need to focus strongly on a turnaround strategy, the company has limited the inclusion of non-financial performance conditions in the 2020 STI (Incentive Two of the Turnaround Incentive) at both corporate level and Opco level. Non-financial performance conditions will continue to be included in the personal component of the STI with increased disclosure on the targets and weightings. Refer to page 28.

In future, in the event that the proposed Tongaat Hulett remuneration policy (as contained in part 2 of this report) or the remuneration implementation report (as contained in part 3 of this report) is voted against by 25% or more of voting rights exercised by shareholders, the Remco will take the following steps as a minimum:

Future steps if remuneration report is voted against by 25% or more shareholders → **Engagement to ascertain the reasons for dissenting votes** → **Individual engagements with concerned shareholders to understand concerns and objections** → **Appropriately address legitimate and reasonable objections raised** → **Formally respond to shareholders and articulate where changes will be made if necessary**

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY AND IMPLEMENTATION REPORT

Both the remuneration policy and the implementation report will be tabled annually at the company's AGM, to be endorsed by shareholders, each by way of separate non-binding advisory votes.

This allows shareholders to express their views on the company's Remuneration Policy and the Remuneration Implementation Report.

REVIEW OF REMUNERATION ACTIVITIES AND DECISIONS TAKEN BY THE REMCO DURING THE 2018/19 REPORTING PERIOD

Main Focus Areas in 2018/19
Exit package for the former CEO was confirmed. Post-retirement five-month advisory agreement up until March 2019 was confirmed to facilitate the CEO's early retirement and smooth handovers.
Special leave arrangements for the former CFO were approved for health-related reasons, prior to his decision to resign.
Remuneration benchmarking and appointment of an externally recruited CEO was concluded, and an internal CFO was appointed, following an acting period.
A workshop was convened in February 2019, with independent remuneration advisors, to recommend changes to the design of the STI and LTI schemes to reflect both the turnaround strategy and longer-term stabilisation of the company, and to acknowledge the shareholders' rejection of the current remuneration policy and practices and subsequent negative media coverage. The company engaged the shareholders on the redesign of the STI and LTI schemes and will put forward the proposed LTI (i.e. the CSP) for shareholder approval at the 2019 AGM.
Shareholder interactions were planned, but due to the termination of employment of the former CEO and CFO and the commencement of a strategic and financial review, these interactions were only held with five fund managers in the 2020 financial year.
Against the background of the company's underperformance, a strategic and financial review and planned retrenchments, no cash package increases were granted to the CEO, executives and managers in all South African operations (excluding Starch) and Mozambique.
No STIs were paid to the CEO, executives and senior managers. This was due to the fact that the company experienced a significant downturn in performance and the minimum achievement which was required to pay out bonuses was not met.
None of the executive directors (i.e. former CEO, former CFO and incoming CEO), with the exception of the new CFO, received any LTI awards during 2019. The incoming CFO was granted awards in his capacity as a finance executive prior to his appointment as CFO.
The proposal to shareholders regarding fees payable to non-executive directors was approved.
Succession plans and employment equity/localisation of skills were reviewed.

Focus Areas for 2020
Review of the current executive management positions to improve internal pay and grade equity, external competitiveness, and to enhance the benchmarking process.
The restatement of the 2018 Financial Statements has resulted in a delay of the 2019 AGM, resulting in a delay of the approval of the CSP which can only be done at this AGM. In light of this, a once-off allocation of LTIPs will be made to executive committee members (Exco members) who are considered critical employees in the execution of the turnaround strategy in terms of the current LTIP once all JSE restrictions have been lifted.
Implementation of minimum shareholding requirements and a malus and claw-back policy to further align the interests of executive management with those of shareholders.
Redrafting of the Tongaat Hulett remuneration policy to take account of the approved changes.

REMUNERATION CONSULTANTS

During the year, remuneration consultants from PwC were engaged to assist in executive remuneration benchmarking, current share scheme award valuations and to enhance the remuneration policy through the design of a once-off Turnaround Incentive Plan, new STI and LTI and improved governance measures. It is our view that as these consultants are independent and objective in their consulting and reporting, there was no bias in the remuneration decisions made based on their services.

CLOSING REMARKS

The Remco is satisfied with the company's application of the requirements of King IV™ and the JSE Listings Requirements. During the year, the Remco carefully considered the implementation of the current remuneration policy and believes it was no longer fit for purpose. The Remco is confident that the new remuneration policy is aligned with the strategy of the business to achieve its stated objectives.

The Remco looks forward to your support at the forthcoming AGM.

Remuneration Committee Chairman

PART 2: OVERVIEW OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY

The Board decided that in light of the dramatically declining business performance and a misalignment of pay for performance resulting in negative institutional investor feedback, the company should adopt a strategic long-term view of its remuneration policy which is aligned to King IV™ and best practice. In light of this, Tongaat Hulett has designed a new remuneration policy which caters for its short, medium and long-term business objectives to align management's interests with those of shareholders through establishing remuneration structures which drive the performance of company executives to ensure the company's success and sustainability whilst taking into account various stakeholders' perspectives and the cost to the business.

THE REMUNERATION COMMITTEE (REMCO)

Roles and responsibilities

Tongaat Hulett's Remco is responsible to oversee the implementation and governance of the company's remuneration structure. The roles and responsibilities of the Remco are determined and approved by the Board. In accordance with its terms of reference the Remco's responsibilities are, inter alia, to:

- Propose, review and administer the group-wide remuneration policy on behalf of the Board and the shareholders, in accordance with best corporate practice. The Remco ensures alignment of the remuneration policy with the overall business strategy, desired company culture, shareholders' interests and the sustainable commercial well-being of the company; and
- Consider and make recommendations to the Board on the remuneration policy and on the fair and responsible quantum, structure and composition of remuneration packages of executive management and senior executives within the context of overall employee remuneration. The Remco reviews general salary increases for management and the operation of the company's management incentive schemes. In addition, it oversees the human capital processes such as talent management, succession planning, retention, employment equity and localisation of skills in Mozambique and Zimbabwe.

During the reporting period, the Remco was chaired by an independent non-executive director, SG Pretorius and comprised only non-executive directors being CB Sibisi and N Mjoli-Mncube. The CEO, JG Hudson, Human Resources (HR) Director PN Maphoshe and the HR and Remuneration Executives, MC Tucker attended by invitation but were not present when matters concerning their own remuneration were discussed. A summary of the Remco meetings held is tabled below:

Date of Meeting	Purpose of meeting
22 May 2018	Non-executive directors' fees, actual bonuses for 2018 and bonus parameters for 2019, allocations of share schemes and vesting of share scheme awards
22 May 2018	Special committee meeting to select new CEO
17 September 2018	Special committee meeting to select new CEO
17 October 2018	Special committee meeting to select new CEO
31 October 2018	Special committee meeting to select new CEO
1, 2, 4 November 2018	Special committee meeting to interview internal candidates for new CEO position
16, 17, 23 November 2018	Special committee meeting to interview internal candidates for new CEO position
4 February 2019	Workshop to consider the remuneration policy, shareholder feedback, investor and analyst concerns, and PwC presentation on the design of new variable pay schemes which are compliant with King IV™ principles and aligned to market practice
28 February 2019	Proposed cash package increases, remuneration workshop outcomes and succession management

ELEMENTS OF REMUNERATION

Group-wide employee policy

To ensure a fair, responsible and transparent remuneration policy, the Remco sets policy guided by the following principles:

- Attracting, motivating and retaining high-calibre talent while keeping within market benchmarked pay levels. On an annual basis market surveys are conducted to determine and award cash pay increases which are aligned to the market. When making these increases the company also takes into account affordability, individual performance and retention considerations;
- Rewarding executives and all employees fairly based on their performance. Benchmarking studies are conducted regularly to assess both internal and external competitiveness and fair and ethical pay at all levels. In light of the urgent priorities the Remco has had to consider this year, such as the executive succession and consideration of the new policies, the Remco will more vigorously consider how to enhance fair and responsible remuneration within the company by deciding on the analysis which needs to be undertaken and actions implemented;
- Motivating executive management and employees to achieve

Tongaat Hulett's business plan, business strategy and budgets. To achieve this objective, a once-off Turnaround Incentive Plan which focuses on debt reduction, cash flow improvements and shareholder value creation will be introduced in the 2019/20 financial year until the end of the turnaround period. Furthermore, once the company has stabilised new variable pay schemes (i.e. STI from 1 April 2020 and the proposed CSP) which create a strong, performance-oriented environment through alignment with best market practice and the King IV™ corporate governance principles will be introduced;

- Creating an environment which encourages decision-making that ensures that remuneration of the executive management is fair and reasonable in the context of overall employee remuneration. The company aims to achieve this as part of its turnaround strategy where organisational structures are being flattened and spans of control widened; and
- Promoting an ethical culture and responsible corporate citizenship. Cognisance has been taken of shareholder feedback to include non-financial performance conditions and targets in the business.

The following table sets out the elements of the company's new remuneration policy applicable to all employees from the 2020 financial year and how each element links to company performance and strategy (for clarity, the changes from the previous policy have also been highlighted):

Remuneration element	Changes made during 2019	Key features and policy	Purpose and link to strategy	Eligibility
Guaranteed cash package (GP)	Amendments have been made to two HR policies to alleviate negative financial implications to the company: The leave accumulation policy has been amended so that upon termination of employment with the company, employees will only be entitled to be paid out in accordance with their maximum annual leave entitlement i.e. 20 working days for employees in grades A to Lower E and 25 working days for employees in grades Upper E and above; and The discretionary retirement gratuity has been phased out for all employees except those who have completed 10 years' continuous service with the company and who were 55 years of age as at 1 April 2019.	GP is fixed remuneration which comprises both a cash pay element and benefits for all employees targeted at the median. These benefits include membership of an approved company retirement fund (defined contribution pension fund is compulsory for all management levels and provident fund for other permanent staff), provision of subsidised medical aid or on-site clinic facilities, death and disability insurance and legacy post retirement and gratuity benefits. Housing and car schemes for qualifying employees are provided in Mozambique, Zimbabwe and eSwatini. The GP for executive and other management is reviewed annually by the Remco and the Board and is set with reference to relevant external market median data as well as the assessment of individual performance and the role/profile of each employee. For employees in the bargaining unit, cash pay is also reviewed annually and determined by the collective bargaining processes.	To attract, recruit and retain talented and competent executives and employees to drive business performance and create shareholder value.	All staff.
Once-off Turnaround Incentive Plan (FY 2020-2022)	As an interim solution, with the support of the lender group of banks and financial institutions, to address its declining business performance, the company has introduced a Turnaround Incentive Plan which is designed as a once-off variable pay structure to cater for the business' short, medium and long-term objectives during the turnaround period.	The remuneration strategy (i.e. The Turnaround Incentive Plan) designed to address the turnaround initiatives of the company during the turnaround period consists of three incentives which are a Turnaround Incentive, STI and LTI described in more detail from page 26 to 29: • The Turnaround Incentive will be settled in cash upon the achievement of specific milestones linked to debt reduction and cash flow initiatives; • The 2020 STI will be settled in cash upon the achievement of specific performance conditions including cash flow initiatives; and • The once-off LTI allocation made during the "business unusual" circumstances to align Exco members with shareholder value creation will be settled in equity.	The purpose of the Turnaround Incentive is to appropriately incentivise and retain: • Critical employees who have been tasked to execute a turnaround strategy; and • Eligible employees who are considered vital to the Group as they will ensure that the Group remains viable in the medium to long term.	Turnaround Incentive – Exco members and key staff considered to be critical employees, as approved by the Remco. 2020 STI - Eligible employees from Paterson D Band and above. Once-off LTIP allocation – Exco members.
Short-term incentive (STI) - from 1 April 2020 onwards	The company previously used an 'additive' STI which could lead to bonus payments even in the face of poor business performance. The company will implement a new 'multiplicative' STI (from April 2020 going forth), to ensure alignment with shareholder value creation. The benefit is that no bonus payments will be made in the event that the expected threshold performance (both company and individual) is not achieved.	The primary purpose of the STI is to motivate participants to enhance continued operations so that the business remains sustainable and viable in the medium to long-term. In addition, to provide them with the opportunity to earn an annual bonus based on the achievement of predetermined performance targets directly linked to strategic, business and individual conditions.	• To enhance the line of sight between business and personal performance and incentives paid; and • To entrench a remuneration philosophy of pay for performance through bonus payments geared to the achievement of stretch performance and no incentives for unsatisfactory performance.	Eligible employees from Paterson D Band up to CEO. All other employees receive a guaranteed annual bonus based on 10% of their annual cash pay.

Remuneration Element	Changes made during 2019	Key features and policy	Purpose and link to strategy	Eligibility
Long-term incentive (LTI) – Conditional Share Plan (CSP) To be approved at the 2019 AGM and allocations to be made once the company has stabilised and prospective performance conditions can be set.	A new CSP will be put forward at the 2019 AGM for a shareholder vote. The proposed CSP will replace the current LTIP, which comprises performance LTIPs and retention LTIPs (RLTIP) and the Share Appreciation Rights Scheme (SARS) and Deferred Bonus Plan (DBP). It is envisaged that once the plan has been approved, awards will be made under this proposed CSP when the company has stablised due to the successful execution of the turnaround strategy.	In terms of the proposed CSP, annually, participating employees are granted conditional rights to shares which will be settled in equity upon vesting. The shares will be in the form of three instruments: • Performance shares (Exco only) – These will vest on the achievement of performance conditions over a three-year performance period. However, for the Exco, despite a three-year performance period, there will be staggered vesting whereby 1/3 will vest in each of years 3, 4 and 5. Refer to the table on pages 30 to 31 on long-term incentive plans for further details; • Bonus Shares – Participants will on a mandatory basis defer a % of their pre-tax STI into shares with vesting based on the participant remaining employed by the company for the 3-year period from date of allocation; and • Retention shares – These awards will be used on an ad hoc basis for retention of key employees who are critical for the achievement of business objectives.	• To further align managements' interests with that of shareholders during and after the turnaround period in order to consistently create shareholder value; • To provide participants with the opportunity to share in the benefits of the increased performance of the company; and • To motivate participants to remain in the employ of the company.	Eligible employees from Paterson D Band up to CEO.

EXECUTIVE MANAGEMENT

Further details pertaining to the new policy as it applies to executive management are provided below.

Guaranteed pay and benefits and benchmarking of remuneration

Remuneration, is benchmarked on an annual basis, with executive remuneration being benchmarked against a comparator group, with senior manager remuneration being benchmarked against an independent remuneration survey.

Previous Comparator Group (November 2018)		New Comparator Group (September 2019)
Astral Foods Limited AVI Limited Clicks Group Limited Distell Group Holdings Limited Life Healthcare Group Holdings Limited Netcare Limited Mr Price Group Limited Pioneer Food Group Limited RCL Food Group Limited The Foschini Group Limited Tiger Brands Limited Tsogo Sun Holdings Limited	After year-end, Tongaat Hulett re-evaluated the appropriateness of the current comparator group used to benchmark its executive director remuneration and non-executive director fees by taking into consideration its current size, performance, complexity and industry. Based on this evaluation, the new comparator group will be used to benchmark executive director remuneration and non-executive director fees going forward.	AECI Limited Astral Foods Limited AVI Limited Distell Group Holdings Limited KAP Industrial Holdings Limited Murray & Roberts Holdings Limited Nampak Limited Omnia Holdings Limited Pioneer Food Group Limited RCL Foods Limited Sun International Limited Tiger Brands Limited

REMUNERATION ARRANGEMENTS FOR FY2020

Following the recommendation of the Remco and with the approval of the Tongaat Hulett Board, as mentioned above, for FY2020, the normal remuneration arrangements will be replaced by a once-off Turnaround Incentive Plan (the Plan). This Plan has been designed for the purpose of appropriately incentivising and retaining critical employees who have been tasked to execute a turnaround strategy based on the following circumstances:

- The company is currently under distress and operating in unique "business unusual" circumstances. Therefore, management has undertaken this strategy in order to address the company's declining business performance;
- Due to the restating of the 2018 Financial Statements, the company intends to publish the 2018 and 2019 results in December 2019 and is in a closed period as defined by the JSE Listings Requirements;
- As mentioned before, as requested by the company, the JSE suspended the listing of the company shares. This request was motivated by the delay in the publishing of the 2018 Financial Statements and the forensic review into past financial practices; and
- Due to the company's poor performance, which has resulted in no STI payments and the suspension of its listing resulting in its inability to make LTI awards, the company has identified significant retention risks of critical employees and acknowledges that it is difficult to incentivise and retain the critical employees in its current circumstances.

From engagement with key stakeholders (i.e. its shareholders and lenders), the company is of the view that it is vital to implement the Turnaround Incentive Plan as an interim once-off incentive in order to restore and preserve value for its shareholders, whilst honouring its commitments to its lenders through debt repayments. As a result, the company acknowledges that given its poor performance and notwithstanding the "business unusual" circumstances, there is an urgent need to implement the Plan to incentivise and retain these executives and other key employees involved in turning around the business.

This Plan will be implemented for the following employees:

- Critical Exco employees who are mandated to successfully execute the turnaround strategy. These critical Exco employees will participate in all three types of incentives which form part of the Plan (i.e. the Turnaround Incentive, the 2020 STI and the once-off LTIP allocation);
- Other critical employees who are in addition to the critical Exco employees, also mandated to assist in the successful execution of the turnaround strategy. These other critical employees will participate in two types of incentives (i.e. part of the Turnaround Incentive and the 2020 STI) and;
- Eligible employees who are considered vital to the business and are mandated to ensure that it remains viable in the medium to long term. These employees will participate in the 2020 STI only.

The salient features of the Plan are set out below.

TURNAROUND INCENTIVE PLAN

Description of Plan	The Plan has been designed to mainly address the specific "business unusual" circumstances and will comprise three incentives which are: • Turnaround Incentive (Incentive One): designed to address debt reduction and the cash flow Initiatives. Incentive One will comprise Part A and Part B; • 2020 STI (Incentive Two): a short-term incentive, namely a bottom-up multiplicative STI which has been implemented in the 2020 financial year; and • Once-off LTI allocation (Incentive Three): an LTI, using the existing performance LTIP awards. It is anticipated that the allocations will be made in January 2020, once all the JSE trading restrictions have been lifted.
Turnaround Incentive (Incentive One)	
Structure	The incentive will be a purely cash settled award. It will be implemented in the current financial year for a period of 24 months aligned to the estimated turnaround period (i.e.1 April 2019 - 31 March 2021).
Eligibility	Two groups of employees (less than 20) considered to be critical employees will participate: • Group A* – selected Exco members who are responsible for the debt reduction; and • Group B** – selected Exco members who are not included in Group A above and other critical employees who are responsible for operational enhancements and cash flow improvement. The Critical employees must have been in the employment of the Group for at least 6 full months of the 2020 Financial Year to be eligible to participate in Incentive One, but the Remco retains the discretion to deviate from this rule in appropriate circumstances. ** Critical Exco employees who are designated in Group A will participate in Part A and B of Incentive One (see further details on Part A and B under performance measures).* *** Critical Employees who are designated in Group B will participate in Part B of the Incentive One only.*
Earning potential	The award quantum will be expressed as a percentage of the participant's TGP: • Part A - The value of an award made to a participant will be equivalent to 0% - 100% of a participant's TGP; and • Part B - The value of an award made to a participant will be equivalent to 0% - 150% of a participant's TGP. Thus, for a participant who participates in both Part A and B, the cumulative value of the awards would be 0% - 250% of the TGP. All payments made will be subject to achievement of the performance conditions linked to the turnaround strategy.

Performance measures

Part A (Debt reduction)
Quantum - 100% of TGP
Performance Period: 1 April 2019 to 31 March 2021

No.	Performance Condition		Project/ Description	Participants and weighting – Group A	Assesment/ Signature test date	Payment Assessment date[9]	Core Debt Reduction Target[1] (R billion)
1	Debt refinancing agreement concluded and signed[2]			15%	Sep 19	-	-
2	Results Published - "Unqualified Opinion Basis"[3]			15%	Oct 19	-	-
3	Debt reduction	Milestone 1	Contracts [4] agreed and signed[5] Cash received	10%	Nov 19	June 20	0,5
		Milestone 2	Contracts agreed and signed[6] Cash received	25%	March 20	Sep 20	4.0 in addition to the cash received of Milestone 1
		Milestone 3	Contracts agreed and signed[7] Cash received	20%	Jun 20	Dec 20	6.0 in addition to the cash received of Milestone 1 and Milestone 2
		Milestone 4	Contracts agreed and signed[8] Cash received	15%	Sep 20	Mar 21	8.1 in addition to the cash received of Milestone 1 and Milestone 2 and Milestone 3

1 The target percentage to be earned has been calculated on a cumulative basis.
2 This is a binary performance condition, i.e. if the target is met by the assessment/Signature test date the associated weighting will be achieved.
3 This is a binary performance condition, i.e. if the target is met by the assessment/Signature test date the associated weighting will be achieved.
4 Contracts in relation to sale of assets in terms of the detailed Term Sheets with lenders
5 This is a double trigger performance condition, which is linear, from the first Rand until the target. The first part of the performance condition (contracts signed by Nov 19) determines your potential outcome, with the second part of the performance condition (cash collection from contracts signed by Nov 19, which have been collected by June 20) determining your final outcome. Payment is further subject to the provisions of the rules. Any ZAR amount for which contracts have been agreed and signed, but value which was not collected by June 2020 will lapse. Note that to the extent that target ZAR amount for signed contracts by Nov 19 is exceeded, the excess amount will carry over towards satisfaction of the next Milestone. Similarly, to the extent that target ZAR amount for collections by May 20 relating to that signed amount is exceeded, such excess amount will carry over towards satisfaction of the next Milestone.
6 See note 5 and read in applicable dates for Milestone 2
7 See note 5, and read in applicable dates for Milestone 3
8 See note 5, and read in applicable dates for Milestone 4
9 Amounts collected in terms of the agreements signed before the associated amendment date will be paid at the payment amendment date.

Performance measures

Part B (Operational enhancement and cash flow improvement)
Quantum: 100% of TGP (50% vests in each of the years - weighting is applied to the 50%)

Performance Period 1: 1 April 2019 to 31 March 2020

No.	Performance Condition	Project/Description	Participants and weighting		Measure	Performance Period	Threshold	Target	Stretch
			Group A	Group B			50%	100%	150%
1	Operational enhancements	Improvement in cash flow relative to baseline business - excluding Zimbabwe	90%	100% (excluding Zimbabwe participants)	Cash flow improvements (including working capital and capital)	Apr 19 - Mar 20	83,33% of target cash flow	100,00% of target cash flow	116,67% of target cash flow
2	Zimbabwe Initiatives	Improvement in business based on Opco STI targets	10%	100% (Zimbabwe participants only)	Zimbabwe Opco measures	Apr 19 - Mar 20	STI Opco measures		

Performance Period 2: 1 April 2020 to 31 March 2021

No.	Performance Condition	Project/Description	Participants and weighting		Measure	Performance Period	Threshold	Target	Stretch
			Group A	Group B			50%	100%	150%
1	Initiatives to improve cash flow[9]	Improvements in cash flow relative to baseline business [cash flow is defined as free cash flow after deductions for interest]	90%	100% (excluding Zimbabwe participants)	Cash flow improvements (including working capital and capital)	Apr 20 - Mar 21	91,43% of target cash flow	100,00% of target cash flow	108,57% of target cash flow
2	Zimbabwe Cash Extraction	Initiatives to extract cash/value from the Zimbabwe operations	10%	100% (Zimbabwe participants only)	Cash receipt	Apr 20 - Mar 21	60% of target cash flow	100% of target cash flow	140% of target cash flow

Payment

- Incentive One, Part A will be paid in portions, at the applicable payment dates, following the end of the relevant performance period and the assessment of the relevant performance conditions, as and when the performance period applicable to the specific performance conditions expires.
- Any payment amount will be capped at 1,5% of the cumulative net disposal proceeds received up until the applicable payment date. To the extent that this is exceeded, the excess amount will be deferred for 6 months, and this payment condition will be retested. On the retesting date, any additional outstanding payments may be paid, up to the cap of 1,5% of the cumulative net disposal proceeds received up until the new payment date.
- The total value of the Turnaround Incentive will be capped at 1,5% of the cumulative net disposal proceeds received up until and including 31 March 2021. Any amount payable in terms of this Plan which are in excess of this cap will lapse.

2020 STI (Incentive Two)

Structure

The company has replaced its current STI plan with a bottom-up multiplicative STI scheme to ensure that no bonus payments will be made in the event that threshold company or individual performance are not met. A similar structure will be used for the 2021 STI.

The 2020 STI has been implemented to drive the medium to long-term operational viability and sustainability of Tongaat Hulett, i.e. ensuring that the operational day-to-day requirements of the business are taken care of. The incentive is implemented for a period of 12 months commencing from 1 April 2019 to 31 March 2020.

The 2020 STI will be cash settled and there will be no STI deferral into bonus shares under the 2010 Tongaat Hulett Long-Term Incentive Plan (LTIP) in FY2020 as the company's shares are currently suspended and in a closed period.

Eligibility

All employees considered to be eligible employees from Paterson D Band and above will participate in the 2020 STI (i.e. middle management to CEO). The eligible employees must have been in the employment of the Group for at least 6 full months of the 2020 Financial Year to be eligible to participate in the 2020 STI.

The same eligibility criteria will apply to the new STI which will be implemented in the 2021 financial year (i.e. from1 April 2020 going forward).

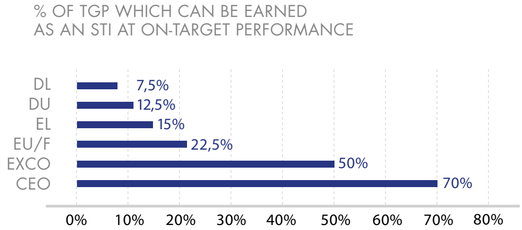
Formula

The STI will be determined according to the following multiplicative STI formula (which is the same for the new STI to be implemented in the 2021 financial year):

STI = total guaranteed package (TGP) x on-target % x business score [0% to 150%] x personal score [0% to 150%]

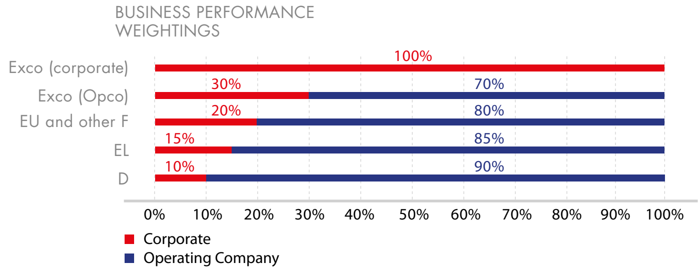
The determination of the STI payment is dependent on the achievement of financial/operational performance conditions and non-financial performance measures. These performance conditions alongside applicable targets have been set for the 2020 financial year. At the end of the 2020 financial year the company performance and individual performance will be assessed to determine the STI payment each individual is eligible to receive.

Earning potential



There will be an individual cap of 200% of on-target STI. This means that the maximum value of any bonus to be awarded to any participant, is 200% of the on-target bonus in respect of the relevant financial year.

Business performance weightings



All eligible employees are measured against the business score which will be determined against Tongaat Hulett's business performance. Executives and participants from the corporate office will only be measured on Tongaat Hulett's corporate score whilst operational targets will be included for participants who perform an operational function.

Elements of STI calculation

It must be noted that unlike the old STI scheme, the 2020 STI does not incorporate a gatekeeper provision which results in no bonus payments being made in the event that it is not met. Under the new STI there is threshold level of financial performance in the business score which must be met before any bonus payments are made.

Accordingly, the applicable bonus performance conditions, targets and weightings between the different elements are as follows:

Business Score

Corporate performance conditions
The methodology to define corporate targets is based on the achievement of the turnaround initiatives (threshold - 75% of turnaround initiatives ; target - 100% of turnaround initiatives ; stretch - 125% of turnaround initiatives). The same methodology is cascaded down to OPCOs to determine OPCO specific targets which are excluded for commercial sensitivity.

EXCO (Corporate) members are measured only on corporate performance targets. The corporate specific targets are set out in the table below. The weightings applicable to the corporate scorecard is illustrated in the appropriate "weighting" column below.

EXCO (OPCO) members who perform an operational function have a mix of corporate and OPCO targets. For these members, 30% - 50% of the performance is based on corporate targets and 70% - 50% on operational targets.

No.	Performance Condition	Weighting		50%	100%	150%
		Corporate[12]	OPCO	Threshold R million	Target R million	Stretch R million
1	Cash flow (operating cash flow less core capital, including root replant)[10]	45%	50%	424	591	761
2	Adjusted EBITDA[11]	35%	40%	667	804	964
3	Zimbabwe STI measures	15%	-	Zimbabwe Opco specific targets (cash flow; earnings; specific turnaround initiatives)		
4	Health and Safety	5%	10%	N/A	Group and Opco specific targets	N/A

10 The Remuneration Committee may adjust the outcome to take account of any extraneous factors in the month following the end of the financial year which relate to the cash flow improvement assessed at the applicable financial year-end.
11 See above note.
12 Corporate refers to all operating entities of the business excluding Zimbabwe. The Zimbabwe targets have been excluded due to the hyperinflation business environment in that country.

Personal performance	The company will set specific performance conditions to measure each participant's personal performance. These will be set according to the employee's role and contribution to the business remaining viable. The participant's personal performance will be rated according to a rating scale of 1 – 5. If a participant meets expectations and scores a 3 they can earn 100% of the on-target STI and if they far exceed expectations and score a 5, they can earn 150% of their on-target STI for the component relating to personal performance. The same rating scale will be used for the 2021 STI going forward.
Settlement	The 2020 STI becomes payable in cash on the payment date, subsequent to the end of the relevant performance period, following the assessment of the performance conditions. The total value of the STI will be capped at 12% of the cash inflow from cost saving initiatives for the financial year.

<table>
<tr><th colspan="7">Once-off long-term Incentive (Incentive Three)</th></tr>
<tr><td>Structure</td><td colspan="6">The purpose of the plan is to restore and preserve shareholder value, align management's performance with restoring shareholder value as well as "lock-in" participants during and post the turnaround period. Allocation of conditional performance shares (performance LTIPs) using the current LTIP will be made after the suspension is lifted and outside any closed period.</td></tr>
<tr><td>Eligibility</td><td colspan="6">Awards will be made to Exco members.</td></tr>
<tr><td rowspan="3">Award Policy</td><td colspan="2">Level</td><td colspan="4">% of TGP at on-target</td></tr>
<tr><td colspan="2">CEO</td><td colspan="4">70%</td></tr>
<tr><td colspan="2">Other Exco</td><td colspan="4">50%</td></tr>
<tr><td rowspan="3">Performance Conditions*</td><td colspan="6">Due to the current "business unusual" circumstances and the uncertainty around the nature and size of the business going forward, a single performance condition linked to share price growth will be used to align management to shareholders.</td></tr>
<tr><td>Performance Condition</td><td>Description</td><td>Measure</td><td>30%</td><td>65%</td><td>100%</td></tr>
<tr><td>Share price growth</td><td>Simple growth in the Tongaat Hulett share price from the start of the performance period, i.e. Jan 20 to the end of the performance period 31 March 2022</td><td>To mitigate market volatility in determining the applicable share price at the start and at the end of the performance period, a 3-20 day volume weighted average price (VWAP) will be applied</td><td>Simple growth in share price equal to 100%* over the performance period</td><td>Simple growth in share price equal to 150%* over the performance period</td><td>Simple growth in share price equal to 200%* over the performance period</td></tr>
<tr><td>Performance period and vesting period</td><td colspan="6">The performance period/vesting period will be approximately 2,25 years, measured from January 2020 - 31 March 2022. The allocation of awards and subsequent performance period is postponed until the suspension of Tongaat Hulett's listing has been lifted as it is deemed more appropriate that awards are made at such a time when normal trading has resumed, and the share price is less volatile.</td></tr>
</table>

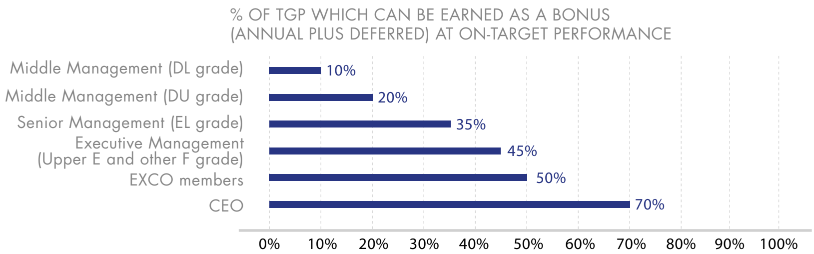
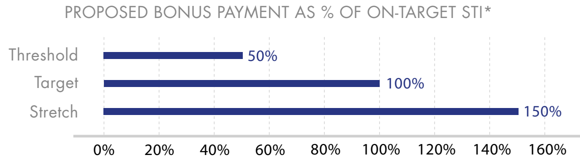
*It is envisaged that normal trading will commence in 2020.

REMUNERATION ARRANGEMENTS FROM FY2021 ONWARDS

High-level features of new STI from 1 April 2020 onwards

Following the recommendation of the Remco and with the approval of the Tongaat Hulett Board, the operation of the new STI scheme for eligible middle management upwards for the 2021 financial year going forward (i.e. from 1 April 2020 onwards) is as set out below.

STI	
Description of plan	The new STI (bonus) comprises of an annual cash bonus and a deferred bonus (delivered under the proposed CSP).
Eligibility	Eligible employees graded Paterson D band and above participate in the STI scheme (i.e. middle management to CEO). The participation is subject to 6 months service within that financial year as an entry qualification.
Formula	The bonus will be determined according to the same multiplicative STI formula used for the 2020 STI as disclosed on page 27. The determination of the bonus is dependent on the achievement of financial/operational performance measures and non-financial performance measures. These performance measures alongside applicable targets will be set annually, and at the end of each financial year, the company performance and individual performance will be assessed to determine the bonus payment each individual is eligible to receive.

Earning potential (On-target %s)	The total variable pay (annual bonus, deferred bonus and other long-term incentives) are disclosed under the LTI section. 
Performance levels	Based on the Tongaat Hulett and operating company (Opco) targets, the participants will be expected to achieve the following levels of performance to earn a bonus:  * On-target STI is the bonus that will be paid out to the participant in the event that they meet expectations. With the multiplicative approach, where the threshold business score or personal score is not achieved, no bonus will be paid.
Elements of the bonus calculation	The performance conditions and weightings will be reported nearer the time when the company intends to implement the bonus.
Personal performance	This is similar to the 2020 STI as disclosed on page 29.
Settlement	To align managements' interests with shareholders and encourage positive performance which achieves the company's objectives, a mandatory deferral will apply, and a portion of the bonus will be deferred on a pre-tax basis into bonus shares under the LTI as follows: • Exco members: 30%; and • All participants below Exco level: 50%. The participants below Exco will defer a greater percentage of their bonus into bonus shares as they will only receive bonus shares under the CSP. The remainder of the STI which is not deferred will be paid in cash.

PROPOSED NEW LTI

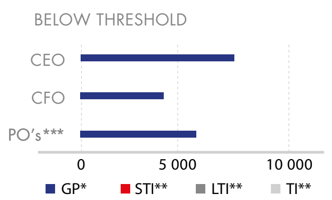
The company proposes that shareholders approve the new CSP (at the AGM to be held in January 2020) which is aligned with current global trends which strongly favour the implementation of LTIs which are simple, easily understood by the market and easier to administer. It is envisaged that LTI awards will be made in terms of this CSP based on the outcomes of the turnaround strategy, once the company has established that its operations have stabilised and at such a time that it is in a position to set prospective performance conditions. The table below details the salient features of the plan.

Proposed Conditional Share Plan			
Brief description of plan and context	Up to now, the company operated three LTI plans: • Share Appreciation Right Scheme 2005 (SARS); • 2010 Tongaat Hulett Long-Term Incentive, comprising of performance LTIPs and retention LTIPs (RLTIP); and • the Deferred Bonus Plan 2005 (DBP). Going forward the SARS, LTIP and DBP will no longer be used, but existing awards will come to fruition. The proposed CSP will incorporate the following instruments: • Performance shares: Annual award of full value conditional shares will be made subject to prospective performance conditions as this is best practice and will align management with shareholder interests; • Retention shares: Award on an ad hoc basis of full value conditional shares subject only to an employment condition; and • Bonus shares: A portion of the bonus is mandatorily deferred and delivered as bonus shares. Further details pertaining to the new CSP can be found in the Notice of AGM.		
Eligibility	**Performance Shares**	**Bonus Shares**	**Retentions Shares**
	To be made annually to Exco participants.	To be made annually to eligible Paterson D band and above participants.	To be made on an ad hoc basis to high performers below Exco level only in limited circumstances subject to the Remco's discretion.

Award policy and instrument mix	**The total variable pay opportunities are as follows: (% of TGP)**					
		Total STI (cash + bonus shares)	STI (annual cash)	STI (deferred: bonus shares)	LTI (performance shares)	STI + LTI (Total variable pay)
			% of TGP			
	CEO	70%	49%	21%	70%	140%
	Other Exco	50%	35%	15%	50%	100%
	EU and other F	45%	22,5%	22,5%	0%	45%
	EL	35%	17,5%	17,5%	0%	35%
	DU	20%	10%	10%	0%	20%
	DL	10%	5%	5%	0%	10%
Performance period and vesting period	**Performance Shares**		**Bonus Shares**		**Retention Shares**	
	Three-year performance period, with a third vesting in each of years 3, 4 and 5 for Exco. Other participants (if any) will have a three-year vesting period.		Three-year vesting period. There are no performance conditions attached to these shares as the initial allocation has reference to the deferred element of the STI and is therefore linked to performance in that matter. Bonus shares will vest subject to the participant remaining employed until the end of the three-year vesting period.		Four-year vesting period. These shares will vest subject to the participant remaining employed until the end of the four-year vesting period.	
Company limits	The maximum number of shares issued, or treasury shares used to settle CSP awards shall not exceed 5% of the issued share capital. The maximum number of shares that can be settled to any one participant under the CSP is 1% of the issued share capital. To avoid excessive dilution, the Board adopted a resolution that any outstanding SARS, LTIP and DBP awards from the existing plans can only be settled by purchasing shares in the market and no more than 5% of the company's shares can be issued for the proposed CSP. The new 5% limit for the CSP is less dilutive than the previously used limit of 9.6%. The Remco views this as a positive change.					
Dividend equivalent shares	The company may award dividend equivalent shares subject to the Remco's discretion. The value will be based on actual dividends declared during the vesting period. These dividend equivalent shares will be settled in equity at the end of the vesting period only based on the vested portion of performance shares, retention shares and bonus shares.					

PACKAGE DESIGN PAY MIX (R000)

Below Threshold

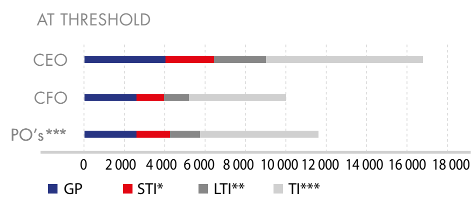


* Guaranteed package includes cash package and benefits.

** 115% of the incumbent's cash package has been used to quantify the STI, Turnaround incentive (TI) and LTI outcomes. The LTI relates to a once-off LTIP allocation during the turnaround period.

*** Represents an average of the PO's remuneration.

At Threshold



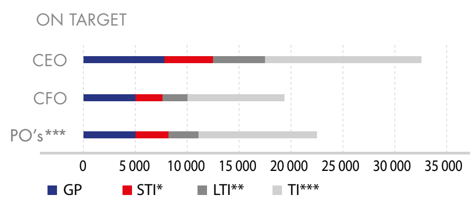
* Threshold performance assumed to be 25% of on-target STI.

** Threshold performance assumed to be 30% of on-target LTI.

*** Threshold performance assumed to be 30% of on-target for Part A and 50% of on-target for Part B of the Turnaround Incentive.

The TI is a once-off incentive designed for the specific turnaround strategy.

On Target



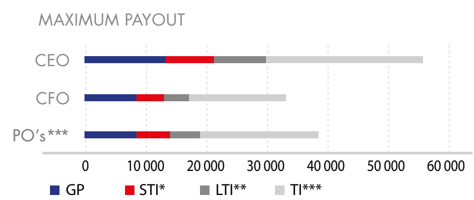
* On-target performance assumed to be 70% and 50% of TGP for the CEO and CFO respectively.

** LTI: Indicative expected value of LTIP award on grant date.

*** Target performance assumed to be 100% of TGP for Part A and Part B respectively.

The TI is a once-off incentive designed for the specific turnaround strategy.

Maximum Payout



* Maximum payout is 200% of on-target.

** LTI: Indicative face value of LTIP award on grant date.

*** Maximum payout is 250% of on-target.

The TI is a once-off incentive designed for the specific turnaround strategy.

EXECUTIVE CONTRACTS' NOTICE AND PAYMENTS ON TERMINATION OF OFFICE

The CEO is employed on a five-year fixed-term contract, terminating on 1 February 2024. There is no expectation for further renewal although the parties are entitled, upon termination, to negotiate a renewal on terms and conditions deemed appropriate and for a mutually agreed period. The CFO was appointed on promotion effective 1 March 2019 on a permanent (not fixed duration) contract of employment.

The executive management have contracts that set out notice periods, which may either be worked out in full or in part or paid in lieu of notice.

- CEO: 1 month's notice.
- CFO: 3 months' notice.

There are currently no restraint of trade provisions within executive contracts of employment.

Furthermore, the termination provisions under different circumstances, are set out below.

Element	Reason for Termination	Treatment
Guaranteed Package	Fault termination: dismissal, resignation, early retirement	No payments are made in the event of the corresponding termination of employment (unless indicated). CEO: 1 month's notice period under resignation; in the event of an irreconcilable breakdown in the relationship with the Board, loss of confidence or perceived incompatibility, pretermination procedures are waived, and an additional 2 months guaranteed notice pay is paid. CFO: 3 months' notice period under resignation, early retirement and dismissal Other employees: 1 month's notice period under resignation and retirement Recent executive management contracts: 3 months' notice pay.
	No-fault termination: Retirement, ill health, disability	No payments (such as legacy post retirement and gratuity benefits) are made in the event of the corresponding termination of employment. CEO: 1 month's notice period CFO: 3 months' notice period Other employees: 1 month's notice period Selected executive management contracts: 3 months' notice period.
	No fault termination: Retrenchment or death	CEO: Payment of a severance package equivalent to 2 months' guaranteed pay in the event of termination for operational reasons. In the event of death, there are no additional company payments apart from the insured benefits. CFO: Payment of a severance package equivalent to 2 weeks' cash pay per year of completed service, plus 3 months' guaranteed notice pay in accordance with current company policy. In the event of death, there are no additional company payments apart from the insured benefits. Other employees not covered by collective agreements: payment of a severance package equivalent to 2 weeks' basic pay per year of completed service, plus 3 months' guaranteed notice pay in accordance with current company policy. Negotiated, bargaining unit retrenchment packages may be structured differently but are of equivalent value. In the event of death, there are no additional company payments apart from the insured benefits.
Turnaround incentive Plan: Turnaround Incentive (Incentive One)	All reasons	Turnaround incentive - As the performance conditions applicable to the Turnaround Incentive are specific to the individual contributions of the participants, payment will only occur if a participant remains in employment until the payment date of a particular portion of the Turnaround Incentive.
2020 STI (Incentive Two)	Fault termination: resignation, dismissal, abscondment, mutual separation, early retirement	All awards shall be forfeited in their entirety and will lapse immediately on the date of termination.
	No fault termination: death; ill health, injury or permanent disability; early (as a result of death disability or ill health) retirement; retrenchment, retirement; or the division in which a participant is employed being transferred to a transferee which is not a member of the company.	Awards will be pro-rated based on the number of months served in the performance period. The pro-rata 2020 STI will be determined at the normal date of approval by the Remco. (i.e. no STI or part thereof will be paid or determined before such date).
Once-off LTIP allocation (Incentive Three)	Voluntary resignation, dismissal	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination.
	Retirement, ill health disability	If the participant retires, falls ill or is disabled prior to the vesting date, they shall remain entitled to the same rights and obligations as if they remained employed by the company. Retention awards are forfeited in cases of early retirement.
	Retrenchment or death	A pro-rata portion of the award shall vest within 3 months or longer of retrenchment as the Remco determines. In determining the pro-rata portion, Remco considers the extent the performance conditions are satisfied, and the proportion of performance period expired. On the date of death, a pro-rata portion of the award shall vest and reflect the expired portion of the performance period.
Proposed Long-term incentive (CSP)	Fault termination: dismissal, resignation, early retirement	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination.
	No-fault termination: Retirement, ill health, disability, retrenchment or death	The participants will qualify for a pro-rated bonus based on performance and time served: • In respect of performance shares, the portion which will vest shall also be adjusted for performance; and • In respect of bonus shares and retention shares, a pro-rata portion of the award shall vest adjusted for time served.

MALUS AND CLAWBACK

Malus and Clawback applies to all variable remuneration. The Remco has discretion to invoke malus and determine that any unvested, unsettled or unpaid incentive may be reduced or cancelled, or may invoke clawback and determine that any bonus, or the cash equivalent of any share award be recouped from the executive in the event that any of the following trigger events are discovered:

- A material misstatement resulting in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the Group; and/or
- The fact that any information used to determine the quantum of any payment was based on error, or inaccurate or misleading information; and/or
- Action or conduct of an executive which, in the reasonable opinion of the Board, amounts to serious misconduct; and/or
- Events or behaviour of an executive or the existence of events attributable to an executive which have led to the censure of the company or a member of the company, by a regulatory authority or have had a significant detrimental impact on the reputation of the company.

MINIMUM SHAREHOLDING REQUIREMENTS (MSR)

As part of the redesign of the remuneration policy, the Board has approved the introduction of an MSR policy as it believes share ownership by executive management reaffirms their commitment to the success of the company and serves to reinforce the alignment between executive and shareholder interests.

Executives who form part of executive management and selected employees as determined by Remco are required to have a minimum shareholding in the company as per the table below:

	Target Percentage	Time period after which MSR must be met	Holding Requirements
CFO	150% of TGP	5 years	Indefinite
Executives	150% of TGP	5 years	Indefinite

The CEO does not participate in the MSR as he is employed on a fixed-term contract, limiting enforceability.

The following count towards an individual MSR:

- JSE shares purchased on the market, either directly or indirectly, for personal reasons; and
- Vested shares from the company's incentive plans.

Executives have 5 years in which to build up the number of shares equal to their requirement. Measurement occurs at the determination date (being the date on which the MSR target must be satisfied) and is based on the average share price and TGP at that date.

INTERESTS OF THE DIRECTORS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings as at 31 March 2019 of executive directors of the company holding issued ordinary shares of the company are detailed on pages 35.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors of the Board and all committees including its Remco, which includes an attendance fee component. The directors' fees are benchmarked annually against fees published in the latest integrated annual reports of comparator companies (in the food and non-food sector) of similar size, performance and complexity. This is set out on page 45 of this report.

The company targets to pay non-executive director fees at the median of the comparator group of companies. Historically, non-executive director fees have approximated the upper quartile of the comparator group. Against the context of the serious financial circumstances facing the company, executive management of the company has recommended to Remco and the Board, and proposes to shareholders for approval, that non-executive director fees are rebased over time.

As required by the Companies Act no. 71 of 2008 as amended, non-executive director remuneration will be authorised by special resolution at the AGM and is set out on page 40 of the annual report. It is proposed that with effect from the date of the 2019 AGM to the date of the 2020 AGM a 0% increase should apply to the retainer as well as the attendance fee component in respect of the Chairman of committees, Board members and committee members. The intention is to apply a 0% increase until the non-executive director remuneration approximates fees at the median of the new comparator group; this will be reviewed annually. The remuneration of the Chairman of the Board is proposed to be restructured on an all-inclusive fee basis. Refer to page 40 for a table of proposed fees.

Non-executive directors do not participate in either short-term bonus schemes or long-term incentive share schemes of the company.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY - PART 2

This remuneration policy is subject to an advisory vote by shareholders at the forthcoming AGM.

PART 3: IMPLEMENTATION REPORT

In this part of the report, details are provided of the remuneration paid to executive and non-executive directors for the financial year ended 31 March 2019. The Remco is of the opinion that these payments are substantially more in line with the company's new remuneration policy.

FINANCIAL INFORMATION

The financial details relating to the directors and prescribed officers' emoluments and interests are disclosed on pages 35 to 39.

CASH PACKAGE ADJUSTMENTS FOR 2019/20

In determining the cash package for the newly appointed CEO and CFO, an independent consultancy collected TGP information from the most recent publicly available integrated annual reports ranging from 30 September 2017 to 31 August 2018 and age corrected this information by 5% to 30 November 2018 to take into consideration current market movements. The company targeted to pay the CEO at the median of the market and at the lower quartile TGP for the CFO as this was an internal promotion.

The Remco approved a 0% increase on cash pay for executives and management in South African based operations in 2019/20 due to the current financial circumstances of the company and associated retrenchments. Management and employees of operations of the company that performed well were granted below country specific CPI % increases.

SHORT-TERM INCENTIVE: ANNUAL BONUS SCHEME AWARDS FOR 2019

No bonuses were paid to any eligible employees for the 2019 year due to the failure to meet the threshold headline earnings of R680 million, as disclosed in the cautionary announcement at the time. (2019: headline earnings loss of at least R 900 million reported, subject to delayed financial statements)

LONG TERM INCENTIVES: AWARDS MADE IN 2019 FINANCIAL PERIOD

LTIP and SARS
The new CFO was the only executive director who received an LTI award (SARs: 19 418; LTIPs: 12 011 and 5 000 RLTIP). Apart from the 5 000 RLTIPs, all awards are unlikely to vest as the fair value of these awards has significantly decreased as a result of the restated 2018 Financial Statements.

DBP
No DBP awards were made during the year due to non-payment of any bonuses in respect of the 2018 financial year.

LONG TERM INCENTIVES: AWARDS VESTING WITH REFERENCE TO THE 2019 FINANCIAL YEAR

The awards that vested in the 2019 financial year are the 2015 awards made on 28 May 2015 (2016 financial year) and vest on 28 May 2018 (2019 financial year). The performance conditions (measured at 31 March 2018) and vesting outcomes are reflected below:

SARS

Performance condition	Target	Vesting period	Vesting achieved for 2019
HEPS	Growth of greater than CPI + 6% over 3 years for 100% vesting and 0% if below the predetermined threshold, with linear vesting in-between.	3 years	0%, as the average HEPS was below the threshold of 928,2cps

LTIP

Performance condition	Target	Vesting outcome		Achievement and vesting outcome for 2019
TSR (25% weighting) Comparator Group: AECI Limited, Astral Foods Limited, AVI Limited, Clover Industries Limited, Illovo Limited, Mondi Limited, Nampak Limited, Omnia Holdings Limited, Oceana Group Limited, Pioneer Foods Limited, RCL Foods Limited, Sappi Limited and Tiger Brands Limited	3-year TSR vesting scale for a population of 13 other companies against which Tongaat Hulett is ranked and has competed	Positions 5 - 13	Linear, between 90% and 10% vesting respectively based on ranking position	The company ranked position 12 out of 13, after Illovo Sugar Limited delisted in 2016 and was excluded from the comparator group. This resulted in a 10% vesting of the portion of the LTIP award linked to TSR.
		Positions 1 - 4	100%	
ROCE (25% weighting)	Below lower limit	0%		ROCE was 9,4%. The vesting outcome was 0%
	Lower limit	10,5% = 30%		
	Upper limit	12,8% = 100%		
	Linear vesting in between			
Sugar production (25% weighting)	Between 1,45 and 1,75 million tons sugar	30% and 100%	Linear vesting between these points	Sugar production was 1,171million tons The vesting outcome was 0%
Three-year large land deals (25% weighting)	Between R400 million – R700 million	30% and 100%	Linear vesting between these points	Large land deals were R692 million resulting in a 98,1% vesting of this portion of the LTIP
Total vesting percentage				27,03%

DBP

Please refer to the schedule of vested and unvested awards.

SCHEDULE OF VESTED AND UNVESTED AWARDS

							2018						2019	
Incentive scheme	Opening Number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Exercised/ settled during 2018	Closing Number on 31 March 2018	Cash value on settlement during 2018	**Closing Estimated Fair Value at 31 March 2018**[1]	Granted during 2019[8]	Forfeited/ lapsed during 2019	Exercised/ settled during 2019	Closing Number on 31 March 2019	Cash value on settlement during 2019	**Closing Estimated Fair Value at 31 March 2019**[1]	Grant Price
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	**ZAR**	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	**ZAR**	ZAR
Executive Directors														
PH Staude [8]														
Share Appreciation Right Scheme[4]														
31 May 2010	74 289			-74 289	-	1 867 359								
31 May 2011	87 397			-87 397	-	2 461 209					-			90,42
29 May 2012	65 845				65 845		-		-65 845		-		-	110,21
29 May 2013	-		-		-		-				-		-	126,85
26 May 2014[2]	115 081		-115 081		-		-				-		-	121,93
28 May 2015[3]	123 414				123 414		-		-123 414		-		-	128,54
06 Jun 2016	111 172				111 172		-				111 172		-	113,41
29 May 2017	-	106 763			106 763		-				106 763		-	115,85
Long-term incentive plan[5]														
26 May 2014	49 144		-30 715	-18 429	-	2 208 780					-			
28 May 2015	46 660				46 660		**1 293 003**		-34 048	-12 612	-	1 094 160		
06 Jun 2016	47 766				47 766		-				47 766		-	
29 May 2017	-	52 041			52 041		-				52 041		-	
Deferred Bonus Plan[5]														
26 May 2014	17 451			-17 451	-	2 091 982					-			
28 May 2015	13 405				13 405		**1 374 281**			-13 405	-	1 069 638		
30 May 2016	9 301				9 301		**926 710**				9 301		**186 020**	
29 May 2017		19 883			19 883		**1 929 545**				19 883		**386 471**	
						8 629 330	**5 523 538**					**2 163 798**	**572 491**	
MH Munro [9]														
Share Appreciation Right Scheme[4]														
31 May 2010	23 638			-23 638	-	594 775								
31 May 2011	28 669				28 669		**346 895**		-28 669		-			90,42
29 May 2012	22 439				22 439		-		-22 439		-	-		110,21
29 May 2013	-				-		-		-		-	-		126,85
26 May 2014[2]	47 818		-47 818		-		-		-		-	-		121,93
28 May 2015[3]	52 248				52 248		-		-52 248		-	-		128,54
06 Jun 2016	49 654				49 654		-		-49 654		-	-		113,41
29 May 2017	-	47 177			47 177		-		-47 177		-	-		115,85
Long-term incentive plan[5]														
26 May 2014	20 420		-12 763	-7 657	-	919 166					-			
28 May 2015	19 753		-		19 753		**547 378**		-14 414	-5 339	-	463 499		
06 Jun 2016	21 334				21 334		-		-21 334		-		-	
29 May 2017	-	22 996			22 996		-		-22 996		-		-	
Deferred Bonus Plan[5]														
26 May 2014	5 539			-5 539	-	664 861					-			
28 May 2015	4 114				4 114		**421 767**			-4 114	-	329 031		
30 May 2016	3 092				3 092		**308 073**		-3 092		-		-	
29 May 2017		6 657			6 657		**646 028**		-6 657		-		-	
						2 178 801	**2 270 142**					**792 529**	-	
RD Aitken														
Share Appreciation Right Scheme[4]														
20 Sep 2018					-		-	19 418			19 418			74,08
Long-term incentive plan[5]														
20 Sep 2018					-		-	12 011			12 011			-
Long-term incentive plan - Retention Awards[7]														
02 Jan 2018[6]					-		-	15 000			15 000		279 035	
20 Sep 2018								5 000			5 000		91 392	
						-	**-**						**370 427**	

	2018							2019						
Incentive scheme	Opening Number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Exercised/ settled during 2018	Closing Number on 31 March 2018	Cash value on settlement during 2018	**Closing Estimated Fair Value at 31 March 2018**[1]	Granted during 2019[8]	Forfeited/ lapsed during 2019	Exercised/ settled during 2019	Closing Number on 31 March 2019	Cash value on settlement during 2019	**Closing Estimated Fair Value at 31 March 2019**[1]	Grant Price
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	**ZAR**	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	**ZAR**	ZAR
Prescribed Officers														
SD Mtsambiwa														
Share Appreciation Right Scheme[4]														
29 May 2012	13 822				13 822		-		-13 822		-		-	110,21
29 May 2013					-		-				-		-	126,85
26 May 2014[2]	39 454		-39 454		-		-				-		-	121,93
28 May 2015[3]	42 510				42 510		-		-42 510		-		-	128,54
06 Jun 2016	38 294				38 294		-				38 294		-	113,41
29 May 2017		40 372			40 372		-				40 372		-	115,85
20 Sep 2018								22 713			22 713		-	74,08
Long-term incentive plan[5]														
26 May 2014	16 186		-10 116	-6 070	-	715 561					-			
28 May 2015	15 440				15 440		427 860		-11 267	-4 173	-	333 623		
06 Jun 2016	15 806				15 806		-				15 806		-	
29 May 2017		19 679			19 679		-				19 679		-	
20 Sep 2018								11 188			11 188		-	
Deferred Bonus Plan[5]														
26 May 2014	4 712			-4 712	-	555 928					-			
28 May 2015	4 071				4 071		417 359			-4 071	-	321 444		
30 May 2016	3 054				3 054		304 287				3 054		61 080	
						1 271 489	**1 149 506**					**655 068**	**61 080**	
RDSS Cumbi[8]														
Share Appreciation Right Scheme[4]														
31 May 2010	13 337			-13 337	-	309 656								
31 May 2011	15 930		-15 930		-		-				-			90,42
29 May 2012	11 436				11 436		-		-11 436		-			110,21
29 May 2013					-		-				-			126,85
26 May 2014[2]	23 897		-23 897		-		-				-			121,93
28 May 2015[3]	26 474				26 474		-		-26 474		-			128,54
06 Jun 2016	26 793				26 793		-				26 793			113,41
29 May 2017		30 614			30 614		-				30 614			115,85
20 Sep 2018								35 932			35 932			74,08
Long-term incentive plan[5]														
26 May 2014	9 804		-6 127	-3 677	-	450 953					-			
28 May 2015	9 615				9 615		266 443		-7 016	-2 599	-	207 798		
06 Jun 2016	11 059				11 059		-				11 059		-	
29 May 2017		14 923			14 923		-				14 923		-	
20 Sep 2018								19 836			19 836		-	
Deferred Bonus Plan[5]														
26 May 2014	3 043			-3 043	-	372 420					-			
28 May 2015	2 317				2 317		237 539			-2 317	-	182 964		
30 May 2016	1 801				1 801		179 444				1 801		36 020	
29 May 2017		5 073			5 073		492 309				5 073		98 605	
						1 133 029	**1 175 734**					**390 762**	**134 625**	

Incentive scheme	Opening Number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Exercised/ settled during 2018	Closing Number on 31 March 2018	Cash value on settlement during 2018	**Closing Estimated Fair Value at 31 March 2018[1]**	Granted during 2019[8]	Forfeited/ lapsed during 2019	Exercised/ settled during 2019	Closing Number on 31 March 2019	Cash value on settlement during 2019	**Closing Estimated Fair Value at 31 March 2019[1]**	Grant Price
							2018							**2019**
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	**ZAR**	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	**ZAR**	ZAR
Prescribed Officers														
MN Mohale[8]														
Share Appreciation Right Scheme[4]														
29 May 2012	15 277				15 277		-		-15 277		-		-	110,21
29 May 2013					-		-				-		-	126,85
26 May 2014[2]	30 682		-30 682		-		-				-		-	121,93
28 May 2015[3]	33 277				33 277		-		-33 277		-		-	128,54
06 Jun 2016	31 025				31 025		-				31 025		-	113,41
29 May 2017		34 671			34 671		-				34 671		-	115,85
20 Sep 2018								40 314			40 314		-	74,08
Long-term incentive plan[5]														
26 May 2014	12 588		-7 867	-4 721	-	575 572								
28 May 2015	12 087				12 087		334 945		-8 820	-3 267	-	258 619		
06 Jun 2016	12 806				12 806		-				12 806		-	
29 May 2017		16 900			16 900		-				16 900		-	
20 Sep 2018								22 255			22 255		-	
Deferred Bonus Plan[5]														
26 May 2014	4 136			-4 136	-	506 173					-			
28 May 2015	2 891				2 891		296 385			-2 891	-	232 401		
30 May 2016	2 153				2 153		214 515				2 153		43 060	
29 May 2016		5 011			5 011		486 292				5 011		97 400	
Management Share Ownership Plan (MSOP)														
01 Nov 2012	8 508			-8 508	-	893 936					-			
						1 975 681	**1 332 138**				-	**491 020**	**140 460**	
M Deighton														
Share Appreciation Right Scheme[4]														
31 May 2010	18 136			-18 136	-	473 955								
31 May 2011	21 050			-21 050	-	595 499					-			90,42
29 May 2012	14 156				14 156		-		-14 156		-		-	110,21
29 May 2013					-		-				-		-	126,85
26 May 2014[2]	27 195		-27 195		-		-				-		-	121,93
28 May 2015[3]	30 127				30 127		-		-30 127		-		-	128,54
06 Jun 2016	29 038				29 038		-				29 038		-	113,41
29 May 2017		32 757			32 757		-				32 757		-	115,85
20 Sep 2018					-			38 806			38 806		-	74,08
Long-term incentive plan[5]														
26 May 2014	11 157		-6 973	-4 184	-	510 333					-			
28 May 2015	10 943				10 943		303 243		-7 985	-2 958	-	235 509		
06 Jun 2016	11 986				11 986		-				11 986		-	
29 May 2017		15 967			15 967		-				15 967		-	
20 Sep 2018								21 422			21 422		-	
Long-term incentive plan - Retention Awards[7]														
28-May-15	10 000				10 000		996 355				10 000		199 561	
Deferred Bonus Plan[5]														
26 May 2014	4 374			-4 374	-	535 183					-			
28 May 2015	3 188				3 188		326 834			-3 188	-	251 731		
30 May 2016	2 991				2 991		298 010				2 991		59 820	
29 May 2017		4 339			4 339		421 078				4 339		84 338	
						2 114 970	**2 345 520**					**487 239**	**343 720**	

							2018							2019
Incentive scheme	Opening Number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Exercised/ settled during 2018	Closing Number on 31 March 2018	Cash value on settlement during 2018	**Closing Estimated Fair Value at 31 March 2018[1]**	Granted during 2019[8]	Forfeited/ lapsed during 2019	Exercised/ settled during 2019	Closing Number on 31 March 2019	Cash value on settlement during 2019	**Closing Estimated Fair Value at 31 March 2019[1]**	Grant Price
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	**ZAR**	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	**ZAR**	ZAR
Prescribed Officers														
G Macpherson														
Share Appreciation Right Scheme[4]														
31 May 2010	12 000			-12 000	-	313 530								
31 May 2011	17 821		-17 821		-						-			90,42
29 May 2012	12 646				12 646		-		-12 646		-		-	110,21
29 May 2013					-		-				-		-	126,85
26 May 2014[2]	26 232		-26 232		-		-				-		-	121,93
28 May 2015[3]	29 061				29 061		-		-29 061		-		-	128,54
06 Jun 2016	27 749				27 749		-				27 749		-	113,41
29 May 2017		31 157			31 157		-				31 157		-	115,85
20 Sep 2018							-	36 569			36 569		-	74,08
Long-term incentive plan[5]														
26 May 2014	10 762		-6 726	-4 036	-	488 677					-			
28 May 2015	10 555				10 555		292 491		-7 702	-2 853	-	226 111		
06 Jun 2016	11 454				11 454		-				11 454		-	
29 May 2017		15 187			15 187		-				15 187		-	
20 Sep 2018								20 188			20 188		-	
Long-term incentive plan - Retention Awards[7]														
28 May 2019	10 000				10 000		996 355				10 000		199 561	
Deferred Bonus Plan5														
26 May 2014	3 957			-3 957	-	479 308					-			
28 May 2015	3 215				3 215		329 602			-3 215	-	258 443		
30 May 2016	3 220				3 220		320 826				3 220		64 400	
29 May 2017		5 259			5 259		510 360				5 259		102 221	
						1 281 514	**2 449 634**					**484 554**	**366 182**	

1. Depending on the vesting date, awards are included at the intrinsic value or an indicative fair value as at 31 March 2018 and 31 March 2019. These take into account the 20 day VWAP as at the relevant year end and the estimated achievement of performance conditions.
2. SARS awarded on 26 May 2014 vested on 26 May 2017. All the allocated SARS awards were forfeited as the performance conditions were not met.
3. SARS awarded on 28 May 2015 vested on 28 May 2018. All the allocated SARS awards were forfeited as the performance conditions were not met.
4. SARS awards vest on the 3rd anniversary of the grant date and lapse on the 7th anniversary of the grant date.
5. LTIP and DBP awards vest on the 3rd anniversary of the grant date.
6. The 15 000 retention LTIPs disclosed as awards allocated during 2019 represents the opening balance from FY2018. These awards were allocated to RD Aitken on 2 Jan 2018, however, they have been disclosed in FY2019 as he only became an executive director in FY2019.
7. Retention LTIP awards vest on the 4th anniversary of the grant date.
8. PH Staude (former CEO), RDSS Cumbi and MN Mohale retired and will continue to participate in the LTI schemes as retirement is a no fault termination.
9. MH Munro (former CFO) resigned, and therefore will not participate in the LTI schemes as this is a fault termination. As such 100% of his outstanding LTIs (SARS/ LTIP/ DBP) have been forfeited.

Sign on Bonus

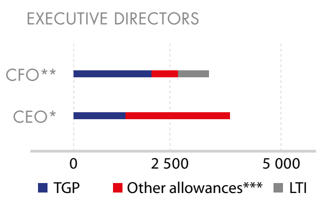
An ex gratia lump sum sign on incentive of R2 million was paid to the CEO on commencement of employment. This payment was made to compensate for the CEO's expectations in vacating a higher paying position. Rented accommodation on a temporary basis for a period not exceeding six months has been provided by the company at a monthly cost of R32 000 per month, subject to a two-year service obligation.

Single Figure Remuneration

						2018						2019
All figures stated in R'000	Cash package	Retirement and Medical Aid	Cash Bonus[1]	Other Allowances	LTI Reflected[2,3]	**Total single figure remuneration**	Cash package	Retirement and Medical Aid	Cash Bonus[1]	Other Allowances	LTI Reflected[4,5,6]	**Total single figure remuneration**
Executive Directors												
PH Staude [7]	8 799	1 308			3 421	**13 528**	5 492	785	-	7 233	-	**13 510**
MH Munro [8]	5 197	779			1 260	**7 236**	1 954	293	-		-	**2 247**
JG Hudson [9]						-	1 100	149		2 014	-	**3 263**
RD Aitken [10]						-	2 135	308			342	**2 785**
	13 996	**2 087**	-	-	**4 681**	**20 764**	**10 681**	**1 535**	-	**9 247**	**342**	**21 805**
Prescribed Officers												
SD Mtsambiwa [11]	6 018	1 183			428	**7 629**	6 721	1 237		1 035	-	**8 993**
RDSS Cumbi [12]	4 000	607			809	**5 416**	4 280	652		1 961	-	**6 893**
MN Mohale [13]	4 530	726			871	**6 127**	4 402	689		2 811	-	**7 902**
ME Deighton	4 280	642			768	**5 690**	4 622	695			-	**5 317**
G Macpherson	4 071	564			855	**5 490**	4 356	605			-	**4 961**
	22 899	**3 722**	-	-	**3 732**	**30 353**	**24 381**	**3 878**	-	**5 807**	-	**34 066**

1. No Bonuses were earned for the 31 March 2018 and 31 March 2019 financial periods.
2. The value of the SARS and LTIP awards made on 26 May 2015 with a performance period ending on 31 March 2018 is reflected in the 2018 single figure of remuneration. As the SARS' performance conditions were not met, it is reflected at zero.
3. The value of the DBP award made on 29 May 2017 is reflected in the 2018 single figure of remuneration.
4. The value of the SARS and LTIP awards made on 6 June 2016 with a performance period ending on 31 March 2019 is reflected in the 2019 single figure of remuneration. As the SARS and LTIP performance conditions were not met, it is reflected at zero.
5. There were no DBP awards made in 2019, as such these have not been reflected in the 2019 single figure of remuneration.
6. The value of the retention LTIP awards made to RD Aitken on 2 Sep 2018 is reflected in the 2019 singe figure of remuneration.
7. PH Staude's remuneration is for the period April 2018 up until October 2018, when he retired from the Board. His other allowances included R4,27 million for Retirement Gratuity and R2,96 million in respect of leave pay as per current company policy prevailing at the time. Figure excludes R480 000 received in an advisory capacity for the period November 2018 to March 2019.
8. MH Munro's remuneration is for the period April 2018 up until 7 August 2018, when he resigned from the Board.
9. JG Hudson's remuneration is for the period 1 February 2019 to 31 March 2019. His other allowances include a sign on bonus of R2 million paid on commencement of employment, to compensate for vacating a higher paying position.
10. RD Aitken's remuneration is for the period 7 August 2018 to 31 March 2019. Included in his cash package is an acting CFO allowance of R416 000 for the period August 2018 to February 2019.
11. SD Mtsambiwa was appointed as Interim Chief Executive Officer on 1 November 2018 until 31 January 2019. His remuneration is for the period April 2018 to March 2019. The other allowances relate to relocation allowance of R552 000, rentals of R244 000, utilities R13 000 and travel costs of R226 000. Exchange rate of 12,9981 (2018) and 14,5 (2019) was used to convert US$ to Rand.
12. RDSS Cumbi retired on 31 March 2019. Other allowance of R1,96 million includes retirement gratuity of R983 000 and leave pay of R978 000 as per current company policy prevailing at the time.
13. MN Mohale retired on 28 February 2019. Other allowances includes retirement gratuity of R1,64 million and leave pay of R1,17 million as per current company policy prevailing at the time.

ACTUAL PACKAGE PAY MIX (R000) EXECUTIVE DIRECTORS 2019



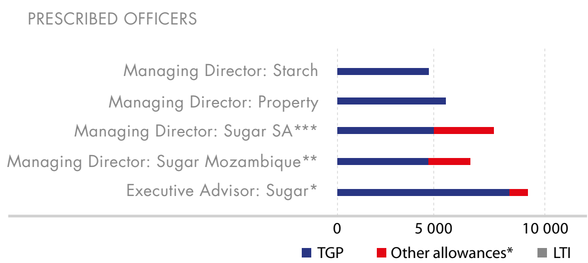
*The CEOs remuneration is for the period 1 February 2019 to 31 March 2019. His other allowances include a sign on bonus of R2 million paid on commencement of employment, to compensate for vacating a higher paying position.

**The CFO's remuneration is for the period 7 August 2018 to 31 March 2019. His other allowance relates to an acting CFO allowance of R416 000 for the period August 2018 to February 2019.

***Other allowances include items such as retirement gratuity, leave pay, relocation expenses, sign on bonus and acting allowances. Refer to the Single Figure of Remuneration Table for detailed information per individual.

No Bonuses were earned for the 31 March 2018 and 31 March 2019 financial periods.

PRESCRIBED OFFICERS 2019



*Appointed as Interim Chief Executive Officer on 1 November 2018 until 31 January 2019. His remuneration is for the period April 2018 to 31 March 2019. The other allowances relate to relocation allowance of R552 000, rentals of R244 000, utilities R13 000 and travel costs of R226 000.

**Retired on 31 March 2019. Other allowance of R1,96m includes retirement gratuity of R983 000 and leave pay of R978 000 as per company policy at the time.

***Retired on 28 February 2019. Other allowances include retirement gratuity of R1,64m and leave pay of R1,17m as per company policy at the time.

No Bonuses were earned for the 31 March 2018 and 31 March 2019 financial periods.

TERMINATION CONTRACTS AND TERMINATION OF OFFICE PAYMENTS

There are no long-term contracts in place for executives.

During 2019 the former CEO retired early with effect from 31 October 2018. Outstanding leave pay of R 2 959 017,37 and an ex gratia retirement gratuity of R 4 273 536,37 was paid out in terms of existing company policy applicable to all qualifying employees (Total R 7 232 553,74). The ex gratia retirement gratuity policy has since been amended and ringfenced so that only employees already of retirement age (55 years and older) with 10 or more years' experience will be eligible to receive this payment on retirement. The CEO will continue to participate in the LTIP post retirement in accordance with the current LTIP rules approved by shareholders. Based on the estimated vesting outcome of the performance shares (LTIPs) at year-end, it is unlikely that the unvested LTIPs will vest to the former CEO (please refer to the schedule of unvested and vested awards for the details).

Furthermore, the former CEO was employed on a limited hour (32 hours per month) advisory contract from 1 November 2018 to 31 March 2019 to provide advisory support on integrated, big impact topics and topics related to his hand over process to the Board and executives of the company. He was paid a total of R480 000 for the duration of the contract.

No exit package was paid to the former CFO on his resignation with effect from 31 March 2019. In terms of the rules of the current LTI plans, the CFO has forfeited all unexercised and unvested awards.

NON-EXECUTIVE DIRECTOR FEES

The Remco recommended an increase in the non-executive director fees of 6% in 2018/19 which was approved at the 2018 AGM. The Remco recommended a 0% increase for the proposed fees. The details relating to the non-executive directors' fees for the year ending 31 March 2019 are disclosed on page 45.

Benchmarking of non-executive director fees against a comparator group indicates that current non-executive directors are paid at the upper quartile, whereas the company targets the median. The company has therefore recommended that in 2019/20 the non-executive directors' retainer and attendance fees are rebased and has proposed a 0% increase to the retainer and attendance fee component for all Board members, set out in the table below.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY - PART 3

This report is subject to an advisory vote by shareholders at the forthcoming AGM. Shareholders are requested to cast an advisory vote on the remuneration implementation report as contained in part 3 of this remuneration report.

APPROVAL OF REMUNERATION REPORT BY THE BOARD OF DIRECTORS

This remuneration report was approved by the Board of directors of Tongaat Hulett on 19 September 2019.

Proposed Non-executive Directors' Fees

Proposed fees from 2019 AGM to 2020 AGM	Annual retainer fee R	Attendance fee per meeting R
Tongaat Hulett Limited Board		
Chairman	1 300 000*	-
Non-executive Directors	249 255	33 234
Audit and Compliance Committee		
Chairman	244 719	54 382
Non-executive Directors	122 372	27 187
Risk, Capital and Investment Committee		
Chairman	195 250	43 368
Non-executive Directors	97 618	21 684
Remuneration and Human Resources Committee		
Chairman	195 250	43 368
Non-executive Directors	97 618	21 684
Nomination/Directors Affairs Committee		
Chairman	195 250	43 368
Non-executive Directors	97 618	21 684
Social, Ethics, Health and Safety Committee		
Chairman	195 250	43 368
Non-executive Directors	97 618	21 684
Strategy, Transformation and Operations Committee		
Chairman	195 250	43 368
Non-executive Directors	97 618	21 684
Legal and Regulatory Committee		
Chairman	-	4 000 (per hour)
Non-executive Directors	-	4 000 (per hour)

* The role and responsibility of the Board Chairman extends beyond the preparation for and attendance of meetings, which have increased with the additional subcommittees. The incoming Board Chairman's fees have been restructured on an all-inclusive fee basis, amounting to R1,3 million. The previous Chairman's fees based on a combination of the annual retainer, plus an average of five committee meetings for the year, amounts to R1,467,155 in 2018/19. The actual fees paid amounted to R2,731, 270.61 in 2018/19.

Share Ownership Analysis as at 31 March 2019

Number of Shareholdings	Shareholder Spread	Shares held	% held
5 488	1 - 1 000	1 480 594	1,10
1 594	1 001 - 10 000	4 851 400	3,59
421	10 001 - 100 000	13 591 954	10,06
114	100 001 - 1 000 000	34 748 686	25,72
18	Over 1 000 000	80 439 872	59,54
7 635	**Total**	**135 112 506**	**100,00**

	Distribution of Shareholders		
40	Banks	133 996	0,10
2	BEE Infrastructure and yoMoba SPV's	25 104 976	18,58
47	Close Corporations	51 975	0,04
68	Endowment Funds	613 387	0,45
6 062	Individuals	7 353 486	5,44
63	Insurance Companies	4 071 995	3,01
20	Investment Companies	86 254	0,06
18	Medical Aid Funds	152 121	0,11
290	Mutual Funds	49 599 898	36,71
586	Nominees and Trusts	3 977 267	2,94
10	Other Corporations	175 336	0,13
243	Pension Funds	41 686 995	30,85
175	Private Companies	1 169 295	0,87
4	Public Companies	274 825	0,20
7	Share Schemes	660 700	0,49
7 635	**Total**	**135 112 506**	**100,00**

	Shareholder Type		
	Non-Public		
0	Directors and associates of the company	0	0,00
2	BEE Entities	25 104 976	18,58
7	Share Schemes	660 700	0,49
9	Total non-public	25 765 676	19,07
7 625	Public Shareholders	109 346 830	80,93
7 635	**Total**	**135 112 506**	**100,00**

Beneficial shareholders with a holding greater than 4% of the issued shares		
Public Investment Corporation (GEPF)	21 094 817	15,61
BEE - TH Infrastructure SPV Priority Limited	13 947 209	10,32
PSG Asset Management	13 826 793	10,23
BEE - yoMoba SPV Proprietary Limited	11 157 767	8,26
Allan Gray	7 325 985	5,42
Investec	5 906 298	4,37

SHARE CAPITAL (Rmillion)	Consolidated		Company	
	2019	2018	2019	2018
Authorised:				
150 000 000 ordinary shares of R1,00 each	150	150	150	150
Issued and fully paid:				
135 112 506 ordinary shares of R1,00 each	135	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 755 625 shares (2018: 6 755 625 shares).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty seventh (127th) annual general meeting of shareholders of the Tongaat Hulett Limited (the Company) will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Friday, 24 January 2020 at 12h00 to, among other matters, consider and, if deemed fit, pass (with or without modification) the ordinary and special resolutions set out below.

RECORD DATES

The board of directors of the Company ("Board") has determined that the date on which a person must be recorded as a shareholder in the Company's securities register in order to:

- **receive notice of the annual general meeting is Friday, 29 November 2019; and**
- **participate in and vote at the annual general meeting is Friday, 17 January 2020.**

Order of business

1. To present the audited consolidated annual financial statements of the Company for the financial year ended 31 March 2019 and the restated audited consolidated annual financial statements of the Company for the financial year ended 31 March 2018, including the reports of the Board and the Audit Committee, such annual financial statements having been approved by the Board as required by section 30(3)(c) of the Companies Act, 2008 ("Act"). These financial statements are available on the Company's website, www.tongaat.com.

2. To present the 2019 Annual Report ("Annual Report"), containing the disclosures required as per the JSE Listings Requirements. The Annual Report is available on the Company's website, www.tongaat.com.

3. To consider and, if deemed fit, pass (with or without modification) the ordinary and special resolutions set out below:

SPECIAL RESOLUTIONS:

Each special resolution must be supported by at least 75% of the total number of votes exercised on the resolution.

ORDINARY RESOLUTIONS:

Unless otherwise provided, each ordinary resolution must be supported by more than 50% of the total number of votes exercised on the resolution.

Ordinary Resolution Number 1

"Resolved that, as required by section 90(1) of the Act, and as recommended by the Audit Committee, Deloitte be and is hereby re-appointed as external auditors for the financial year ending 31 March 2020 (with Ruwayda Redfearn as individual designated auditor)."

It is the Audit Committee's preference to change the external auditor, to be consistent with the principles of the mandatory audit firm rotation requirements that become effective in 2023, and also to ensure a refresh of auditor independence, having regard to the factors that have given rise to the requirement for restatements. Nonetheless, the Audit Committee is proposing that Deloitte be re-appointed as external auditor for the financial year ending 31 March 2020.

This proposal is made for a number of reasons:

- in light of the significant time delays in finalising the annual financial statements for the financial year ended 31 March 2019, the review of the 30 September 2019 interim results will need to take place almost immediately thereafter, and again immediately thereafter, the 2020 financial year-end reporting and audit process will need to commence. To this end, it would be extremely difficult, if not virtually impossible, from a timeline perspective to put the audit for the financial year ending 31 March 2020 out on tender, and to follow a process to appoint new auditors, in sufficient time to timeously commence and finalise the 2020 audit;

- a new firm of auditors, in engagement with a new finance team that has been hugely overstretched in finalising the 2018 and 2019 financial results, will result in insufficient capacity to meet reporting deadlines. This will be further complicated by the new auditors wanting to ensure that they fully understand the restatements and ensure that all the necessary restatements have been made; and

- Deloitte has for purposes of the audit for the financial year ending 31 March 2020 (as well as the audits for the financial years ended 31 March 2019 and 31 March 2018), changed its senior team, which addresses the concern with the previous senior team. Further, Deloitte's quality control process has been significantly enhanced with both local and global oversight.

The Audit Committee intends to change external auditors after the 2020 financial year audit and to recommend another audit firm for the audit for the financial year ending 31 March 2021.

Ordinary Resolution Number 2

"Resolved that S Beesley, who retires by rotation, and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

The Nomination Committee has assessed S Beesley and the Board unanimously recommends his re-election. Details of S Beesley are set out on page 6 of the Annual Report.

Ordinary Resolution Number 3

"Resolved that L von Zeuner, having been appointed by the Board on 10 December 2018, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends L von Zeuner's election. Details of L von Zeuner are set out on page 6 of the Annual Report.

Ordinary Resolution Number 4

"Resolved that J Hudson, having been appointed by the Board on 1 February 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends J Hudson's election. Details of J Hudson are set out on page 7 of the Annual Report.

Ordinary Resolution Number 5

Resolved that R Aitken, having been appointed by the Board on 1 March 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company"

The Board unanimously recommends R Aitken's election. Details of R Aitken are set out on page 7 of the Annual Report

Ordinary Resolution Number 6

Resolved that L de Beer, having been appointed by the Board on 1 October 2019, and, due to the requirements of the Act, having offered herself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends L de Beer's election. Details of L de Beer are set out on page 6 of the Annual Report.

Ordinary Resolution Number 7

Resolved that J Nel, having been appointed by the Board on 1 October 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends J Nel's election. Details of J Nel are set out on page 7 of the Annual Report.

Ordinary Resolution Number 8

"Resolved that R Goetzsche, having been appointed by the Board on 1 October 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends R Goetzsche's election. Details of R Goetzsche are set out on page 6 of the Annual Report.

Ordinary Resolution Number 9

"Resolved that A Sangqu, having been appointed by the Board on 1 October 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends A Sangqu's election. Details of A Sangqu are set out on page 7 of the Annual Report

Ordinary Resolution Number 10

"Resolved that D Marokane, having been appointed by the Board on 18 November 2019, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the Company."

The Board unanimously recommends D Marokane's election. Details of D Marokane are set out on page 7 of the Annual Report

Ordinary Resolution Number 11

"Resolved, as required by section 94(2) of the Act, to elect L de Beer, an independent non-executive director, as a member and chairman of the Audit Committee."

The Board unanimously recommends L de Beer's election. Details of L de Beer are set out on page 6 of the Annual Report

Ordinary Resolution Number 12

"Resolved, as required by section 94(2) of the Act, to elect R Goetzsche, an independent non-executive director, as a member of the Audit Committee."

The Board unanimously recommends R Goetzsche' election. Details of R Goetzsche are set out on page 6 of the Annual Report.

Ordinary Resolution Number 13

"Resolved, as required by section 94(2) of the Act, to elect J Nel, an independent non-executive director, as a member of the Audit Committee.""

The Board unanimously recommends J Nel's election. Details of J Nel are set out on page 7 of the Annual Report.

Ordinary Resolution Number 14

"Resolved that the unissued ordinary shares from time to time be and are hereby placed under the control of the Board which is hereby authorised and empowered to issue such shares at its discretion, on such terms and conditions and in such amounts as the Board may determine, subject to compliance with the provisions of the Act and the JSE Listings Requirements; provided that the number of ordinary shares issued under this resolution on a cumulative basis shall not exceed 6 755 625 ordinary shares.

The Board has no immediate intention to use this authority to issue shares. The Board is, however, of the opinion that this authority should be in place should it become appropriate to issue shares in the future.

Ordinary Resolution Number 15

"Resolved that, subject to the passing of ordinary resolution number 14 and the approval of at least a 75% majority of the total number of votes exercised on this resolution, and subject to compliance with the provisions of the Act and the JSE Listings Requirements, the Board be and is hereby authorised and empowered to issue unissued ordinary shares from time to time for cash, on such terms and conditions and in such amounts as the Board may determine; provided that:

a. any such issue shall be to "public shareholders" as defined in the JSE Listings Requirements and not to "related parties";
b. this authority shall not extend beyond fifteen months from the date on which this resolution is passed;
c. the number of ordinary shares issued under this resolution on a cumulative basis shall not exceed 6 755 625 ordinary shares;
d. a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published as and when required by the JSE Listings Requirements;
e. in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE over the 30 business days prior to the date that the price of the issue is determined or agreed by the Board. The JSE will be consulted for a ruling if the ordinary shares have not traded in such 30 business day period; and
f. references in this resolution to "issues" of shares includes the use of "treasury shares" (as defined in the JSE Listings Requirements).

The Board has no immediate intention to use this authority. The Board is, however, of the opinion that this authority should be in place should it become appropriate to issue or utilise shares in the future.

The attention of shareholders is drawn to the fact that no more than 6 755 625 ordinary shares in total can be issued or utilised under the authorities granted in ordinary resolution number 14 and this ordinary resolution number 15. This limit will continue to apply to such authorities throughout the periods over which such authorities are in place. That limit to which such authorities are subject will accordingly not increase if a resolution (if any) increasing the number of authorised shares is proposed and approved at a subsequent general meeting of the Company. If shareholders are requested to approve a resolution authorising an issue of shares under a rights offer (if any), the circular will provide that the authority granted by that resolution is limited to an issue of shares under or pursuant to a single rights offer, and the circular will specify for what purposes the rights offer proceeds will be utilised.

Ordinary Resolution Number 16

"Resolved that, subject to the approval of at least a 75% majority of the total number of votes cast on this resolution, and subject to compliance with the provisions of the JSE Listings Requirements, the Company hereby adopts the 2019 Conditional Share Plan. Shareholders are referred to the annexure to the notice of annual general meeting containing this resolution for the salient features of the 2019 Conditional Share Plan."

Ordinary Resolution Number 17

"Resolved that each director and the company secretary of the Company be and is hereby authorised, on behalf of the Company, to do or cause to be done all such things, and sign or cause to be signed all such documentation, as may be necessary or desirable to give effect to the resolutions in the notice of annual general meeting containing this resolution, and insofar as any such actions have been taken before the adoption of this resolution, such actions be and are hereby ratified and approved to the fullest extent permitted by law."

Special Resolution Number 1

GENERAL AUTHORITY TO PURCHASE SHARES IN THE COMPANY

"Resolved that the Company hereby approves, as a general approval contemplated in the JSE Listings Requirements, subject to compliance with the provisions of the Act and the JSE Listings Requirements, the acquisition by:

a. the Company of ordinary shares issued by it on such terms and conditions and in such amounts as the Board may determine; and
b. any subsidiary of the Company of ordinary shares issued by the Company on such terms and conditions and in such amounts as the board of directors of any such subsidiary may determine;

provided that:

1. the number of ordinary shares acquired by the Company and its subsidiaries under this resolution on a cumulative basis shall not exceed 5% of the number of ordinary shares in issue on the date on which this resolution is passed;
2. such general approval:

2.1 shall be valid only until the next annual general meeting of the Company or the expiry of a period of 15 months from the date on which this resolution is passed, whichever occurs first, or until varied or revoked prior thereto by special resolution at any shareholders meeting of the Company; and

2.2 is subject to compliance with the requirements of sections 46 and 48 of the Act;

3. such an acquisition may not be made at a price greater than 10% above the weighted average of the market value for the ordinary shares on the JSE for the 5 business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE will be consulted for a ruling if the ordinary shares have not traded in such 5 business day period;
4. the acquisitions shall be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
5. the Company shall appoint, at any point in time, only one agent to effect any acquisition/s on the Company's and its subsidiaries' behalf;
6. acquisitions will not be undertaken by the Company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements, unless the Company has in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed and have been submitted to the JSE in writing prior to the commencement of the prohibited period; and;
7. when the Company and/or its subsidiaries have cumulatively acquired 3% of the initial number of ordinary shares (the number of ordinary shares in issue on the date on which this resolution is passed), an announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions.

This authority will be used if the Board considers that it is in the best interests of the Company to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the

Company and/or its subsidiaries at the relevant time.

The Board has no immediate intention to use this authority to repurchase shares. The Board is, however, of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The Board undertakes that the Company will not commence a repurchase of shares as contemplated above unless:

- the Company and the group will be able in the ordinary course of business to repay its debts for a period of 12 months after the date of the repurchase;
- the assets of the Company and the group will be in excess of the liabilities of the Company and the group for a period of 12 months after the date of the repurchase, for which purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase;
- the working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; and
- a resolution has been passed by the Board authorising the repurchase and confirming that the Company and its subsidiary/ies (as applicable) have passed the solvency and liquidity test in the Act and that, since the test was performed, there have been no material changes to the financial position of the group.

The general information regarding the Company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained in the Annual Report on the following pages:
a. major shareholders: page 41; and
b. share capital: page 41.

The directors collectively and individually accept full responsibility for the accuracy of the information given in relation to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Annual Report and the notice of annual general meeting contain all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

Other than the facts and developments reported on in the Annual Report and in the financial results for the financial year ended 31 March 2019, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the end of the last financial year for which audited annual financial statements have been published.

Reason and Effect:

In terms of the JSE Listings Requirements, a company may only make a repurchase of securities if approved by shareholders in terms of a special resolution. The reason for special resolution number 1 is to enable the Company and its subsidiaries to acquire ordinary shares in accordance with the provisions of the Act and the JSE Listings Requirements as and when the Board deems it to be in the Company's best interest to do so. If special resolution number 1 is passed, it will have the effect of permitting the Company and its subsidiaries to acquire ordinary shares, which authority will last until the earlier of the next annual general meeting of the Company and the expiry of a period of 15 months from the date on which special resolution number 1 is passed.

Special Resolution Number 2

APPROVAL OF DIRECTORS' FEES

"Resolved, with effect from the date of the annual general meeting at which this resolution is proposed, that the remuneration, as set out in the second table below, to directors for their service as directors of the Company, as recommended by the Remuneration Committee and the Board, be and is hereby approved and ratified."

Existing directors' fees (applicable up to the date of this annual general meeting)

	Annual fixed/ retainer fee (R) Excluding VAT	Attendance fee per meeting (R) Excluding VAT
Tongaat Hulett Board:		
Chairman	880 297	117 372
Non-executive directors	249 255	33 234
Audit and Compliance Committee:		
Chairman	244 719	54 382
Non-executive directors	122 372	27 187
Remuneration Committee:		
Chairman	195 250	43 368
Non-executive directors	97 618	21 684
Risk, SHE, Social and Ethics Committee:		
Chairman	195 250	43 368
Non-executive directors	97 618	21 684

Proposed directors' fees from the date of this annual general meeting to the next annual general meeting

	Annual retainer fee* (R) (excluding VAT)	Attendance fee per meeting (R) (excluding VAT)
Tongaat Hulett Limited Board		
Chairman	1 300 000**	-
Non-executive directors	249 255	33 234
Audit and Compliance Committee		
Chairman	244 719	54 382
Other committee members	122 372	27 187
Risk, Capital and Investment Committee		
Chairman	195 250	43 368
Other committee members	97 618	21 684
Remuneration and Human Resources Committee		
Chairman	195 250	43 368
Other committee members	97 618	21 684
Nomination/Directors Affairs Committee		
Chairman	195 250	43 368
Other committee members	97 618	21 684
Social, Ethics, Health and Safety Committee		
Chairman	195 250	43 368
Other committee members	97 618	21 684
Strategy, Transformation and Operations Committee		
Chairman	195 250	43 368
Other committee members	97 618	21 684
Legal and Regulatory Committee		
Chairman	-	4 000 (per hour)
Other committee members	-	4 000 (per hour)
Other/Ad hoc Committees established by the Board from time to time (if any)		
Chairman	-	4 000 (per hour)
Other committee members	-	4 000 (per hour)

* This amount will be pro-rated for periods of less than 12 months.
**The role and responsibility of the Board Chairman extends beyond the preparation for and attendance at meetings, which have increased with the additional committees. The Board Chairman's fees have been restructured on an all-inclusive fee basis, amounting to R1,3 million (excluding VAT). The previous Chairman's actual fees in 2018/19 based on a combination of the annual retainer, plus Board meeting attendances and committee meeting attendances amounted to R2 731 270.61.

Reason and Effect:

Sections 66(8) and (9) of the Act provide that a company may only pay remuneration to its directors for their service as directors with the approval of a special resolution. If special resolution number 2 is passed, the Company will be authorised to pay its directors the remuneration specified in the table above.

Special Resolution Number 3

APPROVAL OF RESTRUCTURING COMMITTEE'S FEES

"Resolved, with effect from the date of the annual general meeting at which this resolution is proposed, that the remuneration, as set out below, to directors for their service as members of the Restructuring Committee, as recommended by the Remuneration Committee and the Board, be and is hereby approved and ratified."

Reason and Effect:

Sections 66(8) and (9) of the Act provide that a company may only pay remuneration to its directors for their service as directors with the approval of a special resolution. If special resolution number 3 is passed, the Company will be authorised to pay the members of the Restructuring Committee the remuneration specified in special resolution number 3.

Restructuring Committee's fees (applicable from 7 March 2019 up to the date of this annual general meeting)

	Annual retainer fee (R) (excluding VAT)	Attendance fee per meeting (R) (excluding VAT)
Restructuring Committee*		
Other committee members	-	4 000 (per hour)

* The Restructuring Committee was constituted on 7 March 2019 to oversee the implementation of the Company's restructuring initiatives. The attendance fee for meetings of the Committee is R4 000 per hour exclusive of VAT. In instances where meetings exceed 3 hours, the attendance fee is the same as those that have up to the date of this annual general meeting applied for meetings of the Remuneration Committee. The functions of the Restructuring Committee have now been split between the Risk, Capital and Investment Committee and the Strategy, Transformation and Operations Committee.

Special Resolution Number 4

FINANCIAL ASSISTANCE UNDER THE 2019 CONDITIONAL SHARE PLAN

"Resolved that, subject to the passing of ordinary resolution number 16, and subject to compliance with the provisions of the Act and the JSE Listings Requirements, the Board be and is hereby authorised (if and to the extent such authorisation is required under the Act) to authorise the Company to provide direct and/or indirect financial assistance contemplated in sections 44 and/or 45 of the Act pursuant to or in relation to the 2019 Conditional Share Plan (including without limitation to or in relation to eligible participants). Shareholders are referred to the annexure to the notice of annual general meeting containing this resolution for the salient features of the 2019 Conditional Share Plan."

Reason and Effect:

Given the requirements of sections 44 and 45 of the Act relating, inter alia, to the provision of direct or indirect financial assistance to, inter alia, directors and prescribed officers, the reason for special resolution number 4 is to ensure that such financial assistance can be provided under the 2019 Conditional Share Plan. If and to the extent eligible persons might not be able to participate in the 2019 Conditional Plan in the absence of the authorisation contemplated in terms of this special resolution, this special resolution grants that authorisation.

The authority granted under special resolution number 4 is subject to compliance with the requirements of sections 44 and 45 of the Act (including the provisions thereof relating to solvency and liquidity).

A copy of the 2019 Conditional Share Plan is available for inspection up to the time of the annual general meeting at the Company's offices referred to below.

Special Resolution Number 5

ISSUES OF SHARES UNDER THE 2019 CONDITIONAL SHARE PLAN

"Resolved that, subject to the passing of ordinary resolution number 16, and subject to compliance with the provisions of the Act and the JSE Listings Requirements, the Board be and is hereby authorised (if and to the extent such authorisation is required under the Act) to issue unissued ordinary shares to eligible participants in the 2019 Conditional Share Plan, subject to the limits set out in the annexure to the notice of annual general meeting containing this resolution. Shareholders are referred to the annexure to the notice of annual general meeting containing this resolution for the salient features of the 2019 Conditional Share Plan."

Reason and Effect:

Given the requirements of section 41(1) of the Act relating, inter alia, to the issue of shares to, inter alia, directors and prescribed officers, the reason for special resolution number 5 is to ensure that shares can be issued to eligible participants under or pursuant to the 2019 Conditional Share Plan. If and to the extent eligible persons might not be able to participate in the 2019 Conditional Share Plan in the absence of the authorisation contemplated in terms of this special resolution, this special resolution grants that authorisation.

A copy of the 2019 Conditional Share Plan is available for inspection up to the time of the annual general meeting at the Company's offices referred to below.

4. To consider the following matters by way of a non-binding advisory vote:

Non-binding advisory vote on the remuneration policy

"Resolved to endorse, through a non-binding advisory vote, the Company's remuneration policy, as set out in the remuneration policy commencing on page 19 of the Annual Report."

Non-binding advisory vote on the remuneration implementation report

"Resolved to endorse, through a non-binding advisory vote, the Company's remuneration implementation report, as set out in the remuneration implementation report commencing on pages 34 of the Annual Report."

The endorsement of each of the remuneration policy and the remuneration implementation report is tabled as a non-binding advisory vote. However, the outcome of each vote will be acknowledged when considering the remuneration policy and the implementation thereof. If either the remuneration policy or the remuneration implementation report, or both, is/are voted against by 25% or more of the voting rights exercised, the Board will, as recommended by King IV and required by the JSE Listings Requirements, implement certain measures to initiate engagement with the relevant shareholders. The outcome thereof will be disclosed in the 2020 annual report.

5. Other Matters:
   To transact such other business as may be transacted at an annual general meeting.

Voting

Any shareholder who holds certificated ordinary shares in the Company, or who holds dematerialised ordinary shares in the Company through a Central Securities Depository Participant (CSDP) or broker and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any beneficial owner of dematerialised ordinary shares in the Company who has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the Company, or dematerialised ordinary shares in the Company through a CSDP and who have selected "own name" registration. Such proxy form, duly completed, should be forwarded to reach the transfer secretaries of the Company, at their address below, by 15h00 on Wednesday, 22 January 2020 for administrative purposes. Proxies to be delivered thereafter must be delivered by hand to the transfer secretaries on Friday, 24 January 2020 before the commencement of the annual general meeting, at the venue of the annual general meeting. The completion of a proxy form will not preclude a shareholder from attending the meeting.

A proxy need not be a shareholder of the Company.

In terms of section 63(1) of the Act, before any person may attend or participate in the annual general meeting, that person must present reasonable satisfactory identification to the chairman of the meeting, who must be reasonably satisfied that that person has the right to attend, participate in and vote at the meeting, either as a shareholder or as a proxy for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's license.

Electronic participation by shareholders

Should any shareholder (or any proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application to the transfer secretaries to arrange for the shareholder or its proxy to provide reasonably satisfactory identification to the transfer secretaries for purposes of section 63(1) of the Act, at their address below, to be received by the transfer secretaries by no later than Wednesday, 22 January 2020.

Shareholders who wish to so participate must also provide a valid email address and contact number to the transfer secretaries. Voting will not be possible via the teleconference call and shareholders wishing to vote their shares will need to be present at the annual general meeting or represented at the meeting either by proxy or by letter of representation, as provided for in the notice of annual general meeting.

Shareholders will be billed separately for the dial-in call by their telephone service providers. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so.

By order of the Board

MAC Mahlari
Company Secretary

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
9 December 2019

Transfer Secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
PO Box 61051
Marshalltown 2017

ANNEXURE 1
SALIENT FEATURES: TONGAAT HULETT LIMITED 2019 CONDITIONAL SHARE PLAN

Introduction

During 2019 Tongaat Hulett Limited (the company) undertook a review of its remuneration policies and incentive plans to address shareholder feedback and concerns and re-align incentives to the company's strategy. Full details regarding the remuneration arrangements (including the Turnaround Incentive) for 2019 can be found in the remuneration report.

Once the company has stabilised due to the successful execution of its turnaround strategy, to ensure that the business remains sustainable and viable in the short- to long-term during and after the turnaround period, Tongaat Hulett will use its conventional incentives which include a new short-term incentive (STI) (the details of which are set out in the remuneration report) and a proposed new share plan, namely the Tongaat Hulett Limited 2019 Conditional Share Plan (CSP). After the approval of the CSP, no further awards will be made under the previously used share plans, namely the Deferred Bonus Plan, Long-term Incentive Plan and Share Appreciation Rights Scheme, but existing awards will run their course. The following awards are made under the existing share plans:

- Share Appreciation Rights Scheme (SARS) – whereby rights to Shares in the company at a future date are granted, subject to the increase in value of the company's share price between the award date and the exercise date.
- Long-term Incentive Plan (LTIP) – whereby annual conditional performance shares, LTIPs, vest subject to the achievement of pre-determined performance conditions. In addition, retention awards (RLTIPs) which are not subject to performance conditions, can be granted where a specific retention risk is identified to assist with the retention of high potential employees. These RLTIPs do not have performance conditions attached and vest after a four or five year period, settled in Shares.
- Deferred Bonus Plan (DBP) – participating employees purchase Shares (Deferred Bonus Shares) in the company with a portion of their after-tax bonus. The pledged shares will be held in trust by a third party administrator for a period of three years after which the company will award the participants with matching awards equivalent to the pledged shares.

Purpose

The CSP has been designed as a simple long-term incentive structure that is easily understood both externally and internally. The purpose of the CSP is as follows:

(a) to incentivise executives and senior management (Participants) to enhance the performance of the company, thereby providing alignment between the Participants and shareholders;
(b) to provide Participants with the opportunity to share in the benefits of the increased performance of the company; and
(c) to motivate Participants to remain in the employ of the company.

The CSP allows for the award of conditional rights to Tongaat Hulett shares (Shares); the following awards can be made:

- Annual performance related awards (Performance Shares): the vesting of which is subject to the satisfaction of forward-looking corporate performance conditions (Performance Condition/s and continued employment for the duration of the vesting period (Employment Condition);
- Bonus Shares which are determined as a percentage of the annual bonus (determined in terms of the STI): the vesting of which is subject to the satisfaction of the Employment Condition; and
- Ad hoc awards with the main intention being to retain key talent (Retention Shares): the vesting of which is be subject to the satisfaction of the Employment Condition.

The Performance Shares, Bonus Shares and Retention Shares will be collectively referred to as "Conditional Shares".

The new STI will apply from 1 April 2020, and provides for a mandatory deferral of the bonus received into Bonus Shares. It must be noted that the first awards of Performance Shares will be made during the 2020 financial year, whilst the first awards of Bonus Shares will only be made during the 2021 financial year, after the required shareholder approval has been obtained.

Participants [LR14.1(a)]

Senior executives and senior management are eligible to participate in the CSP. Participation in the CSP is not a condition of employment, and the Remuneration Committee has the absolute discretion to make an award to any Participant in terms of the CSP.

Non-executive directors of the company will not be eligible to participate in the CSP.

Rights of Participants [LR14.1(e)]

Participants are awarded conditional rights to Shares and will not be entitled to any shareholder rights prior to the settlement thereof. On settlement, Shares will be registered in the name of the Participants and they will have all shareholder rights in terms thereof, including dividend and voting rights.

Basis of awards and award levels [LR14.1(f)]

In line with the requirements of the King IV™ Report on Corporate Governance for South Africa (King IV™) and best practice, the CSP will be used to make the following awards:

- Regular, annual awards of Performance Shares will be made to ensure long-term shareholder value creation. The number of Performance Shares awarded to a Participant will primarily be based on inter alia, the Participant's individual performance, annual salary, level of seniority for purposes of market benchmarking, retention and attraction considerations (as applicable);
- Regular, annual awards of Bonus Shares: A portion of the STI will be paid in cash ("annual bonus" as determined in the STI Rules), and a mandatory portion will automatically be deferred ("Deferred Bonus" as determined in the STI Rules). The Deferred Bonus will be settled in equity as Bonus Shares. In order to earn a bonus (and subsequently qualify for Bonus Shares), certain performance measures must be met; and
- The CSP provides for the award of Retention Shares for use in specific cases where there is a retention risk. Such awards will only be made in specific instances where the Remuneration Committee recognises key talent instrumental in delivering the group's business strategy. Generally, Retention Share awards will not be awarded to executive committee members. This separate arrangement for retention is in line with King IV™, which recommends that any retention policy/awards should be ring-fenced and disclosed separately.

Annual allocations will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the company.

Performance Condition/s and vesting

Performance Shares will be subject to the fulfilment of both the pre-determined Performance Condition/s and the Employment Condition over an Employment Period of three years, for vesting to occur.

Bonus Shares will be dependent on the quantum of the annual bonus earned based on the company financial and non-financial results modified by the individual's performance and will be linked to performance in this matter. In addition, the vesting thereof will be subject to the fulfilment of the Employment Condition over an Employment Period of three years before vesting can occur.

Retention Shares will be subject to the fulfilment of the Employment Condition over an Employment Period of four years, for vesting to occur.

Once it is established that the turnaround strategy has been successful, and the company has stabilised, it intends to make the first award of Performance Shares to the Participants subject to the following Performance Condition/s measured over a three-year period:

- Headline earnings growth;
- Relative Total Shareholder return (TSR); and
- Return on capital Invested (ROIC).

Appropriate weightings and prospective targets will be set for these Performance Condition/s at the relevant time and these will be communicated in the company's remuneration report.

After the initial awards, the Remuneration Committee will set appropriate Performance Condition/s, Performance Periods, Employment Conditions and Employment Periods, as relevant, for each award, taking into account the business environment at the time of making the awards, and where considered necessary, in consultation with shareholders.

Dividend Equivalent Shares

Dividend Equivalent Shares in respect of Conditional Shares, as determined by the Remuneration Committee and specified in the Award Letter, may be awarded to Participants. These Dividend Equivalent Shares are a number of Shares, rounded down to the nearest whole number in the case of fractions, equal in value to the dividends that a Participant would have earned if he/she was the owner of the number of vested Shares from the award date to the vesting date, determined upon the vesting date of the Conditional Shares with reference to the dividend record dates occurring in that period. For the avoidance of doubt, no Dividend Equivalent Shares will be awarded in respect of awards that do not vest.

The number of Dividend Equivalent Share awards to be made on all dividends declared after the award date but before settlement, shall be the value of each such dividend declared by the company, divided by the Seven day volume weighted average (VWAP) of the Share price immediately after the Share trades ex dividend.

Manner of Settlement

Following vesting of the awards, settlement of the Shares shall take place within 30 days of the vesting date. The number of Shares to be settled will be equal to the number of vested awards. The Rules of the CSP are flexible in order to allow for settlement in any of the following manners:

- By way of market purchase of Shares;
- Use of existing Shares held in treasury;
- Issue of Shares by the company; and
- In cash should it not be practical or possible to settle in Shares. For the avoidance of doubt, this will not be standard practice and it is the intention of the company to account for the CSP as an equity-settled transaction in terms of IFRS 2.

The exact method of settlement will be determined by the Remuneration Committee prior to the settlement of each award.

Limits and adjustments

Overall company limit

The aggregate number of Shares which may be Settled in respect of the CSP to all Participants will not exceed 6 755 625, which represents approximately 5% of the number of issued ordinary Shares as at the date of adoption of the CSP by shareholders. This is in line with market best practice and a reduction from the previously used limit of 9,6% for the DBP, LTIP and SARS.

In determining the utilisation of the limit for the CSP, Shares issued by the company or Shares held in treasury which have been used by the company for settlement of the CSP will be included in the company limit. Shares purchased in the market as well as Shares which were acquired and held in trust prior to settlement and which do not subsequently vest to a Participant as a result of the forfeiture thereof, are excluded from the limit. The Remuneration Committee must, where required, adjust the company limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the Shares of the company. [LR14.3(a)]

The company intends to retain its current practice in terms of the DBP, LTIP and SARS and settle all awards through Shares purchased from the market. In this regard, the board adopted a resolution confirming that any currently outstanding awards in terms of the DBP, SARS and LTIP will only be settled through Shares purchased from the market. Therefore, the introduction of the CSP will not result in any additional dilution to shareholders.

Individual Limit

The maximum number of Shares which may be settled to an individual in respect of all awards under the CSP shall not exceed 1 351 125, which represents approximately 1,0% of the number of issued Shares as at date of adoption of the CSP by shareholders. [LR14.1(c)] The Remuneration Committee may, where required, adjust the individual limit to take account of a Capitalisation Issue, a dividend in specie (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), a Rights Issue, or any other corporate action or other event affecting the share capital of the company, including the reduction in capital of the company. [LR14.3(b)]

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the Rules of the CSP and must be reported on in the company's financial statements in the year during which the adjustment is made. The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the overall company limit and individual limit. [LR14.3(d), (e)]

Consideration [LR14.1(d)(i)]

Awards are granted for free.

Malus

In line with corporate governance standards, any Performance Shares, Bonus Shares or Retention Shares may be reduced (including for the avoidance of doubt, to nil - "Malus") if a "Trigger Event" occurs as set out in the Participant's Award Letter and the company's remuneration policy. The remuneration policy will give the Remuneration Committee the discretion to apply Malus. Should a Trigger Event occur at any time before the vesting of an Award, the relevant Award or portion, as relevant, shall be treated as having lapsed.

Termination of employment [LR14.1(h)]

The CSP makes a distinction between different circumstances surrounding termination of employment as follows:

Termination of employment will be classified as 'fault' termination in the following instances:

- Resignation;
- Dismissal;
- Abscondment;
- Mutual separation; and
- Early retirement, except where designated as a normal retirement by the Remuneration Committee.

All unvested awards will be forfeited in the event of 'fault' termination.

Termination of employment will be classified as 'no fault' termination in the following instances:

- Death;
- Ill-health, injury, permanent disability, or early retirement by reason of any of these;
- Normal retirement;
- Retrenchment; and
- Sale of an employer company.

If the Participant's employment is terminated due to the above circumstances, for the Performance Shares the Remuneration Committee will calculate whether and the extent to which the Performance Condition/s have been satisfied. The portion of the award which shall vest will be determined based on the extent to which the Performance Condition/s have been satisfied, pro-rated for the number of the complete months served from the award date to the date of termination of employment over the total number of months in the Employment Period. The portion of the award that does not vest will lapse.

Provision is made in the CSP for Remuneration Committee discretion where termination of employment occurs in terms of exceptional circumstances. The Remuneration Committee has discretion to deviate from the application of 'fault' termination and classify this as 'no fault' termination, subject to compelling reasons existing for such a deviation and with these reasons being documented and reported to the shareholders of the company in the company's remuneration report.

Change of Control [LR14.1(g)]

In the event of a change of control of the company occurring before the vesting date of any award, a portion of the award will vest. The proportion to vest will be determined by the Remuneration Committee in its absolute discretion, taking into account such factors as it may consider relevant, including, but not limited to, the time the Award has been held by the Participant and having regard to any Performance Conditions or further conditions imposed when setting Performance Conditions.

The portion of the award which does not vest as a result of the Change of Control will, except on the termination of the CSP, continue to be subject to the terms of the Award Letter, unless the Remuneration Committee determines otherwise.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the Rules of the CSP. In this case, the Remuneration Committee may take such action as it considers appropriate to protect the interests of Participants, including converting awards into awards in respect of shares in one or more of the other companies, provided the Participants are no worse off.

Variation of share capital

In the event of a variation in share capital such as a capitalisation issue, a rights issue, subdivision of Shares, a consolidation of Shares, any other corporate action or other event affecting the share capital of the company, including a reduction of capital and distribution in specie, other than a dividend paid in the ordinary course of business, Participants shall continue to participate in the CSP. The Remuneration Committee may make such adjustment to the number of unvested awards or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event.

The issuing of Shares as consideration for an acquisition, and the issuing of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the awards. [LR14.3(c)]

Liquidation [LR14.1(e)]

If the company is placed into liquidation, other than for purposes of reorganisation, an Award of Performance Shares and/or Bonus Shares and/or Retention Shares shall ipso facto lapse as from the liquidation date. [LR14.1(e)]

Amendment [LR14.2]

The Remuneration Committee may alter or vary the Rules of the CSP as it sees fit, however in the following instances the CSP may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- The category of persons who are eligible for participation in the CSP;
- The number of Shares which may be utilised for the purpose of the CSP;
- The individual limitations on benefits or maximum entitlements;
- The basis upon which awards are made;
- The amount payable upon the award, settlement or vesting of an award;
- The voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the company;
- The adjustment of awards in the event of a variation of capital of the company or a Change of Control of the company; and
- The procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

General

The Rules of the CSP are available for inspection during normal business hours at the registered office of the company from the date of issue of the Annual Report of which the Notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

In order for the Ordinary Resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

FORM OF PROXY
FOR THE ANNUAL GENERAL MEETING OF TONGAAT HULETT LIMITED (Company)

For use by shareholders who hold certificated ordinary shares, or who hold dematerialised ordinary shares through a CSDP or broker and who have selected "own name" registration.

Note: All beneficial owners that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM. Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the annual general meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a shareholder of the Company.

I/We
(Name in block letters) ______________________________
of
(Address in block letters) ______________________________

being the holder/holders of ____________________ ordinary shares in the Company do hereby appoint:

____

or failing him, Mr L von Zeuner or failing him, Mr JG Hudson as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 12h00 on Friday, 24 January 2020 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions.

Proposed resolution	For	Against	Abstain
Ordinary Resolution Number 1: Re-appointment of Deloitte as auditors (with Ms R Redfearn as designated auditor).			
Re-election or election of directors:			
Ordinary Resolution Number 2: Re-election of S Beesley as director.			
Election of directors:			
Ordinary Resolution Number 3: Election of L von Zeuner as director.			
Ordinary Resolution Number 4: Election of J Hudson as director.			
Ordinary Resolution Number 5: Election of R Aitken as director.			
Ordinary Resolution Number 6: Election of L de Beer as director.			
Ordinary Resolution Number 7: Election of J Nel as director.			
Ordinary Resolution Number 8: Election of R Goetzsche as director.			
Ordinary Resolution Number 9: Election of A Sangqu as director.			
Ordinary Resolution Number 10: Election of D Marokane as director.			
Election of Audit and Compliance Committee until the next AGM:			
Ordinary Resolution Number 11: Election of L de Beer as a member.			
Ordinary Resolution Number 12: Election of R Goetzsche as a member.			
Ordinary Resolution Number 13: Election of J Nel as a member.			
Ordinary Resolution Number 14: Authorising the placing of unissued share capital under the control of directors, subject to a maximum of 6 755 625 shares.			
Ordinary Resolution Number 15: Authorising directors to issue shares for cash, subject to a maximum of 6 755 625 shares.			
Ordinary Resolution Number 16: Authorising the adoption of the 2019 Conditional Share Plan.			
Ordinary Resolution Number 17: Authorising directors and company secretary to give effect to the resolutions			
Special Resolution Number 1: Authorising the repurchase of issued shares, subject to a 5 per cent maximum.			
Special Resolution Number 2: Authorising the remuneration payable to directors for their service as directors of the Company.			
Special Resolution Number 3: Approval of Restructuring Committee's Fees			
Special Resolution Number 4: Financial assistance under the 2019 Conditional Share Plan			
Special Resolution Number 5: Issues of shares under the 2019 Conditional Share Plan			
Non-binding advisory vote endorsing the Company's remuneration policy.			
Non-binding advisory vote endorsing the Company's remuneration implementation report.			

Signed this ________ day of ____________________ 2019/2020 Signature ______________________________

Completed forms of proxy should be forwarded to reach the transfer secretaries of the Company, at their address below, by 15h00 on Wednesday, 22 January 2020 for administrative purposes. Proxies to be delivered thereafter must be delivered by hand to the transfer secretaries on Friday, 24 January 2020 before the commencement of the annual general meeting, at the venue of the annual general meeting. The completion of a proxy form will not preclude a shareholder from attending the meeting

South Africa:
Computershare Investor Services (Pty) Ltd,
Rosebank Towers, 15 Biermann Ave, Rosebank,
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107).

Notes:

1. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A shareholder may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.
3. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the transfer secretaries of the Company
5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the shareholder wishes to vote.

The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the shareholder wishes to vote.

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