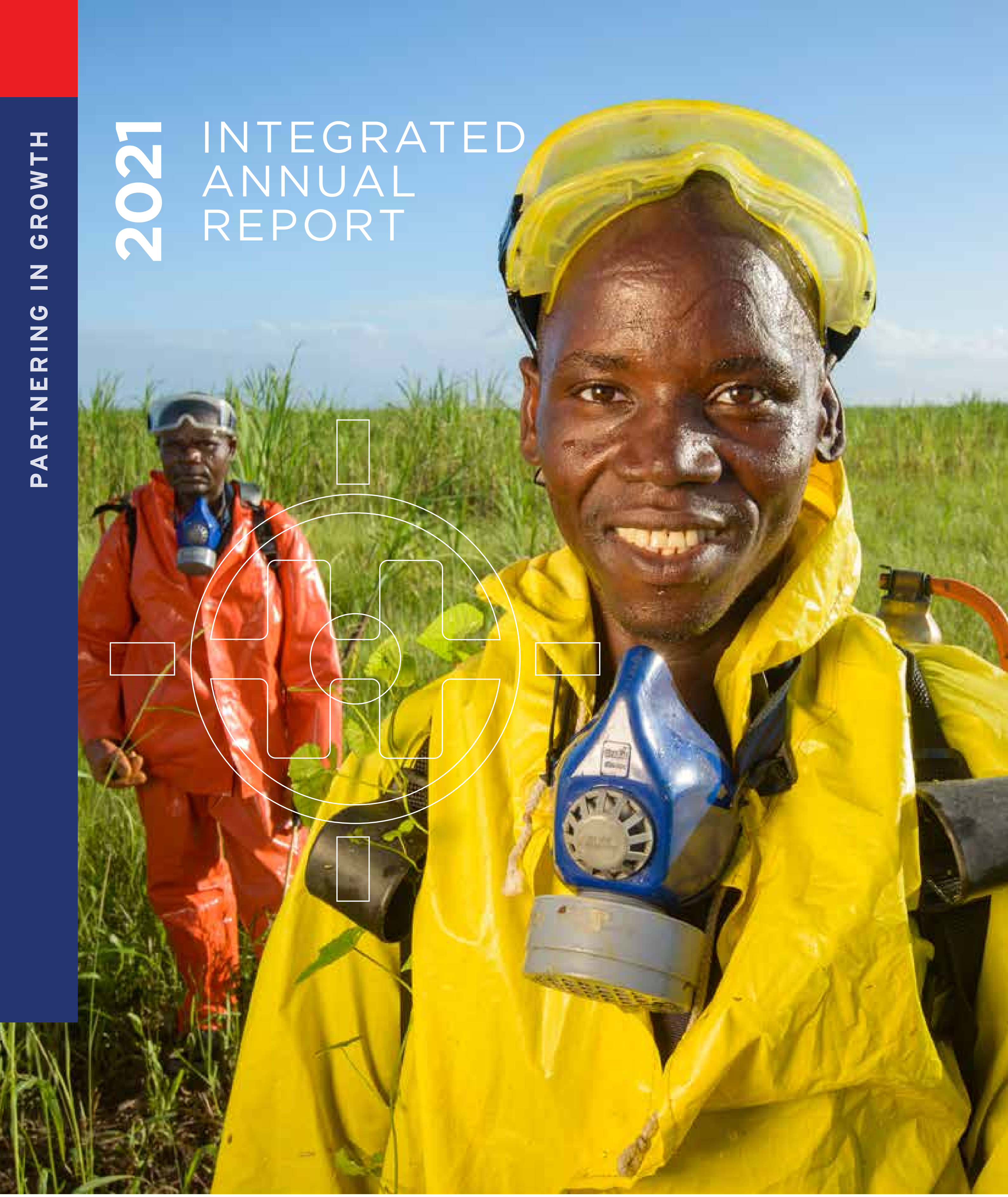
PARTNERING IN GROWTH

2021 INTEGRATED ANNUAL REPORT



Est. 1892

TongaatHulett®

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Please note that we have used a selection of photographs throughout this report, some of which were taken before the COVID-19 pandemic.

OUR VISION

is to be the most trusted partner in all that we do.

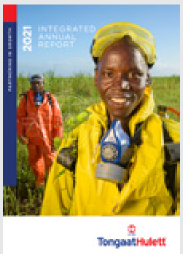
OUR MISSION

is to build our future by creating sustainable value for all our stakeholders.

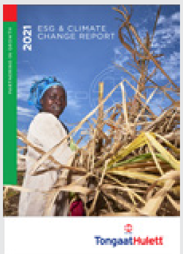
OUR VALUES

- We succeed through excellence and innovation
- We grow and win in teams
- We take accountability
- Integrity and ethics guide our way
- We care and do our best
- Safely home every day

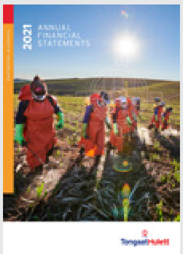
NAVIGATING THIS REPORT



2021 Integrated Annual Report



2021 ESG and Climate Change Report



2021 Annual Financial Statements

SUITE OF REPORTS

The Integrated Annual Report forms part of and should be read in conjunction with a suite of reports available on our website at **www.tongaat.com.** Other reports available are:

2021 Annual Financial Statements (www.tongaat.com/2021AFS.pdf)

2021 ESG and Climate Change Report (www.tongaat.com/2021ESG.pdf)

Tongaat Hulett B-BBEE Compliance Report (https://www.tongaat.com/wp-content/uploads/2020/11/Tongaat-Hulett-B-BBEE-Certificate.pdf)

Our cross-referencing approach

For further details

Online information available

Further information in this report

OUR CAPITALS

Tongaat Hulett's impact on, and contributions to, the six capitals of value creation described in the International Integrated Reporting Framework are addressed in an integrated manner throughout this report.

Capital	In Tongaat Hulett	Discussed under	Page
Manufactured Capital	Our plants, farms, and infrastructure utilised in production	Introduction	04
		Chief Executive Officer's report	36
		Review of our operations	42
Financial Capital	Shareholders' equity and debt funding	Chief Financial Officer's review	56
		Chief Executive Officer's report	36
		Annual Financial Statements	
Human Capital	The skills and experience of our people	Human Capital	74
		Social and Relationship Capital	78
		ESG and Climate Change Report	
Social and relationship Capital	Our relationships with the community, farmers, governments, suppliers and customers	Social and Relationship Capital	78
		ESG and Climate Change Report	
Intellectual Capital	Our brands and trademarks, knowledge systems and experience	Intellectual Capital	82
		ESG and Climate Change Report	
Natural Capital	The land, water, air, energy and waste utilised in the production process	Natural Capital	84
		ESG and Climate Change Report	

OUR STRATEGY

We adhere to a four-pronged strategy to achieve our objective of returning Tongaat Hulett to sustainable long-term value creation for all its stakeholders.

- Rightsize and fix the fundamentals of our business
- Create a platform for sustainable, profitable growth
- Drive efficiencies within our business to truly leverage our asset base
- Build capability in our people and processes

BOARD RESPONSIBILITY STATEMENT

The Board of Tongaat Hulett acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board has contributed to the identification of matters that are material to Tongaat Hulett and these matters have been used to select information to be addressed in the report. Management has prepared and verified the information in the report, ensuring an accurate, balanced, and comprehensive overview of the organisation. The Board, as well as the Audit and Compliance Committee have reviewed the Integrated Annual Report and is of the opinion that it is presented in accordance with the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework , addresses all material matters and offers a balanced view of the performance of the group and the impact on its stakeholders. This report was approved by the Board for release to shareholders on 22 July 2021.

L Von Zeuner (Chairman),
JG Hudson (Chief Executive Officer),
RD Aitken (Chief Financial Officer)
L de Beer, RM Goetzsche, JJ Nel, DL Marokane,
DC Noko, AH Sangqu, L Stephens

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2021 annual reporting suite, including the accessibility of the information provided and opportunities to expand on and improve and improve the company's future reporting.

Please contact:

Investor Relations, Tongaat Hulett,
PO Box 3, Tongaat, 4400, South Africa

Email: investor.relations@tongaat.com
Telephone: +27 32 439 4366

ABOUT THIS REPORT

Tongaat Hulett endorses the principles of transparency and accountability as a basis for constructive engagement with its stakeholders. The 2021 annual reporting suite, which includes this Integrated Annual Report, forms part of Tongaat Hulett's primary communication to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, customers, suppliers and service providers. Our analysis of the business' performance, transformation, risks, strategy and prospects, is intended to inform all stakeholders of the group's current status and future direction and to stimulate meaningful dialogue related to the group's impact on society.

The 2021 Integrated Annual Report covers relevant financial and non-financial aspects of the operations of the group. Our turnaround and restructuring process has and will continue to impact on the group's structure and more details have been provided where appropriate. In FY2021 Tongaat Hulett sold its interests in Namibia and Eswatini and its starch operations. Other than these, there were no additional significant changes in the scope and boundary, or measurement methods applied in the report and there have been no restatements of prior year data. Where historical data has been adjusted in this report, the relevant numbers have been annotated and a brief explanation included at the bottom of the tables.

MATERIALITY PROCESS

The content of the Integrated Annual Report was developed by considering regulatory requirements, guidelines, previous reports and a combination of feedback from internal subject matter experts, stakeholder expectations and analysis of the external environment, as well as a materiality determination process that included a diverse group of stakeholders. The principles embodied in the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™), the (<IR>) Framework and the UN Sustainable Development Goals (SDGs) contributed to the compilation of this report. Matters that have a high likelihood of impacting the group's ability to create value in the short, medium and long-term were considered material and have been addressed in various sections of the report.

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TongaatHulett®

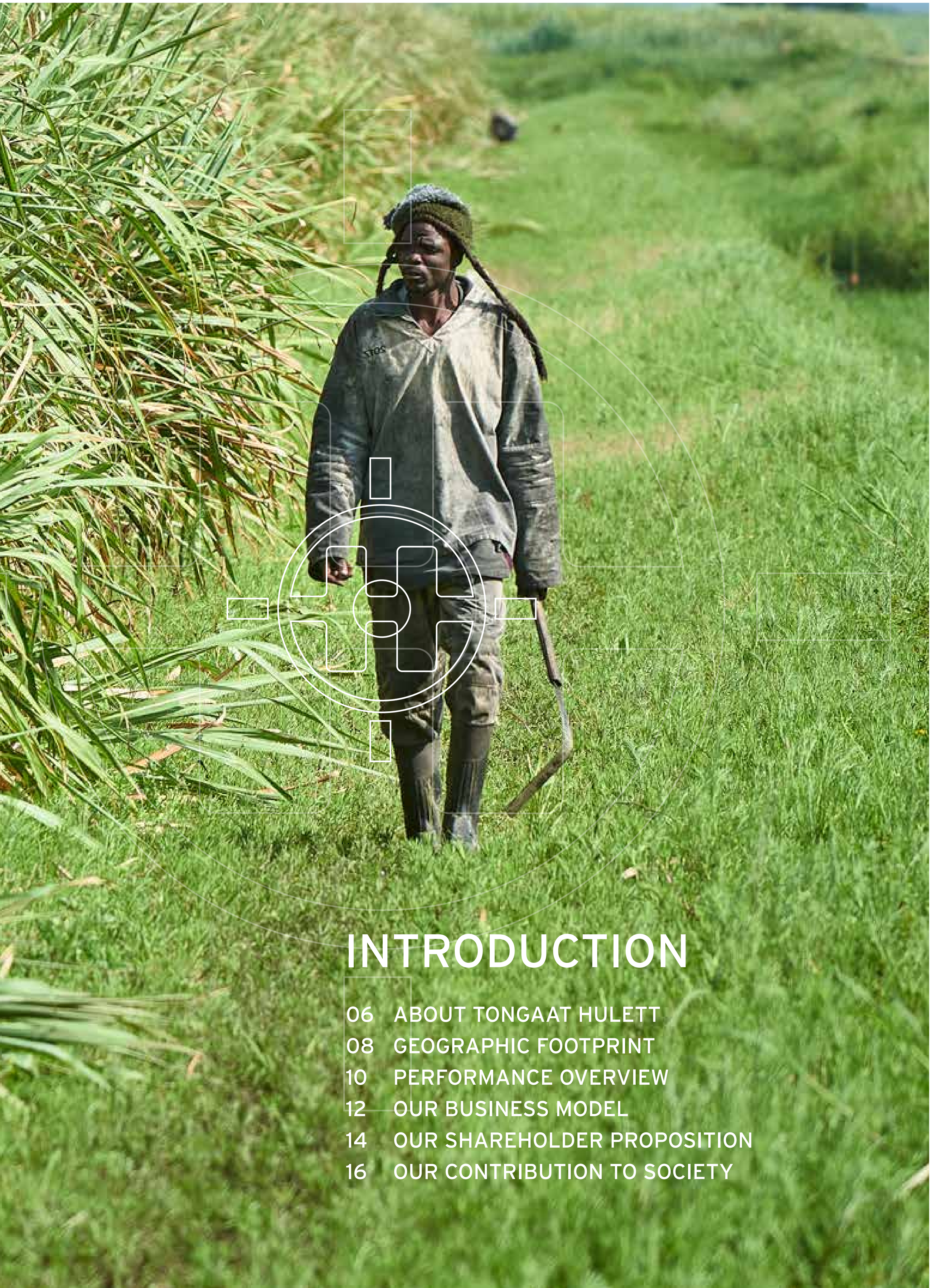
2021 INTEGRATED ANNUAL REPORT

ASSURANCE AND APPROVAL

Tongaat Hulett has adopted a combined assurance model and framework to provide assurance on the integrity of the company's information in the context of material matters in its operating environment. The Board 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. Independent service providers provide external assurance on various elements of the Integrated Annual Report:

BOARD COMMITTEES

EXTERNAL ASSURANCE	
Annual Financial Statements	Deloitte & Touche
Review of internal controls and risk review	Internal Audit (co-sourced with KPMG)
B-BBEE contributor Level	1st Verification Networx
ESG and climate change reporting	BDO
Carbon emissions disclosure	Catalyst Solutions
Operational certification	Includes ISO 14001, ISO 45001, FSSC 22000 and ISO 22000, ISO 9001: 2008.



INTRODUCTION

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16 OUR CONTRIBUTION TO SOCIETY

ABOUT TONGAAT HULETT

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TongaatHulett®

A significant asset base and footprint

A leading agri-business in sugar, ethanol, animal feeds and cattle

One of the largest portfolios of premier commercial land in KwaZulu-Natal (KZN) and South Africa

SUGAR

14 Production facilities across South Africa, Mozambique, Zimbabwe and Botswana

R14.92 billion revenue for the 2021 financial year end

59 000 hectares land we farm or manage

1.5 million tons per annum in sugar production capacity

40 million litres per annum in ethanol capacity

400 000 tons per annum in animal feed capacity

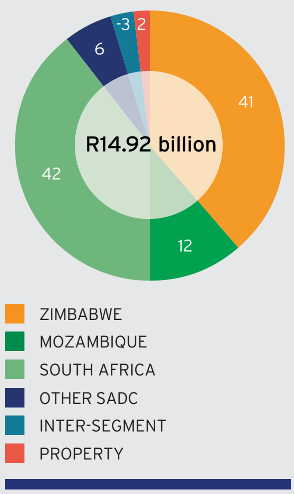
PROPERTY

9 600 hectares of prime commercial land for development

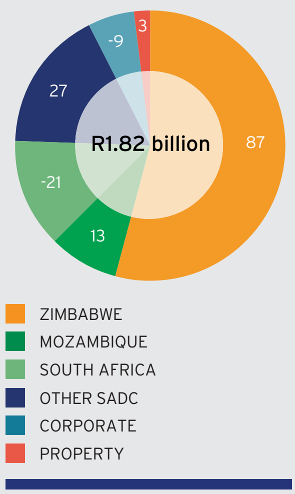
R8.3 billion indicative fair value of developable land

R30.5 billion indicative economic developed value of the land

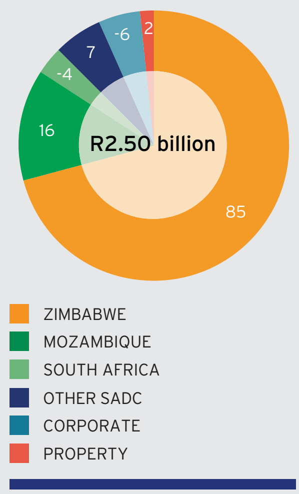
REVENUE FY2021 (%)



OPERATING PROFIT FY2021 (%)



ADJUSTED EBITDA FY2021 (%)



OUR VISION is to be the most trusted partner in all that we do

OUR MISSION is to build our future by creating sustainable value for all our stakeholders

OUR VALUES

- We succeed through excellence and innovation
- We grow and win in teams
- We take accountability
- Integrity and ethics guide our way
- We care and do our best
- Safely home every day

A 129-year history with a strong socio-economic legacy in SADC

GEOGRAPHIC FOOTPRINT

The **Sub-Saharan Africa region holds the greatest potential for sugar consumption growth** of any global region, with below average per capita consumption and above average population growth

Some 177 000 **hectares of sugarcane were harvested and delivered** to our mills in FY2021, sourced from a combination of **large-scale, small-scale and land reform farmers, and our own estates**

Tongaat Hulett is a **significant employer** in all the **regions in which it operates**

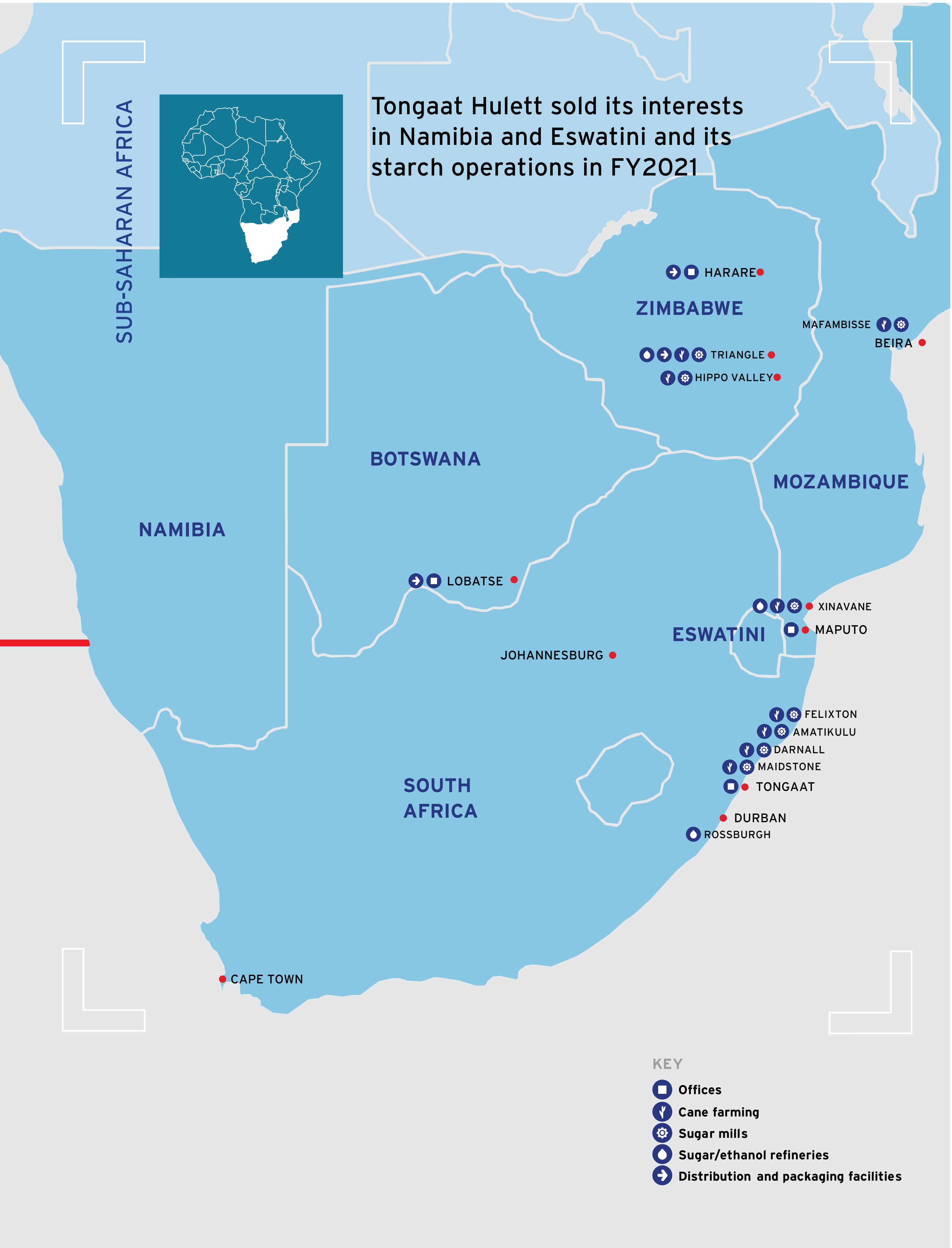
Millions of **people in SADC are directly impacted** by the sugar industry

Tongaat Hulett owns approximately **16 400 hectares** of land, **9 600 hectares** being **prime developmental land** in KZN, South Africa

The sugar industry in southern Africa **holds some of the best production cost credentials globally**

OUR MARKET LEADING BRANDS

Tongaat Hulett sold its interests in Namibia and Eswatini and its starch operations in FY2021



PERFORMANCE OVERVIEW

A step change in debt levels

Intensified commitment to environment, social and governance (ESG) and risk management processes

FINANCIAL HIGHLIGHTS FOR 2021

- Revenue of R14.92 billion
  (2020: R15.38 billion)
- Adjusted EBITDA of R2.50 billion
  (2020: R3.01 billion)
- Operating profit of R1.82 billion
  (2020: R3.26 billion)
- Net monetary loss (hyperinflation) R626 million
  (2020: R1.30 billion)
- Headline loss of R1.11 billion
  (2020: R285 million)
- Cash generated from operations R1.82 million
  (2020: R2.34 million)
- Net borrowings of R6.57 billion
  (2020: R11.35 billion)

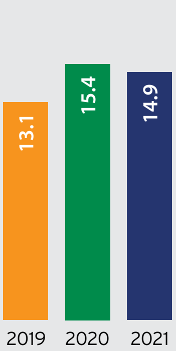
Tongaat Hulett disposed of its starch operations as well as its operations in Namibia and Eswatini during FY2021. Only the starch operations have been classified as discontinued operations for comparison in the financial information and graphs.

NON-FINANCIAL HIGHLIGHTS FOR 2021

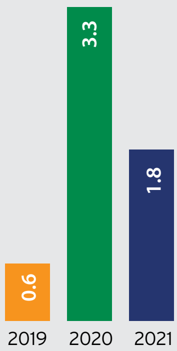
- Sugar produced 1.14 million tons
  (2020: 1.25 million)
- Ethanol produced 30.6 million litres
  (2020: 27.7 million litres)
- Animal feed produced 270 996 tons
  (2020: 283 267 tons)
- People employed 22 927
  (2020: 23 347) AS AT 31 MARCH
- Electricity self-generation 74.3%
  (2020: 54.9%)
- Improved safety performance LTIFR 0.093
  (2020: 0.107)
- COVID-19 assistance R84 million
- Progress in rebuilding our reputation and trust
- Increased sugar market share
- Debt refinance agreement renegotiated

For further detail, refer to the Chief Executive's Report on page 36.

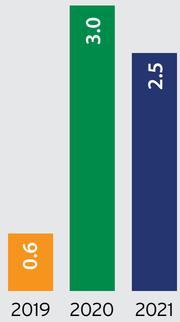
REVENUE (R billion)



OPERATING PROFIT (R billion)



ADJUSTED EBITDA (R billion)



OUR BUSINESS MODEL

As a partner of government and society, our philosophy is to contribute towards improving the prospects of a better life for many, making a substantial, positive impact on transformation, attracting fixed investments, urban spatial integration, supporting food security, youth development, infrastructure establishment and inclusive rural development, to create sustainable value for all our stakeholders.

CAPITALS		INPUTS
Manufactured Capital	Our plants, farmers and infrastructure utilised in production	Capital expenditure in 2021 **R505 million** (2020: R195 million)
Financial Capital	Shareholders' equity and debt funding	**R1.82 billion** cash flow (2020: R2.34 billion) **R6.57 billion** in net borrowings
Human Capital	The skills and expertise of our people	**22 972** people employed (2020: 23 347) **R24 million** invested in training (2020: R35 million)
Social and relationship Capital	Our relationship with the community, farmers, governments, suppliers and customers	**R100 million** invested in healthcare* (2020: R52 million) **R122 million** invested in socio-economic development initiatives* (2020: R88 million)
Intellectual Capital	Our brands and trademarks, knowledge and system experience	2 registered patents 704 registered trademarks 44 domains Market leading products
Natural Capital	The land, water, air, energy and waste utilised in the production process	**606 407 MWh** electricity consumed (2020: 853 420 MWh) of which 74% was self-generated (2020: 55%) **834 million** m³ water consumed (2020: 1.071 billion m³)

SUPPORTED BY OUR VISION, VALUES AND CODE OF ETHICS

ACTIVITIES AND PROCESSES

RESOURCES AND RELATIONSHIPS: PEOPLE • LAND • COMMUNITIES

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TongaatHulett®

Sugar

Diversify revenue streams, optimise operations and product portfolio and implement cost reductions

PARTNERSHIPS, JOINT VENTURES AND

Sugarcane farming and supplies

Threats and opportunities

- Developmental partnerships with SADC governments
- Economic growth
- Safety, health and environment
- Social sustainability and innovation
- Product innovation
- Socio-economic development and economic development
- Commodity cycles

For further detail, refer to the Risk Governance section on page 102.

* Excluding R84 million in COVID-19 assistance

ALLOCATED AND PRIORITISED ACCORDING TO KEY FOCUS AREAS

TongaatHulett Property

Implement new business model, sustainably maximising value from existing portfolio

TRANSFORMATION INITIATIVES

Agricultural land identified for development

Shared value partnerships with key stakeholders

- Equity and debt investors
- Joint venture participants
- Government authorities and regulators
- Society and communities
- Private farmers
- Employees
- Customers, suppliers and service providers

For further detail, refer to Stakeholder Engagement discussion in the ESG and Climate Change Report.

STRONG OVERSIGHT, EFFECTIVE GOVERNANCE AND RISK MANAGEMENT

SUGAR PRODUCTS, ANIMAL FEEDS, CO-PRODUCTS, RENEWABLE ENERGY - ELECTRICITY AND ETHANOL, AND EIA APPROVED LAND. IN PARTNERSHIP WITH THIRD-PARTIES IN MULTIPLE MARKET SECTORS.

OUTPUTS	OUTCOMES
1.14 million tons sugar produced (2020: 1.25 million tons)	Sustainable regional development
EPS loss of **689 cents** (2020: loss of 212 cents) HEPS of **822 cents** (2020: loss of 211 cents) Adjusted EBITDA down **17%** to **R2.50 billion** (2020: R3.01 billion) Net debt reduced by **R4.78 billion** (42%)	Employment, a safe working environment
R2.77 billion total remuneration (2020: R3.47 billion) **0.093 LTIFR** (2020: 0.107 LTIFR)	Transformation
R239 million tax contribution (2020: R408 million) **20 174** small-scale farmers supported **R4.72 billion** paid to farmers	Rural development
Successful Huletts® brand refresh Award-winning 'Humthem' campaign Centralised intellectual property management	Economic opportunities
505 575 tons CO_2-e scope 1 carbon emissions (2020: 704 989 tons) **23%** reduction in hazardous waste to 184 tons from 240 tons in 2020	Food security

OUR SHAREHOLDER PROPOSITION

We offer a unique and attractive investment case as a group

A leading sugar producer in Southern Africa

A premier commercial property portfolio with meaningful embedded value

A significant asset base and footprint

Profitability and growth driven by strategic initiatives

Reasons to believe in Tongaat Hulett

- We are committed to continue doing the right things to turn this company around, with critical indicators moving in the right direction.
- The business has been stabilised and streamlined and we continue to position and invest for recovery and growth.
- We have improved our governance and reporting processes and are rebuilding trust in Tongaat Hulett.
- We continue focusing on cash flow improvement and deleveraging our business.
- Our team is invigorated, committed and completely focused on the tasks at hand.
- Tongaat Hulett remains a high potential business with a significant asset base to support growth.

HOW WE PLAN TO WIN

Rightsize and fix the fundamentals of our business

Create a platform for sustainable, profitable growth

Drive efficiencies within our business to truly leverage our asset base

Build capability in our people and processes

OUR CONTRIBUTION TO SOCIETY

VALUE PRESERVATION

- Safeguarding our employees and communities against COVID-19.
- Ongoing capital investment on our assets.
- Safety, Health, Environment, Quality and Food Safety – adherence to ISO 45001, ISO 14001, ISO 9001, ISO 22000 and FSSC 22000.
- Investing in our brands.

Building a relationship with society based on shared value and prosperity

Agriculture and agri-processing are fundamental elements to socio-economic development (SED) in Africa, particularly in the development of rural communities, farming activities, food security and water management, housing and land conversion to development as urban areas expand. This is also linked to the socio-political dynamics of the region. Tongaat Hulett actively plays its role in the nexus of these dynamics.

OUR TRADE-OFFS TO MAXIMISE LONG-TERM VALUE CREATION

In the process of creating value, we often have to make trade-offs. These include:

- Reducing debt and ensuring financial stability by selling quality assets like the starch operation.
- Prioritising the protection of the environment for future generations over short-term profits.

1 VALUING OUR EMPLOYEES

Tongaat Hulett views its employees as one of its key assets. We contribute to their well-being by providing:

- Job security.
- Primary healthcare.
- Training, education and development.
- Housing.

For further detail, refer to Human Capital on page 74.

2 GROWING VALUE FOR PROVIDERS OF CAPITAL

- Attractive investment opportunities.
- Good progress to date in turnaround strategy.
- Solid growth prospects.
- Strong governance.

For further detail, refer to Our Shareholder Proposition on page 14.

3 IMPLEMENTING CONTINUOUS INNOVATION

- Renewable energy alternatives.
- Practical upliftment projects.
- Continuous product innovation.
- Technologies with substantially reduced energy requirements.
- Developing tools and measures to upskill small-scale farmers.
- Alternate financing options for land development.

Value creation

Millions of people are directly impacted by the sugar industry in the SADC region

4 ASSISTING GOVERNMENT AND SOCIETY

Tongaat Hulett forms collaborating relationships to:

- Develop aspiring farmers in rural and economically deprived areas.
- Provide infrastructure.
- Attract fixed investment.
- Provide urban spatial integration.
- Strategic transformation partnership projects.

For further detail, refer to Nurturing Our Capitals on page 70.

5 SUPPORTING CITIZENS AND COMMUNITIES

Tongaat Hulett actively participates in communities to provide:

- Rural development.
- Food security.
- Education and youth development.
- Economic transformation.
- Infrastructure.
- Primary healthcare.

For further detail, refer to Nurturing Our Capitals on page 70.

6 BEING A RESPONSIBLE CORPORATE CITIZEN

- Rigorous and transparent corporate governance practices.
- Responsible environmental practices and environmental education.

For further detail, refer to Corporate Governance on page 88.

7 PROVIDING VALUABLE FOOD SOURCES AND TRUSTED QUALITY BRANDS

- Leading brands in all the regions in which we operate.
- Providing essential ingredients to food manufacturers.

STEWARDSHIP

20 BOARD OF DIRECTORS
22 CHAIRMAN'S STATEMENT

BOARD OF DIRECTORS

L VON ZEUNER (60)

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 Group Limited and First National Bank. He also serves on the Council of the University of Free State and is involved with two family businesses: Mahela (Pty) Ltd and Wilde Klawer (Pty) Ltd. With the exception of Tongaat, he is a member of the Audit and Risk Committees on all the Boards on which he serves. Before this, he had a long career at ABSA Group where he ultimately served as Deputy Group Chief Executive from 2009 to 2012.

L DE BEER (52)

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 Holdings Limited, Momentum Metropolitan Holdings Limited and Shoprite Holdings Limited. In addition, she chairs the Public Interest Oversight Board that oversees the setting of international standards for auditors, based in Madrid. Linda is a visiting professor at the University of Johannesburg.

RM GOETZSCHE (60)

INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed: 1 October 2019

BCom, 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 previously served as a non-executive director of The Beverage Company, until he resigned on 1 July 2021.

JJ NEL (49)

INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed: 1 October 2019

B Acc (Hons), CA (SA), CFA (AIMR)

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.

DC NOKO (63)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed: 1 July 2020

HND in Mechanical Engineering, MDP, MBA

David is the lead advisor at his consultancy company, ESG Advisory Limited. He previously held the position of Executive Vice President at AngloGold Ashanti and held various senior positions in his career, such as CEO of Air Chefs, Managing Director and CEO of De Beer Consolidated Mines Limited. He served on Boards of directors of several prominent companies, is a member of the Institute of Directors and Deputy Chairman of the Council of the University of the Free State. David serves as a director on the Aveng Moolmans (Pty) Ltd Board.

For more detail refer to the Corporate Governance Report on page 88.

AH SANGQU (54)

INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed: 1 October 2019

BCompt (Hons CTA), H Dip Tax Law, EDP, MBL, AMP, HHCM

Andile is the executive in residence at the Gordon Institute of Business Science (GIBS) in Johannesburg. Until 31 December 2019, he was the executive head for Anglo American in South Africa and served as executive director on the Anglo-American South Africa Board. His role included working with the South Africa based businesses to help deliver the group's strategy in the region, provide leadership and coordination to the group's stakeholder relations initiatives in South Africa, and facilitate regional alignment with the group's central functions. Andile was previously group executive of sustainability and risk at Impala Platinum, and before that, executive director for Glencor Xstrata South Africa. Andile also served on the Boards of several organisations and is currently pursuing his PhD through GIBS.

L STEPHENS (44)

INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed: 15 July 2020

BCom Accounting (Honours), BBus Sc, CA (SA), Chartered Director (SA)

Louisa is an independent financial trader and serves as an independent non-executive director of Multichoice Group, Royal Bafokeng Platinum and the Institute of Directors in South Africa. She held a position as the uMnotho Fund Manager at the National Empowerment Fund, and as an Investment Banker at Rand Merchant Bank. Before that, she was General Manager of the Investment and Finance divisions of Nozala Investments and Chief Investment Officer of Circle Capital Ventures. Louisa served her articles at KPMG, in the Financial Services division.

JG HUDSON (50)

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. Before this, Gavin served as the Managing Director of Anadolu Efes' beer businesses in Turkey and Russia and spent 26 years within SABMiller, holding senior roles, both in South Africa and internationally.

RD AITKEN (39)

CHIEF FINANCIAL OFFICER Appointed: 1 March 2019

BCom Accounting (Honours), CA (SA)

Rob is a qualified CA(SA) with 17 years' experience, 12 of which have been in the sugar industry and within a JSE-listed environment. He joined Tongaat Hulett in January 2018 as an experienced financial executive and was acting in the CFO role from August 2018 to February 2019. Before joining Tongaat Hulett, Rob worked at Illovo Sugar Africa, Bidvest's McCarthy group and served his articles at Deloitte & Touche.

DL MAROKANE (50)

EXECUTIVE DIRECTOR Appointed: 18 November 2019

BSc Chem Eng, MSc Pet Eng, DIC, MBA

Dan is a 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 South Africa and is a member of the University of Johannesburg 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.

CHAIRMAN'S STATEMENT

Despite the challenges of a turnaround programme in this abnormal environment, we have not neglected the role that Tongaat Hulett plays within society

LOUIS VON ZEUNER

CHAIRMAN

Dear shareholders and other stakeholders

INTRODUCTION

Tongaat Hulett has a proud heritage as a premier agriculture and agri-processing business, synonymous with the sugar industry in KZN and adjacent SADC countries. We reported disappointing performance in a year in which the group's turnaround was made all the more difficult by legacy operational issues and a myriad of challenges emanating from the COVID-19 pandemic.

I believe Tongaat Hulett's response to COVID-19 has been commendable. In challenging times, we were able to continue to contribute in terms of SED-related activities and go far beyond the call of duty to care for communities. The loss of lives from the COVID-19 pandemic impacts our business, our people and our communities and our condolences go to everyone that has lost a loved one in this period.

In terms of highlights for the year, the successful completion of the starch disposal transaction despite the challenge from Barloworld certainly deserves special mention, as do the other disposals. Ongoing cash flow improvements and receiving dividends from our Zimbabwean operations were also steps forward.

One of the most severe operational impacts of the pandemic for Tongaat Hulett has been the delays and cancellations of land sales. As we shared with our shareholders quite early in the pandemic, the inability to proceed with our property initiatives directly affected our ability to meet the debt repayment milestones by March 2021. It remains the commitment of this Board to reduce the ultimate debt level on the group's balance sheet, and despite the temporary setback from the impact of COVID-19, the constructive engagements with lenders in terms of the debt restructuring process is testament to that pledge. We thank the lenders for their willingness to seek solutions with us to these challenges.

The implementation of the Sugar Masterplan commenced this year and, as the task teams work to resolve the many complexities, there is a clear intent from the South African government in terms of what they wish to achieve. We are supportive of and remain an active participant in the process, which has already had a positive impact on local demand within a relatively short time. Our efforts to support the plan, however, did have unforeseen consequences in the form of the sugar loss at our refinery, caused by the significant increase in production requirements. We commend management for the manner in which they were able to assist the industry at large in preventing the import of sugar and the impact that this might have had on our market. There are however lessons to be learned from the sugar loss which we are already implementing. Aligned with our commitment to value creation for our stakeholders, the loss was partly offset by the reversal of all broad-based short-term and turnaround incentive accruals for the South African businesses, in excess of R100 million.

The core of the group's strategy is to be a low-cost sugar producer with a predominant focus on South Africa, Zimbabwe and Mozambique, as well as to capitalise on our sizeable portfolio of premier commercial property. As debt repayment and the structure of our balance sheet allows for more flexibility and manoeuvrability, we will consider other options in the sugarcane and property value chains to grow the business.

For further detail on our strategic initiatives please refer to our Chief Executive Officer's Report as well as Sugar and Property Divisional Reports.

Zimbabwe and Mozambique remain integral parts of Tongaat Hulett's total sugar business. Certain events specific to Mozambique were unsettling but these, fortunately, did not have a major effect on our business. We trust that stability in the country returns and will continue to pay careful attention to developments in this regard. In Zimbabwe, we are hopeful that the government will reciprocate the goodwill and intent as well as the investment that Tongaat Hulett is making in the country, by awarding the group 99-year leases, so that we can continue investing and growing that business.

FINANCIAL RESULTS

Our financial results indicate operational progress, successful disposals, and a notable reduction in debt. It also reflects setbacks at our South African sugar refinery and in land sales. Our management has shown resilience through the pandemic, demonstrating their ability to deliver and to promptly utilise the learnings from setbacks to improve efficiencies and enhance the business going forward.

Of concern is that the high debt levels and absolute requirement for debt repayment are constraining investment in the business and this will be a topic of discussion with shareholders and lenders for the remainder of the year. To create value for its stakeholders, the group needs to strike a fine balance between what is required to reinvest in asset care, invest for growth and to repay debt.

STAKEHOLDER ENGAGEMENT

We have done much in the past year to strengthen the moral fibre of the business and regain the trust of our stakeholders. It is therefore pleasing to report that a recent corporate reputation survey indicated marked improvements in how Tongaat is perceived, as well as a greater level of trust amongst stakeholders. It is encouraging that these positive advances are evident across all stakeholder groups and we are particularly happy that our employees are notably prouder to work for Tongaat, feel motivated to do their jobs and are optimistic about Tongaat's future.

Engagement with shareholders continued, with the construct of the balance sheet and our priority to balance debt gearing and equity remaining a key discussion point. The current management team has been instrumental in driving the turnaround strategy and remains critical to the continuation of the turnaround of Tongaat Hulett. We will continue to look to retaining our talent and ensuring that we appropriately reward activity that is necessary at this stage of the broader turnaround programme, and this will be agreed upon with shareholders.

Relations with the government in the different regions remain cordial, with engagement at the highest level and strong cooperation to assist the governments' efforts to manage the COVID-19 pandemic and to support economic development in those regions.

For further detail please refer to our Chief Executive Officer's Report and Sugar and Property Divisional Reports.

A full report of the stakeholder relationships can be found under the Social and Relationship Capital section of the ESG and Climate Change Report.

STRENGTHENING GOVERNANCE AND CONTROLS

We have made significant progress in governance. We formally welcome two new directors, Louisa Stephens and David Noko to the Board and thank them for the significant contribution they have already made since their appointment. We were also fortunate that the group was able to retain good talent and attract excellent skills in the areas required.

We have strengthened financial discipline, oversight and assurance with the appointment of key positions such as a Chief Audit Executive (CAE), Chief Risk Officer, Chief Information Officer (CIO), Human Resource (HR) Executive and Group Legal Counsel. In making the additional appointments we continued to ensure that we have a depth of skills at all levels of management as well as the Board and that we secure options in terms of succession, as well as stay true to the commitment made in terms of our diversity profile of the Board and management.

I believe the functioning of the Board and Committees has been effective this year, as is supported by the Board evaluations done during the year. Good progress has been made with the review of all policies to ensure continued alignment with the Tongaat way, and a range of new policies have been approved to strengthen ethical conduct, including the Fraud Risk Management strategy and an Anti-Bribery and Corruption programme.

After year end, the Board also appointed David Noko as a lead independent director to position the Board for the future.

In line with our focus on improved governance, Canaan Dube was appointed as the new independent non-executive Chairman of the Hippo Valley Estates Board from 1 May 2021. In accordance with best practice, the majority of Board members are independent non-executives. Tongaat Hulett is the majority shareholder of this Zimbabwe Stock Exchange listed business. I would like to congratulate him on his appointment.

NEW AUDITOR

It is the Board'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 in prior years. The Board also acknowledges the relatively low vote from shareholders for reappointment of the auditors at the 2020 AGM.

Following a market review and assessment of auditing firms by the Audit and Compliance Committee and the Board, the Board appointed Ernst & Young Inc. (EY) as the group's external auditors, subject to shareholders' approval at the 2021 Annual General Meeting (AGM). The audit services of Deloitte will end on completion of their statutory commitments for the 2021 financial year, where after EY's appointment will commence. We thank Deloitte for its services over many years.

ACTIONS ARISING FROM THE PWC FORENSIC INVESTIGATION

The Board of Tongaat Hulett has committed to holding those responsible for historic mismanagement accountable. Criminal cases against former executives and senior managers have been opened, both in South Africa and in Zimbabwe, as well as a civil claim against former executives in South Africa. The group continues to work with relevant authorities and has filed all documentation required to pursue these matters, the resolution and pace of which now remains at the mercy of the greater system of prosecution. Our review of the role of the auditors has thus far had to be stalled so as not to compromise their independence and detailed discussions on this topic will commence in due course.

SUSTAINABLE DEVELOPMENT

While there has been significant focus on the governance and ethics aspects of sustainable development in the past two years, we also put renewed effort into formalising and improving the environmental and social aspects of our ESG management in Tongaat Hulett this year. This included the development and implementation of a new Sustainability Management framework, a review of all Safety, Health and Environment (SHE) policies, procedures, systems and controls and driving the development of a sustainability data management system.

We are very aware and attuned to climate change, and the impact that this can have on our business going forward. We are continuously building expertise in this area, bringing in subject matter experts that can advise us on the changes that we should consider to our business in future, over and above the protocols that we have already committed to. The group demonstrated its commitment to universal efforts by rejoining the United Nations Global Compact (UNGC) this year, transitioned its public disclosure to the widely accepted Task Force on Climate-related Financial Disclosure framework and produced its first climate change report.

SAFETY

We take the safety of our employees very seriously and are pleased with the improvements in our safety statistics over the past year. We have ensured the escalation of accountability for the health and safety of the Tongaat workforce to the executive and Board level. These are also incorporated in our incentive programmes to ensure continued focus and stringent compliance.

TRANSFORMATION

We have assessed our progress from Tongaat Hulett's current Level 4 B-BBEE status in South Africa towards the target of attaining Level 2 and are cautiously optimistic that we will meet this target in the not too distant future. In Zimbabwe, visible progress has been made towards recruiting females in senior management roles, while our Mozambique operations are progressing well in recruiting locals in senior management roles and thereby reducing the reliance on expatriates.

Our transformational partnership efforts 'MillCo' and 'PropCo' have stalled against the current ambiguous economic background. These initiatives are being re-envisioned in light of the changing market dynamics and will remain a focus area to be pursued in a more conducive environment. We are pleased that our other transformation projects 'FarmCo', Kilimanjaro and Sakhinzuzo, continue to be advanced and provide tangible benefits to surrounding communities.

We invite you to refer to Tongaat Hulett's 2021 ESG and Climate Change Report available on our website, for more information on the wide range of socio-economic initiatives the group is involved in across all the countries of operation.

FOCUS AREAS FOR THE NEXT FINANCIAL YEAR

A critical focus in the next financial year will be a smooth handover and transition to the new auditors and the implementation of a revised debt reduction plan. The successful execution and delivery of targets within this plan will be a priority.

Implementing the learnings and measures to assist us in running a more effective and efficient business remains vital to our turnaround process. These measures will include further cost optimisation as well as applying due attention to automation, systems enhancements, and advancements in technology including data information, artificial intelligence and robotics. While there is a strong drive to repay debt, some of these initiatives will surely come to the fore to change the shape of how we view our business going into the future.

The new ways of work prompted by the pandemic are causing us to also reconsider how we work. The working environment is now without borders and skills are a lot more mobile. It calls for a different approach that might be less reliant on office space and property. This change programme will receive focused attention going forward.

OUTLOOK

I remain optimistic about the future of Tongaat Hulett. We believe we are focusing on the right things to turn the business around. The calibre of management that we have, the commitment that they have demonstrated to the cause, and the ability to deliver, gives one confidence that ultimately the additional experience from the setback of the pandemic will allow us to more dexterously deliver the strategy going forward.

APPRECIATION

I commend Gavin, the executive management and employees of Tongaat Hulett for their tenacity and prodigious efforts to restore the group's reputation and the goodwill of our stakeholders. I am grateful for the support and wisdom of my fellow directors and for their collective courage in driving the strategy forward. We thank the shareholders and lenders for the constructive and collaborative working relationship and all our stakeholders for your ongoing support.

We believe that this business and agriculture as a whole remain an important player in the broader Southern African economy. We remain committed to continuing to play our part by reducing our debt and delivering on our promise of improved results in the next financial year.

Louis von Zeuner
Chairman


Hulets

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OUR RESPONSE TO COVID-19

Our COVID-19 war room coordinated the company's response to the pandemic

Business Continuity Plans (BCPs) were put into place to address the emerging economic and social challenges and to ensure continuity of operations. The BCPs focused on three priority areas: healthy people, healthy company and healthy communities.

Healthy People

Safeguarding our employees

- Limiting the number of employees at our operations.
- Restricting travel.
- Assessing risk of exposure for employees.
- Implementing daily pre-shift screening.
- Providing employees with personal protective equipment (PPE) and sanitisers.
- Capacitating employees to work from home.
- Providing rapid test kits at each work site.

More than R84 million invested in COVID-19 preparedness and response

Healthy Community

Assisting our communities

South Africa, Mozambique, Zimbabwe and Botswana

Installed oxygen bulk storage tank at Colin Saunders Hospital

740 000 litres of sanitiser donated

Company clinics registered with Health Departments as vaccination sites

Provided access to COVID-testing for communities

Donated PPE to community clinics and hospitals

Provided additional water storage tanks in villages and schools

Installing WHO accredited PCR testing facility at Colin Saunders Hospital

Distributed 120 tons high-energy porridge

Donated ventilators and monitoring equipment

Assisted government to equip seven isolation centres at hospitals

Implemented vaccine roll-out

Installed oxygen generators

Healthy Company

Ensuring operations can continue

- Adequacy of critical supplies.
- Critical staff planning.
- Succession planning should critical staff fall ill.
- Continuous and transparent stakeholder communication.

Successes

Daily screening for all employees and visitors

Developing and rolling out COVID-19 communication protocols

All operations largely uninterrupted

More than 18 800 people tested in certificate of fitness programme

Rapid installation of appropriate and adequate equipment for management and treatment of COVID-19 cases

Contact tracing for all positive cases

Limited spreading to total of 1 240* COVID-positive cases

*as at 23 June 2021

Challenges

- Greatest challenge has been sourcing adequate medical supplies, food and operational supplies due to border closures and lockdowns.
- Unavailability of spare parts in Mozambique and Zimbabwe caused production interruptions.
- Delays in property transfers due to closure of municipal offices.

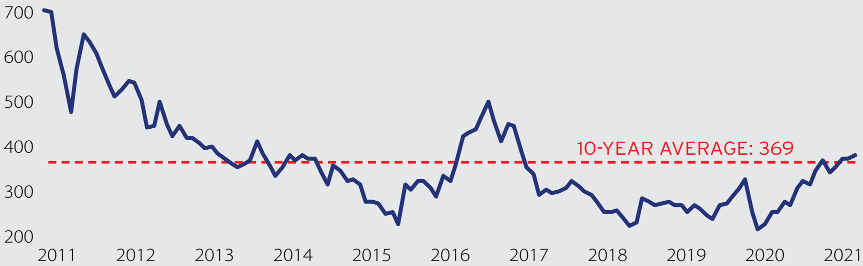
Sadly 20 of our colleagues lost their lives due to COVID-19. Our heartfelt condolences go out to their families

OUR OPERATING CONTEXT

COVID-19

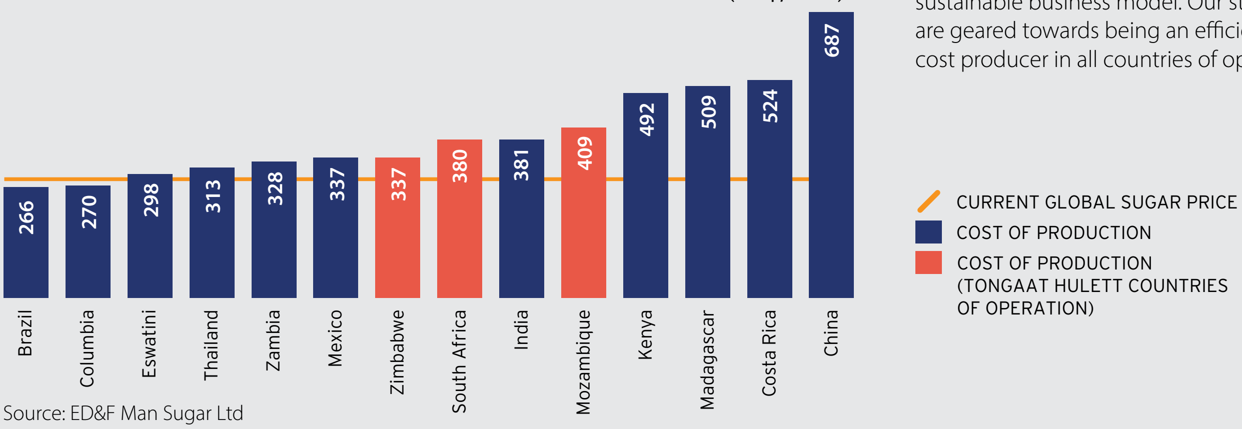
The COVID-19 pandemic has added significant challenges to already tough economic conditions in South Africa. Most of Tongaat Hulett's businesses were classified as essential services, which allowed continued operations during the various stages of the lockdown. The pandemic did however emphasise the need for extensive protocols to protect the health of our employees, value chain, and the communities within which we operate. Apart from shortages of critical spare parts, the impact of the pandemic on our sugar operations has been limited. For the property business however, COVID-19 delayed planning approvals, restrained public participation in the environmental impact assessment (EIA) process required for the conversion of land from agriculture, and slowed down sales and construction. Deals under negotiation were also halted or abandoned due to the current uncertain financial environment.

SUGAR CURRENTLY TRADING ABOVE 10 YEAR AVERAGE (US$ /TON)



Source: ICE; Bloomberg

MAKING POSITIONING AS A LOW-COST PRODUCER IMPORTANT (US$/TON)



Source: ED&F Man Sugar Ltd

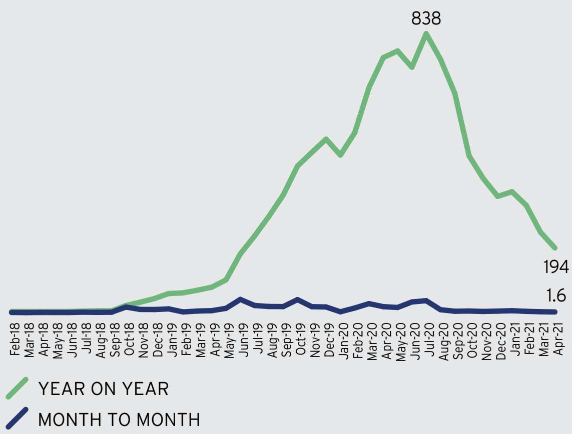
SUGAR TRENDS

At 31 March 2021, the world raw sugar price was US 14.77 cents/lb owing to a deficit of world sugar stocks. Annual sugar consumption and production globally is growing at c. 1.5% according to Organisation for Economic Cooperation and Development's estimates, with developing countries accounting for some 94% of this growth. Global sugar prices, however, remain depressed and cost competitiveness is crucial to maintain a sustainable business model. Our strategies are geared towards being an efficient, low-cost producer in all countries of operation.

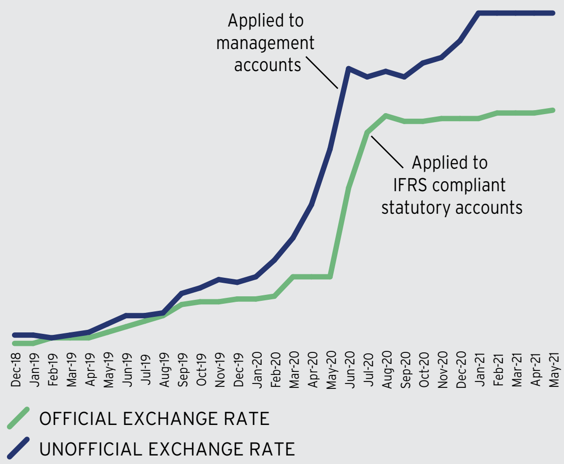
HYPERINFLATION IN ZIMBABWE

Zimbabwe has been classified as a hyperinflationary economy since October 2019. The annual inflation peaked at 838% in July 2020 and has since reduced to 241% in March 2021. To cease being a hyperinflationary economy for accounting purposes, cumulative inflation over the past three years must be below 100%. The government has implemented a range of initiatives in the past year to stabilise the economy. This has culminated in a notable reduction in inflation and more stability in the currency.

INFLATION RATE (%)



EXCHANGE RATE (%)



SA PROPERTY TRENDS 2021

MACRO ECONOMIC FACTORS

- Continued low interest rate environment supportive of higher property sales, especially for first time home buyers.
- Low GDP delays investment decisions.
- Recovery in property market usually lags general economic recovery.

RESIDENTIAL MARKET

- Bond costs lower than existing rental.
- Strong demand for R500 000 to R2 million home prices.
- Vacancies are at an all-time high since 2008 for the residential rental market.

COMMERCIAL MARKET

- Pressure specifically on retail and offices.
- Retail shifting to online opportunities.
- Industrial is consistently positive with possible "flexible space" opportunities.
- Offices:
  - Lockdown left businesses comfortable with staff working from home.
  - Large office of the past to be replaced with smaller spaces.
  - Many tenants opting to use coworking spaces or a hybrid.

PROPERTY DYNAMICS

The pandemic has notably increased pressure in the commercial market, particularly in retail and offices. As lockdown restrictions have eased, we have started to see a general improvement in demand for property. New ways of working are expected to generate a hybrid office space environment incorporating some form of work-from-home. Low interest rates have created strong demand in the first-time home-owners price brackets, while upmarket estate-living accommodation demands a wide range of new facilities. Demand for high-quality logistics properties is increasing as adoption of e-commerce grows.

DEBT REDUCTION IMPERATIVE

Tongaat Hulett has a debt burden that is unsustainable and that requires tough decisions to allow the business the opportunity to recover. It has been a focus of the new management to rapidly reduce the debt sufficiently to stabilise the business and reduce the interest burden, from which Tongaat Hulett can return to a growth path. Many of the trade-offs made in the past year have been directly related to this strategic imperative. These include:

- disposing of the starch business as well as other non-core assets;
- favouring capital preservation over growth; and
- reducing operating expenses at the cost of reducing further jobs.

Please refer to the Chief Executive Officer's Report and Chief Financial Officer's Review report for more information.

THE SOUTH AFRICAN SUGAR MASTERPLAN

The sugar industry is a critical employer and a source of livelihood for large numbers of rural communities. The sector has gone through enormous strain in recent years, exacerbated by a flood of imports. The Sugar Masterplan, that seeks to diversify the sugar industry's revenue streams and build support for local sugar production, was signed in November 2020 by the South African government and industry participants. The first phase of the Masterplan focuses on urgently advancing transitional support. As a social compact, local stakeholders have committed to sourcing 80% of all their sugar requirements from the local sugar industry, growing to 95% or 300 000 tons over the next two years. In turn, the industry is exercising price restraint. The increased local uptake is reducing largely unprofitable export sales in the over-supplied world sugar market.

Tongaat Hulett is well-positioned to benefit from the Masterplan. Ethanol and bioelectricity both present ideal growth opportunities. The group already produces electricity in all of its mills, some of which is supplied back to the grid, but the opportunity exists to do so more efficiently. Tongaat Hulett also already produces ethanol from molasses for blending with fuel in Zimbabwe, with a capacity to produce 40 million litres a year.

To extract further benefits, the group will need to invest resources and form strategic partnerships with parties that already have technologies or projects underway in biorenewable plastics, biodegradable plastics, packaging and cogeneration. Several of the potential opportunities will also require changes to legislation and/or commitments from the government. Tongaat Hulett is optimistic about the potential outcomes and the level of its participation will be determined by a conducive environment, moderated by funding requirements.

OUR TURNAROUND STRATEGY

We aim to be an efficient, sustainable, lowest cost producer in all countries of operation

Our strategy is underpinned by four principles:

- To pay down debt.
- To be a low-cost producer.
- To expand the capabilities of our people and processes.
- To improve governance.

DELIVERING ON OUR STRATEGIC PILLARS IN 2021

Rightsize and fix the fundamentals of our business

- Good cash flow generation.
- Paid debt reduction proceeds of R6 billion.
- Improvement in cash/treasury management.
- Successful sale of assets: Namibia, starch and Eswatini.
- Improved Health and Safety metrics.
- Successfully restructured our business.
- Invested in new capabilities to support our turnaround strategy.

Drive efficiencies within our business to truly leverage our asset base

- Successfully obtained dividends from Zimbabwe.
- Increased ethanol production.
- Improved product mix.
- Significant investment in cane assets.
- Improved efficiencies of milling in South Africa.
- Improved performance in Mozambique.

Create a platform for sustainable, profitable growth

- Strengthened stakeholder relations.
- Improved sugar market share in South Africa.
- Improved brand strength across our brands.
- Continuing transformation efforts: Uzinzo, Kilimanjaro and Sakhinzuzo.
- Zimbabwe milling licenses secured to 2040.

Build capability in our people and processes

- Implemented performance management.
- Implemented a talent management framework.
- Enabled business transformation through embedding our aspirational values.
- Implemented governance and fraud risk management framework.
- Appointment of key governance roles.

We believe that these strategic pillars and the success of our efforts in this regard are pivotal to firmly reset the group on its journey to sustainable profitability.

We have advanced the people agenda, extracted operational efficiencies, improved financial controls and oversight of the business and reduced debt. Much remains to be done, of which a vital element is paying down debt, as agreed in our new debt finance agreements.

People remain our biggest asset and a key driver to become the organisation that we can be proud of. We will pursue our transformation initiatives and stronger stakeholder relationships, as well as lucrative diversification opportunities across our operations when appropriate. Our plan of action for 2022 is encapsulated in the graphic below:

We have bolstered our Board and management team structures, implemented a group-wide governance, risk and compliance (GRC) system and have strengthened policies and procedures

STRATEGIC INITIATIVES FOR 2022

It is time to pivot and look towards the future

South Africa Sugar	Zimbabwe Sugar	Mozambique Sugar	Property
• Leverage the Sugar Masterplan • Fix the fundamentals • Transform our value chain • Solidify market position	• Vertical and horizontal growth • Capitalise on climate and weather security • Maintain dividend flow • Diversify revenue streams	• Drive per capita consumption • Vertical and horizontal growth • Maximise refinery output • Pursue diversification	• Leverage the land portfolio • Close out legacy projects: sales transactions and infrastructure commitments • Structure opportunities across the value chain

Achieve sustainable debt levels | Maximise cash flow capabilities

We continue to focus on:

STRATEGIC REVIEWS AND PERFORMANCE

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CHIEF EXECUTIVE OFFICER'S REPORT

Our business demonstrated significant resilience throughout the pandemic

GAVIN HUDSON
CHIEF EXECUTIVE OFFICER

What we are proud of this year	What we learnt from
Comprehensive COVID-19 support and partnerships with government, employees and communities	Refinery sugar loss in South Africa, significant improvements made
Implemented performance and talent management frameworks and roll out of aspirational values	Delays and cancellations in land sales caused by COVID-19 restrictions
Building bench strength and recruited additional talented individuals	Hyperinflation in Zimbabwe
Strengthened leadership capacity, governance, risk and ESG practices	Focused strategy for asset care and planned maintenance
A 42% reduction in debt	

RE-IMAGINING TONGAAT HULETT

As we complete the second year of Tongaat Hulett's turnaround, we are satisfied with the progress being made in returning the organisation to a sustainable entity. We continue navigating the legacy challenges to rebuild Tongaat Hulett's culture, learning and adapting as we establish a healthier routine for the business.
It is by no means business as usual as operational, maintenance and cultural paradigms are being tested while we deal with the unprecedented times triggered by the COVID-19 pandemic. However, we remain confident that having the right strategy is at the core of the significant number of the milestones achieved to date. I am extremely proud of the collective achievements to date and remain honoured by the continuous commitment and dedication of the Tongaat family during this challenging time.

FINANCIAL RESULTS

We are making progress, and our financial performance continues demonstrating ongoing improvements despite some of the setbacks we have encountered from unforeseen circumstances. Performance remains aligned to our key strategic focus areas of reducing debt and improving operations and cash flows while focusing on overall ESG metrics, especially governance.

REDUCING DEBT

Tongaat Hulett is still plagued by a legacy of significant debt. We undertook a significant task of reducing our debt by R8.1 billion for the year in review, and have made significant progress achieving deals of R6.5 billion and an overall 42% reduction in debt. We have also confirmed the refinancing of our debt with our lenders which will provide comfort and certainty as we embark on additional measures in reducing overall debt, we thank the lenders for their ongoing support.

ESG

The Implementation of sound corporate governance principles is at the very heart of the progress made in our business over the past two years. Our Board, management structures, internal audit, risk and compliance processes, have been considerably bolstered.

We remain committed to our undertaking to act on the findings of the PwC forensic investigations and have submitted all relevant information to the authorities and continue to cooperate with regulators in South Africa, and Zimbabwe to assist with the criminal investigations and civil claims against former executives.

WE HAVE INTENSIFIED OUR COMMITMENT TO ESG

R122 million (excluding COVID-19 spend)
- Spent on SED initiatives.
  – Healthcare, education and basic services.

13% LTIFR improvement (0.093)
- 78 million person hours worked.
- Sadly, one fatality in Mozambique.

Government
- Proactive risk management and compliance programme implemented.
- Fraud risk management strategy implemented.
- Stakeholder engagement improved.
- PwC report findings being actioned.

Environmental
- Published the first ESG and Climate Change Report in 2021 (TCFD compliant).
- Maximised the use of alternative fuels to reduce carbon emissions.

GETTING OUR EMPLOYEES HOME SAFELY EVERY DAY

The health and safety of our employees remains a vital focus area, with any loss of life being an unacceptable outcome under any circumstance. Focused efforts on our safety culture have resulted in a satisfactory reduction of 13% in our lost time injury frequency rate (LTIFR) to 0.093. Our comprehensive protocols assisted in limiting COVID-19 positive cases.

Sadly, we lost one colleague through a work-related fatality and our deepest sympathies and condolences go to the family and friends of Mr Jordao Gustavo in Mozambique. While safety has improved across our operations, we continue to experience third-party fatalities in and around our land holdings and operations. Intense focus is being applied in ensuring that contractors and communities are engaged and educated in terms of our safety culture.

LOOKING AFTER OUR COMMUNITIES

Tongaat Hulett's SED and transformation efforts continue to provide tangible benefits to surrounding communities. Due to the geographically isolated nature of some of our operations and as part of our ongoing activities to secure the health of our employees and surrounding communities, Tongaat Hulett supports and/or manages seven hospitals and 18 clinics and health centres, mostly in Zimbabwe and Mozambique. We also run 38 schools to help ensure that our employees' families and communities have access to quality education. In addition to investments in education and healthcare, we provide basic services such as water, electricity and sanitation at some of our operations. In FY2021 we installed bulk oxygen facilities in hospitals in Mozambique and Zimbabwe, rolled out over 5 000 vaccines to employees and the communities in our Zimbabwean operations, and registered our clinics for vaccine roll out in South Africa and Mozambique. We will continue our support throughout the COVID-19 pandemic.

Tongaat Hulett remains committed to large and small-scale empowerment farming. Our sugar operations in South Africa, source 43% of their sugarcane from a total of 15 704 black farmers and cooperative members, who were collectively paid R585 million in the past year. Our successful transformational partnership, Uzinzo Sugar Farming, is the largest black grower in the South African sugar industry and is growing from strength to strength.

For further detail refer to the ESG and Climate Change Report.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett is committed to increasing communication and transparency to change previously held negative perceptions. A second independent reputation survey this year showed increasing trust and advocacy from all stakeholders, with the overall reputation/trust index increasing by 18% for stakeholders and 26% for employees. In addition, employees are prouder to work for and feel more optimistic about Tongaat Hulett's future.

We are encouraged by regular constructive engagements and strong cooperation with governments on various strategic initiatives to support our joint economic development efforts, and equally by our lenders to carve out a sustainable debt reduction path for Tongaat Hulett.

PEOPLE

Our people are one of our key assets and the skills and experience in our workforce are essential contributors to achieving our business goals. Our ambition is to ensure we have the right people in the right roles, with due accountability linked to optimum reward and recognition. We continue to actively engage with our people while working to entrench a new set of values and standards for ethical behaviour. We have implemented performance management tools, talent assessments and succession planning and are building key capabilities in support of operational excellence. Despite limited interactions and amid unprecedented circumstances due to COVID-19, our people showed commendable resilience and agility for which we remain thankful.

We are continually reviewing our structures, our people capabilities and the culture inherent in each of our business units. A Talent Management framework was implemented for all senior management employees to identify and implement individual development plans, providing current and future skills and supporting succession planning in the past year. We have also made 36 key appointments to bolster various functions across the group, including internal audit, HR, internal legal, ICT, property and commercial. In addition, 37 of our people have been developed and promoted to middle and senior management levels. Women in the workforce increased from 18% in FY2020 to 21% in FY2021. We implemented our first employee experience survey to identify where we are winning and what further work is required to nurture a culture grounded in our values that will support our turnaround and the creation of a high-performance organisation.

STRATEGY

Our strategy remains fit for purpose, and we have achieved varying levels of success in the delivery against our four key strategic pillars:

- Right size and fix the fundamentals of our business.
- Drive efficiencies within our business to truly leverage our asset base.
- Create a platform for sustainable profitable growth.
- Build capability in people and processes.

The consistent focus on implementing these pillars against the backdrop of our values drives our efforts to pay down debt, attain low-cost producer status, improve operational performance, develop our people and strengthen governance while building sustainable value for our stakeholders.

For further detail please refer to Our Turnaround Strategy on page 32.

OPERATIONAL PROGRESS

Sugar

Our ambition remains to become a world class sugar producer. We see meaningful short-term upside potential from streamlining operations, improving yield efficiencies and asset optimisation. The business holds longer-term potential through increased per capita consumption, supply to sugar deficit regional markets, and downstream diversification. Sugar demand has increased across all regions. The operating framework for our sugar businesses has improved on a sustainable basis, supported by:

- The Sugar Masterplan in South Africa and pleasing market share gains.
- Improving economic conditions, repatriation of dividends, and increased security of tenure in Zimbabwe.
- An excellent turnaround in Mozambique.
- Lucrative diversification projects awaiting suitable capital and funding.

Sugar demand has increased across all regions. In South Africa, this was supported by the drive to buy local and various procurement commitments related to the Sugar Masterplan. In Mozambique, the increased demand was partially offset by insurgencies in the North which is affecting the growth potential in the region. Sugar production was however partially hampered by unseasonal rains in Zimbabwe and Mozambique and milling challenges in South Africa.

The Mozambican sugar operations delivered an exceptional performance, with excellent performances at the refinery, sugar mills, higher export pricing and an improved local market sales mix. Mafambisse has made encouraging progress, moving from a serial loss-making operation to achieving break-even. To improve food security and diversify revenue streams, we converted unviable sugarcane fields in Mafambisse to cultivate rice with 100 hectares successfully planted to date.

Zimbabwe operations continued performing well, increasing ethanol production and export sales whilst R323 million in dividends were received during the year. Milling licences to 2040 were secured and we have made good progress around the security of land tenure. We again partnered with government to support food security through our winter maize project.

The South African operations made good progress through working capital improvements, generating increased sales, strengthening market share and growing revenue.

The South African sugar operation's performance was however marred by a once-off refinery loss. Tongaat Hulett made a decision to ramp up the local refinery output in response to significantly higher demand. This decision increased our local sugar production by 39% over the annual plan, to exceed some 450 000 tons. While this improved local supply and mitigated potential deep-sea imports, this extra throughput unduly pressured the refinery, leading to increased production costs and process inefficiencies that resulted in a loss of some 27 400 tons of sugar. Steps have been taken to rectify and enhance the refinery processes and prevent a reoccurrence and the learnings have been applied throughout our operations. I would like to commend the executive, management and refinery team for the manner in which they have responded to the significant challenges facing the refinery.

Property

The property operations were most impacted by the COVID-19 pandemic which resulted in Deeds office delays and delayed or cancelled deals due to market uncertainty. Despite this, the team successfully concluded R275 million in sales and continued fulfilling legacy infrastructure obligations. I commend them for this despite a difficult trading environment.

The property team has made good progress in tailoring transactions to the changing market requirements. This is done by repackaging our property portfolio into smaller-sized parcels, allowing for more saleable parcels of land.

For further detail refer to the divisional reports.

OUTLOOK

With evidence of the impact of subsequent waves of the COVID-19 pandemic globally, we remain cautious of the ongoing uncertainty and impact this may have on our operations and our people. We remain committed to keeping the health and safety of our people and communities top of our agenda.

We are working relentlessly to ensure that the business firmly re-establishes a sustainable growth path, to reduce our debt and restore confidence in Tongaat Hulett, especially working with our extended grower network who have in some instances shared the pains of our challenged past. Unfortunately, dealing with a legacy of cultural, maintenance and operational difficulties requires significant time and patience, but we are confident that our strategy and business model will build a more sustainable future for Tongaat Hulett. The entrenchment of ESG processes within our organisation is also being prioritised.

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

The sugar operations will continue to focus on improving efficiencies and reliability, reducing costs and building capacity. Investment in our assets will be increased in the coming years to protect and maintain Tongaat Hulett's asset base. We will continue our efforts to repatriate dividends from Zimbabwe. Mozambique and Zimbabwe have experienced slightly lower yields in the new season due to climatic changes, but the warmer weather has resulted in improved yields which should offset the earlier performance.

Early sales for the new financial year in South Africa have been impacted by lower opening sugar inventory and a challenging start to the crushing season. To protect its employees, the SA sugar operations were also forced to shut from 12 to 17 July as a result of the widespread protest actions that impacted KZN. Signs of strong commercial improvements and the ability to leverage the opportunities presented by the Sugar Masterplan should allow us to make up the deficit. While we see continued demand for sugar, diversification remains a medium- to long-term imperative.

New property sales will be considered in relation to associated legacy obligations. While sales may remain depressed in the short-term, we are seeing encouraging demand. The property portfolio is also being repackaged to accelerate sales in anticipation of an improved market over time. Efforts to progress delayed and additional property sales, realise synergies, improve cost efficiencies and negotiate cost-sharing arrangements for legacy obligations will continue to be pursued during FY2022.

We remain committed to transformation. Various of our initiatives, including the sale of the starch business, have a positive impact on our B-BBEE rating. Our focus remains on improving to a Level 2 contributor.

Lower debt levels will benefit finance costs in FY2022. Cash generation, debt reduction and a review of the capital structure will remain a priority, as will execution of the newly structured debt finance agreements. Liquidity remains a key focus and continues to be proactively managed.

APPRECIATION

We appreciate the support of all our stakeholders. We thank the Board for their guidance and all of our employees for their ongoing efforts in driving and executing our business initiatives.

Tongaat Hulett is a high-potential business with a significant asset base. As we look forward to a stronger FY2022, we remain committed to realising our vision for a reimagined Tongaat Hulett.

Gavin Hudson
Chief Executive Officer

CASE STUDIES

LAND REFORM AT WORK

R6 million distributed to beneficiaries through Tongaat Hulett and Ubizo Communal Property Association (CPA) agreement

Tongaat Hulett believes that land reform is one of the major drivers in advancing the empowerment of historically disadvantaged communities in South Africa. Well-managed land reform projects create value for the poor, balance relationships between private sector organisations and communities, and promote sustainable rural development. They also provide enterprising individuals within the community with various business opportunities that emanate from the land reform process.

The Ubizo CPA acquired more than 2 500 hectares of land through a land claim approved in 2015, of which about 1 700 hectares is under sugarcane. In 2018, the CPA signed a lease agreement with Tongaat Hulett aimed at social upliftment and improving livelihoods, by accelerating sugarcane development, building skills and providing contracting opportunities for qualifying service providers.

The farm has a maximum production capacity of 100 000 tons of sugarcane. A total of 318 community members are employed in various roles in the farm. The second phase of the Ubizo claim was finalised in 2020, which resulted in additional hectares being transferred. A total of 194 households in Ubizo have benefitted to the tune of R6 million in dividends. The partnership with Tongaat Hulett will also soon result in the establishment of a satellite area for a mobile clinic, which would likely to be ready for service delivery next year. The exemplary way this community has looked after the land that was restored to them has provided an asset that, with Tongaat Hulett's assistance, will ensure continued benefits to generations to come.

CASE STUDY

Tongaat Hulett partnership with The Jobs Fund continues to deliver significant benefits to rural communities

Tongaat Hulett has for many years invested in surrounding communities to help address pressing socio-economic challenges. A partnership between Tongaat Hulett and The Jobs Fund, managed by the Department of National Treasury of South Africa, to accelerate socio-economic transformation in rural communities, which began in 2014, has proven its worth with more than 5 800 people still benefitting from the project. It also demonstrates the importance of developing strategic partnerships that result in innovative solutions to our country's unemployment crisis.

Tongaat Hulett and The Jobs Fund partnership together invested a total of R305 million in the initiative. It resulted in almost 11 000 hectares of sugarcane being planted over four years, with education, training and food security forming critical elements of the project. A total of 1 286 local community members were trained in a range of qualifications, from multi-year tertiary qualifications and certificate courses in farm management to on-the-job training. SED initiatives included food security, education and training, access to water for communities and livestock and cattle management, implemented through a range of partnerships with multiple stakeholders, including community members, municipalities, traditional councils, the KZN Department of Education, and the KZN Department of Agriculture and Rural Development. Partnerships to address skills upliftment and training included the Owen Sitole College of Agriculture, the South African Sugar Research Institute and the Mfolozi Technical Vocational Education and Training (TVET) College.

The initiative created more than 3 000 jobs in northern KZN, an area of significant unemployment and poverty and, in addition to wage earnings, has delivered R82 million directly to beneficiaries in the past four seasons. Overall, communities have been pleased with the use of local labour, particularly with the unusually high proportion of women workers that have been engaged.

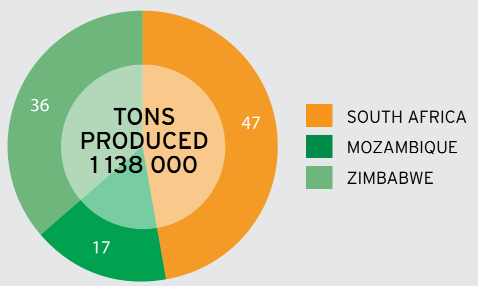
Tongaat Hulett is committed to making an ongoing contribution to social upliftment, rural development and job creation. It is now more important than ever that companies such as ours step up and play their part.

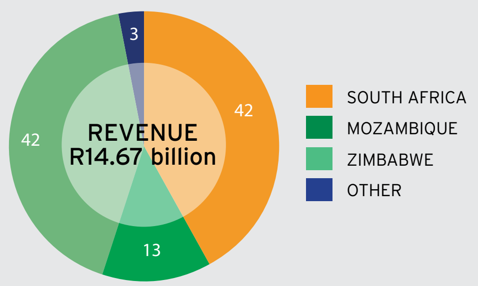
SUGAR OPERATIONS

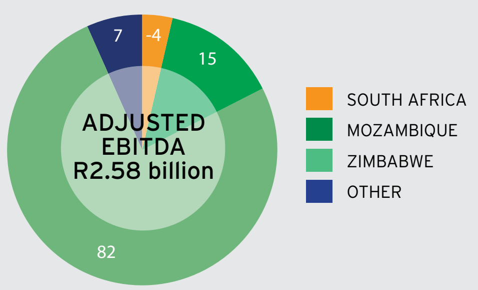
Tongaat Hulett has operations in four African countries and is a leading employer in most of them. We export products to more than 29 countries, predominantly on the African continent as well as into parts of Europe and the USA

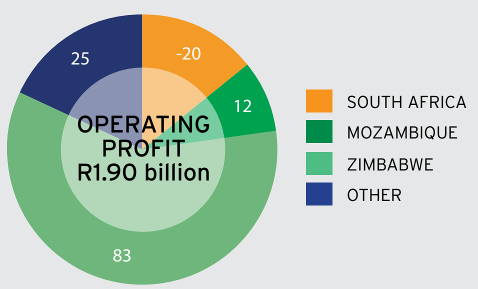
The Sub-Saharan Africa region holds the greatest potential for sugar consumption growth of any global region, with below average per capita consumption rates and above average population growth. Sugar is one of many products that can be extracted from sugarcane. The crop holds vast potential for leveraging greater yields and further diversification into downstream products. Tongaat Hulett already generates power from sugarcane, manufactures ethanol in Zimbabwe, and intends to fully capitalise on further diversification opportunities over the medium-term.

GEOGRAPHICAL CONTRIBUTION (%)









FINANCIAL METRICS

R14.67 billion

REVENUE

(2020: R14.44 billion)

R1.90 billion

OPERATING PROFIT

(2020: R3.01 billion)

SEGMENTAL CONTRIBUTION

98%

REVENUE

(2020: 94%)

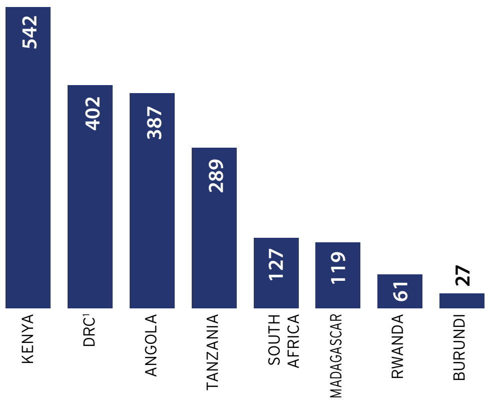
SOUTHERN AFRICAN SUGAR DYNAMICS

African sugar consumption totals 19.5 million tons per annum with growth opportunities

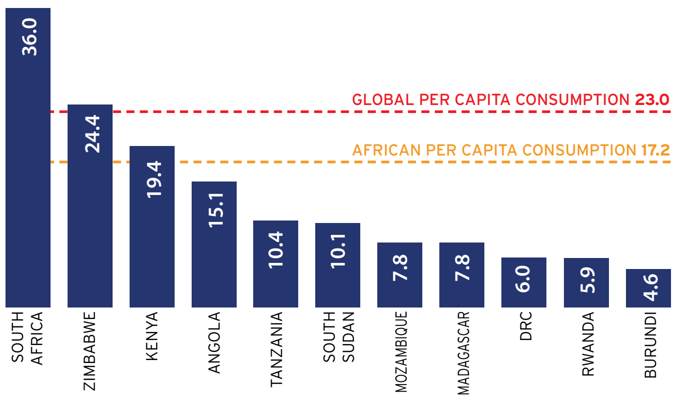
1.7 million tons in deficit markets

Significant scope for growth in per capita consumption

GROWTH OPPORTUNITY IN KEY REGIONAL DEFICIT MARKETS (SUGAR DEFICIT IN KILOTONS)



GLOBAL PER CAPITA CONSUMPTION GROWTH (IN KILOGRAMS PER ANNUM)



Source of graphs: International Sugar Organisation as at November 2019

[1] Includes DRC East, South and West

TONGAAT HULETT SUGAR AT A GLANCE

A LEADING SUGAR PRODUCER IN SOUTHERN AFRICA

- 129-year history
- One of the largest employers in Southern Africa
- Trusted government partner
- Leading household brands

Revenue

R14.67 billion
FY2021

Production

1.5 million tons
per annum in sugar production and capacity with 76% utilisation

40 million litres
per annum of ethanol capacity

59 000 hectares
managed/farmed McP*

400 000 tons
per annum animal feed capacity

Leading player in the countries of operation

South Africa

- 4 Sugar mills
- 1 Refinery
- Animal feeds
- McP*
  14 900 hectares

Zimbabwe

- 2 Sugar mills
- 1 Refinery
- 1 Ethanol plant
- McP*
  25 000 hectares

Mozambique

- 2 Sugar mills
- 1 Refinery
- McP*
  19 100 hectares

Long-term leadership position protected from competitive threats

- A market leader in the SADC region
- Well-located to access key deficit markets with further upside potential from per capita consumption growth
- High barriers to entry due to high fixed capital base

We cover key regional deficit markets

Angola
Burundi
Democratic Republic of the Congo
Kenya
Madagascar
Rwanda
South Sudan
Tanzania

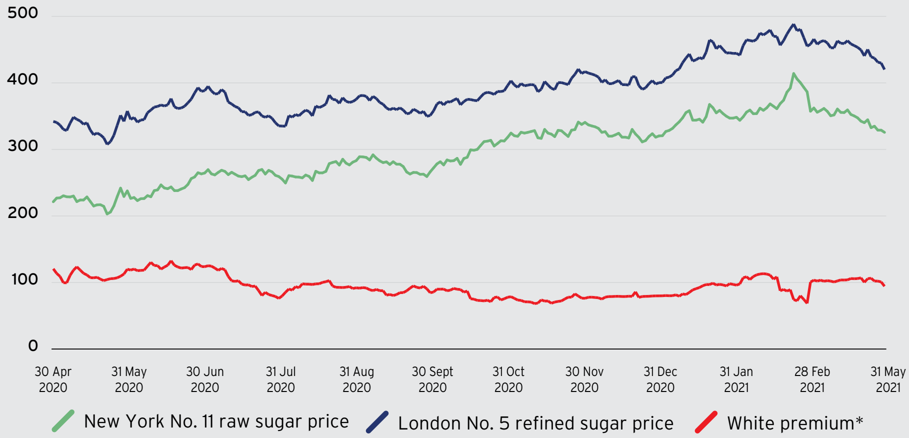
* McP: Miller-cum-planter. Farmland that is owned or leased-in by Tongaat Hulett, on which sugarcane is grown.

SUGAR OPERATIONS CONTINUED

OPERATING ENVIRONMENT

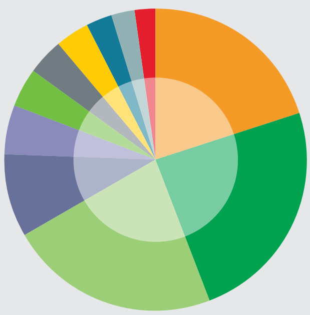
Global sugar pricing was buoyant in the 2020/2021 season as a result of a combination of India's raw sugar subsidies and suppressed Thailand production, these both countering the effects of the oil price reduction which caused Brazil to switch to supplying raw sugar and impacting the demand/supply balance. It is expected that for the coming season, oil prices will cause the future sugar prices to soften for the balance of the year.

GLOBAL SUGAR FUTURES SEASON 2020/2021 (US$)



* Premium of refined sugar price over raw sugar price

PRODUCTION IN MILLION METRIC TONS BY COUNTRY 2020 SEASON



40		REST OF THE WORLD
30		BRAZIL
27		INDIA
17		EUROPE
10		CHINA
8		THAILAND
8		RUSSIA
7		USA
5		MEXICO
5		PAKISTAN
4		AUSTRALIA

Contribution of top 10 sugar producing countries to total world sugar production.

Given their significant market share, changes in operational environment and strategy across the leading sugar producing counties have a significant impact on the world sugar market dynamics.

In the past year, global sugar consumption grew by 1.5%. Over the past 30 years, the world raw sugar price has averaged a level that was 46% less than the cost of producing sugar, underscoring the importance of maintaining a position as a low-cost producer as well as diversifying into higher value add sugar-based products. African sugar consumption, however, presents attractive growth potential in terms of per capita consumption growth, as well as the possibility of supplying regional deficit markets.

In South Africa, historical demand prior to the implementation of the Health Promotion Levy in 2018 was 1.65 million tons per annum. The implementation of the levy has seemingly caused a permanent reduction in demand in the order of 300 000 tons, and together with a considerable increase in imports, this had a severe negative impact on the industry.

The South African Sugar Masterplan signed in November 2020, is designed to support the industry and has already demonstrated the benefits of localisation. Local market demand for sugar increased from 1.25 million tons in FY2020 to 1.48 million tons in FY2021, due to stronger demand during COVID-19 (i.e. food parcels, home industry and closed borders), as well as benefiting from the implementation of the Masterplan. As reciprocity for the higher local demand generated by the Masterplan, the industry has agreed to limit price increases in line with inflation to provide greater certainty to customers. An inflation-linked price increase was implemented in September 2020 and a similar inflation-linked price increase has already been communicated for September 2021.

In Mozambique, low output in the extractive industry, amplified by the COVID-19 pandemic, has impacted on the fiscal collections and foreign reserves, which has put pressure on the exchange rate. Consequently, the Mozambican Metical has devalued steadily over the past twelve months. Sugar production at Mafambisse has recovered gradually from damage caused by Cyclone Idai. Government has extended the previous value-added tax exemption until December 2023 and this has supported a stabilisation in the sugar price and sales volumes. The insurgencies in the northern regions have fortunately not had a direct impact on the business but have limited access to the area, negatively affecting potential sales volumes. Despite this, sales volumes for FY2021 grew on the prior year, and a similar trend has been seen in the first quarter of the new financial year. Tongaat Hulett's refinery at Xinavane produces the vast majority of the country's total requirement of refined sugar, removing the need for further imports and generating savings on foreign exchange.

In Zimbabwe, economic fundamentals remained difficult with the attendant challenges of inflation, currency instability and cost pressures. The successful launch of the Foreign Currency Auction system by the Reserve Bank has generated welcome improvements. The hyperinflationary environment, albeit improved, continued to affect purchasing power. The requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29) continued to be applied to the Zimbabwean financial results for the year ended 31 March 2021.

Sugar operations in all regions were defined as essential services and were therefore able to operate with fewer of the unavoidable disruptions caused by the COVID-19 lockdown restrictions. Border closures under COVID-19 did however impact on the availability of workers from other provinces and necessary skills as well as creating difficulties in obtaining equipment and parts.

The Tongaat Hulett sugar operations continue to present meaningful short-term upside potential from streamlining operations and asset optimisation, the benefits of which are already evident in many areas. In addition, longer-term opportunities exist through revenue diversification and strategic partnerships. The group aims to entrench its market position by becoming the lowest cost producer in each country of operation and to generate revenue growth through market share gains and diversification.

STRATEGIC PROGRESS

The implementation of Tongaat Hulett's recovery strategy generated a good operational performance in Mozambique, and steady operational performance in Zimbabwe, despite hyperinflation. Efficiency improvements and cost savings were evident in all operations, re-investment in replants has recommenced, with skills development being prioritised. The strong turnaround in the South African operations in the first half of the year was marred by operational difficulties at our milling operations which led to an incomplete crush and production inefficiencies at the refinery in the latter part of the year, which were addressed during its recent annual shutdown.

Asset optimisation has been advanced with the exit from a number of non-core operations across the region. The Namibian and Eswatini operations were disposed of during the year and the Darnall mill was mothballed before the commencement of the 2021 milling season.

Commercial opportunities continue to be pursued in packaging, exports, product extensions and animal feed.

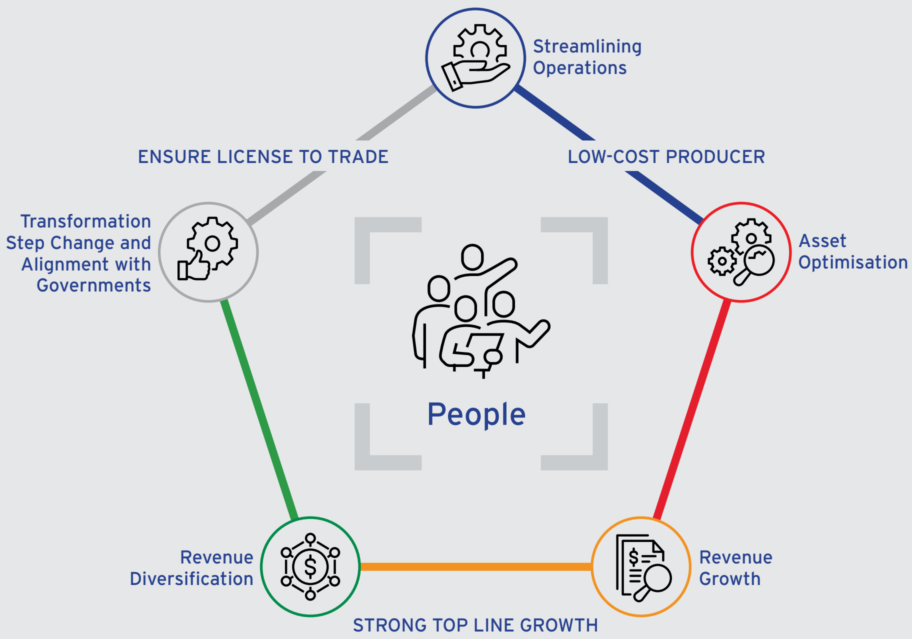
Tongaat Hulett is closely involved in stakeholder engagements and the implementation of the South African Sugar Masterplan. In addition to stabilising the industry, a key aim of the Masterplan is diversification of sugar revenue streams and the organisation has spent significant time in the past year exploring diversification opportunities in South Africa, and also in other geographies. Business cases for the most viable projects have been developed and are being advanced internally, as well as with the relevant authorities.

Projects for cogeneration, potable alcohol/ethanol, furfural, bioplastics and biodegradable packaging are also being scoped. A large number of potentially beneficial diversification projects have been identified, and the viability of these will depend on the availability of capital and funding. Appropriate models in this regard are being explored.

Diversification opportunities in Zimbabwe include other crops and expansion of the livestock herd and intensified feedlot operations. We have two diversification projects in advanced planning phases, one in Zimbabwe and one in Mozambique. We are actively engaging with government in the relevant ministries. Mafambisse is investigating the increased production of specialty sugar (demerara) for export to benefit from its high margins and increasing prepack volumes of domestic sugar. Power generation opportunities to export electricity to agriculture for irrigation and to reduce utility billings are also being pursued in Mozambique and Zimbabwe. A pilot project on rice in Mafambisse is progressing well.

Receiving consistent dividends from the Zimbabwean business is a key focus area and excellent progress has been made in the repatriation of cash from Zimbabwe.

KEY STRATEGIC INITIATIVES



R323 million in dividends received from Zimbabwe in FY2021

STRATEGIC TRANSFORMATIONAL PARTNERSHIPS

Tongaat Hulett is pursuing strategic partnerships in the South African sugar business that will improve the sustainability of the industry in terms of capacity utilisation and broad-based economic upliftment, while allowing the company to raise additional cash. A partnership has been formed with the government in Zimbabwe to alleviate poverty and create jobs.

MillCo – The initiative aims to restructure the South African sugar operation to ensure a meaningful equity participation from other industry stakeholders or private equity investors. Proceeds were initially targeted at R1.0 billion, however the envisaged size proved unattainable in a market impacted by COVID-19. Tongaat Hulett remains committed to transformation of the sugar industry. We continue to review our options with potential strategic partners.

FarmCo – Tongaat Hulett launched partnerships in October 2019 that ensure that land which has been targeted for future property development remains productive under sugarcane, by leasing company-owned farmland to Uzinzo and other third-party growers. The arrangement has established Uzinzo Sugar Farming as a sustainable large-scale transformational agricultural operation and the largest black grower in the South African sugar industry. Uzinzo has gone from strength to strength, reporting profits in both of their first two years of operation. In the 2021 season it exceeded 150 000 tons cane and it continues to improve. An independent Chairman was appointed during the reporting period.

Kilimanjaro – A partnership between Tongaat Hulett, its lenders, and the government of Zimbabwe culminated in the launch of Project Kilimanjaro in 2019. The project envisages the improvement of land productivity through the development of 4 000 hectares of virgin land for sugarcane farming.

Although good progress has been made with 2 657 hectares cleared and more than 562 hectares planted, the funding of the project has been complicated by hyperinflation and concerns from funders regarding security of tenure. Lenders remain interested in funding a portion of the project and engagement with the government of Zimbabwe and funders continue in anticipation of the 99-year lease being issued.

Sakhinzuzo – Operation Sakhinzuzo is a R74 million development partnership co-funded by the KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and Tongaat Hulett. The partnership was established in 2017 and is being implemented and supported over six years to 2022/23 to support small-scale sugarcane farmers in the province by developing 3 000 hectares of land in freehold and communal areas. The operation aims to stimulate economic activity and sustainable agricultural production for rural communities and create employment by providing technical and financial support for small-scale growers, freehold growers and newly formed cooperatives to capitalise on economies of scale.

The land under development supplies sugarcane to Tongaat Hulett's Maidstone, Amatikulu and Felixton sugar mills. Individual grower planting comprises 2 250 hectares and to date, 287 individual growers have benefitted from the programme. The remaining 750 hectares is planted under cooperatives to establish small businesses. Tongaat Hulett provides training, technical and mentorship support to the cooperative beneficiaries. A total of 29 primary agricultural cooperatives have been formed in the Amatikulu and Felixton mill areas. The project has had a real economic impact, not only on the beneficiaries but also through the inflow of funds into their surrounding communities, with R83 million being paid to project beneficiaries since inception.

SOUTH AFRICA

TONS CANE CRUSHED

4.84 million tons

DOWN 6%

(2020: 5.13 million tons)

TONS SUGAR PRODUCED

535 000 tons

DOWN 11%

(2020: 603 000 tons)

OPERATING LOSS

R388 million

DOWN 198%

(2020: R130 million loss)

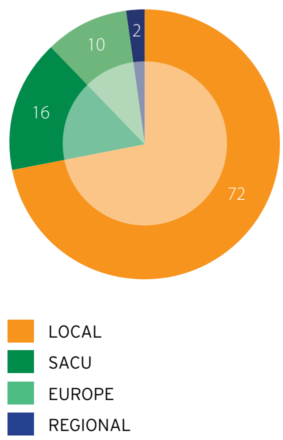
ADJUSTED EBITDA

R100 million loss

DOWN 256%

(2020: R64 million profit)

MARKETS SUPPLIED BY SOUTH AFRICAN OPERATIONS (%)



Tongaat Hulett is a market leader in white/refined sugar, supplying some 50% of refined sugar volumes in South Africa

OPERATIONAL PERFORMANCE

The South African operations experienced a challenging year. Pleasing progress across multiple areas of operations, including agriculture and marketing, sales and distribution, demonstrated productivity gains and improved cost management. Cost reduction and cash flow maximisation efforts contributed to improved performance in key business areas. These benefits were however, to a large extent negated by setbacks experienced in milling and at the refinery in the last quarter of the year. As a result, revenue increased by 3% to R6.21 billion and the operating loss increased to R388 million from a loss of R130 million in the comparable period. Adjusted EBITDA for the year was a loss of R100 million (2020: profit of R64 million).

The sales mix improved with higher local market sales relative to export sales and increased higher margin prepack sales relative to bulk sales. Local sales volumes increased by 22% to 497 000 tons (2020: 404 000 tons). This compares favourably with the industry growth in local demand of 18%, with the increase in market share supported by a refresh of the Huletts® brand and intensive marketing efforts. Direct sugar sales experienced strong demand, supported by wholesalers and retailers switching their private label sugar to South African produced sugar. Sales further benefitted from an inflation-linked price increase which was implemented in September 2020. Export sales benefitted from the weaker exchange rate and the higher world market price.

Milling performance was disappointing, largely due to plant reliability not being achieved across the mills, community unrest, work stoppages, and rain. In addition, COVID-19 related delays to commissioning resulted in the Maidstone mill not getting the full benefit of a second tandem line. Sugar production for the season decreased to 535 000 tons from 603 000 tons in the prior year.

To support the increased demand and the commitments under the Sugar Masterplan, the group had to increase refinery production by 39% to more than 450 000 tons. The local market demand for sugar in South Africa increased significantly based on changed consumer patterns under the lockdown as well as stringent border controls during that time.

The extra pressure of this production ramp-up led to increased production costs and process inefficiencies and resulted in a sugar production loss of 27 400 tons, valued at R369 million. Significant steps have been taken to rectify and enhance the refinery processes , controls have been implemented to prevent a recurrence, and the refinery is currently operating at satisfactory yields while cautiously ramping up production.

Sales in the animal feeds business have improved by 15% to 271 000 tons, benefitting from a new commercial strategy focusing on competitive pricing, new markets and the roll out of a refresh of the Voermol® brand.

The company also maintains a strong position in brown/raw sugar, supplying some 23% of raw sugar volumes

GROWING A SWEET FUTURE

with the Huletts® Sugar brand

A brand with purpose:

- A sweet future for our planet
- A sweet future for our country
- A sweet future for our communities

Our flagship brand, Huletts® Sugar, has been part of the fabric of South Africa for over 129 years. As part of our turnaround process, we comprehensively reviewed our sales and marketing approach. We launched our new "Brand with purpose" campaign in June 2021.

We continued in our process to embed the re-energised brand to reflect its proudly South African heritage and partnered with Proudly South African to elevate our status as a 100% local company that grows, mills, refines and sells truly South African sugar. We launched our new packaging across our product portfolio, supported by a comprehensive marketing campaign to elevate our "sweet new look".

Our Huletts National 'Humthem' campaign won gold in the Mobile Video category at the Mobile Marketing Association's Smarties Awards, the world's premier marketing showcase.

Tongaat Hulett's local market share increased by 3.7% in 2021

ZIMBABWE

OPERATIONAL PERFORMANCE

Revenue decreased by 1% to R6.16 billion and operating profit decreased by 45% to R1.58 billion, negatively impacted by hyperinflation. Adjusted EBITDA of R2.12 billion declined by 7% compared to R2.28 billion in the prior year.

Significant early rains impeded sugarcane ripening which improves sucrose content, and late rainfall ended the season early, impacting total production for the year as the full crop could not be crushed. The closure of borders due to COVID-19 created its own challenges with a shortage of raw materials and critical spare parts, disrupting production at Hippo Mill. National infrastructure deficiencies also resulted in delays in the movement of sugarcane to mills and sugar to port. This culminated in sugar production of 408 000 tons, relative to 441 000 tons in the prior year.

The demand for sugar and ethanol remained relatively strong in both local and export markets despite the lockdown effects. Local market sugar sales of 325 000 tons were in line with the previous year (2020: 324 000 tons).

Tongaat Hulett is well positioned to service land-locked neighbouring countries that find it difficult to import sugar. Efforts to establish new markets into Namibia and DRC are underway and improved market penetration is forecast.

Ethanol production increased by a pleasing 10% to 31 million litres, benefiting from increased molasses throughput imported from Mozambique and Zambia to maximise available capacity.

Ethanol sales decreased by 5% to 28.4 million litres. The bulk of ethanol sales were to the fuel blending market with the balance sold to industrial users. Quantities required for fuel blending were depressed as a result of COVID-19 lockdown in Zimbabwe, and its effects on reducing demand for fuel.

The company continued to implement robust initiatives to contain costs and optimise working capital.

Electricity challenges during offcrop have constrained irrigation, prompting the company to explore alternative sources of power including solar energy. Capital expenditure of some R15 million will be spent to increase cogeneration of electricity from 5 MW to 10 MW, some of which will be used for irrigation.

The company has maintained healthy relations with government with continuous engagement at an executive level. Good progress was made to secure 99-year leases with the company being issued with Institutional Offer Letters for Agricultural land in respect of Triangle Limited, Hippo Valley Estates Limited and Mwenezana Estate, pending issuance of 99-year lease for these properties. Milling licences were also granted for both sugar mills for 20 years to 2040.

Excellent progress has been made in the past year in securing dividends from Zimbabwe.

More detail in this regard is provided in the Chief Financial Officer's Review.

TONS CANE CRUSHED

3.45 million tons

DOWN 3%

(2020: 3.56 million tons)

TONS SUGAR MANUFACTURED

408 000 tons

DOWN 7%

(2020: 441 000 tons)

OPERATING PROFIT

R1.58 billion

DOWN 45%

(2020: R2.88 billion)

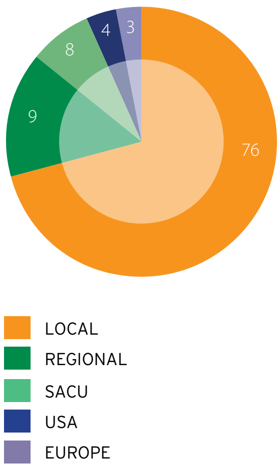
ADJUSTED EBITDA

R2.12 billion

DOWN 7%

(2020: R2.28 billion)

MARKETS SUPPLIED BY ZIMBABWE OPERATIONS (%)



The largest private sector employer in Zimbabwe

17 043 employees in peak season

Contribution to national food security

A total of 3 112 hectares planted to maize and sorghum to support government. A total of 7 140 tons of maize delivered to date

Well-positioned for growth with excellent water security

Major dams including Tugwi-Mukosi are 100% full, giving at least three years of irrigation cover and providing opportunities for investments to diversify revenue streams

Security of tenure

Milling licences issued for both sugar mills, valid to 2040

MOZAMBIQUE

OPERATIONAL PERFORMANCE

The Mozambican sugar operations delivered a solid performance in the current financial year, increasing revenue by 10% to R1.85 billion and operating profit by 85% to R230 million. Production was down on prior year limited by cane supply, with excellent performances at the sugar mills in terms of reliability and efficiency. The mills crushed 1.74 million tons of sugarcane (2020: 1.89 million tons), producing 195 000 tons of raw sugar (2020: 205 000 tons), at slightly lower sugarcane yields caused by an early season start-up, as well as by limited irrigation due to low dam levels. The cyclones earlier in the year have since increased dam levels to 90%, increasing water security for irrigation across multiple seasons and bodes well for production next year. Mafambisse will also benefit from a new area planted to sugarcane at Lamego South.

The Xinavane operation produced 165 000 tons of sugar, relative to the previous season's production of 177 000 tons. The Mafambisse operation recovered from the impact of Cyclone Idai, delivering 30 000 tons, relative to 28 000 tons in the prior season. The very successful and large-scale replant exercise after Cyclone Idai and an expansion into new cane areas at Mafambisse have revitalised its cane assets and benefits are already evident in terms of a lower average cane root age and consequently improved yields. The replant programme is also using more suitable cane varieties. More small-scale growers have been engaged to supply cane to Xinavane to further improve efficiencies. The organisation is committed to enhance its extension measures to see increased production from this group of growers in the years ahead.

Average sugar pricing increased by 28% compared to the previous year, due to improved export pricing and an improved local market sales mix. Local market sales increased by 3% to 190 000 tons. The higher domestic consumer sales and the sale of refined sugar to industrial consumers were both margin-enhancing.

The ramp-up and consolidation of production at the new Xinavane refinery was successfully concluded with output increasing by 49% from 39 000 tons to 58 000 tons during 2021. The refinery registered excellent overall performance in machine down time, efficiency and sugar quality. Mafambisse also produced 2 500 tons of Demerara export sugar. Tongaat Hulett's relationship with the Mozambican government has improved over the past year. The refinery is highly regarded as a source of infrastructural development and employment in the region, as well as for its contribution in reducing national foreign exchange expenditure.

Cost reduction initiatives implemented over the past 12 months were successful in realising savings. The operation invested in its future in terms of both people and replants, with capital expenditure of R89 million.

The Mozambican Metical started the year at 3.68 to the Rand, increased to 5.1 to the Rand by December 2020 and decreased to 4.57 at year end, creating extreme volatility and reducing operating profit by R19 million.

High salinity of some fields at Mafambisse made sugarcane farming on this land unsustainable. In response, this has been converted for the cultivation of rice to improve food security for surrounding communities. 600-hectares have been committed to the project, with 100-hectares planted to date, benefiting 239 beneficiaries. The rice project has the support of local government with the objective of improving food security and employment in the surrounding communities, which is in line with the Mozambican government's 2024 vision.

We have significantly improved stakeholder relationships especially with government and the media.

TONS CANE CRUSHED

1.74 million tons

DOWN 8%

(2020: 1.89 million tons)

TONS SUGAR MANUFACTURED

195 000 tons

DOWN 5%

(2020: 205 000 tons)

OPERATING PROFIT

R230 million

UP 85%

(2020: R124 million)

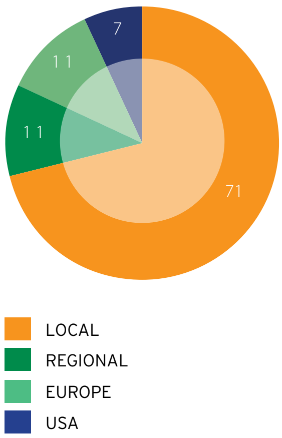
ADJUSTED EBITDA

R392 million

UP 38%

(2020: R285 million)

MARKETS SUPPLIED BY MOZAMBIQUE OPERATIONS (%)



We are proud of the good turnaround in Mozambique

OTHER OPERATIONS

ESWATINI, BOTSWANA, NAMIBIA

The Eswatini and Namibian operations were sold during the year, decreasing the revenue contribution from these operations by 36% to R933 million, while Adjusted EBITDA grew by 32% to R171 million.

The Eswatini operation contributed R85 million (2020: R19 million) due to the timing of the farming costs in respect of the 2021 harvest season which were incurred across two financial years. The Namibia operation contributed R7 million (2020: R40 million) which represents a period of three months during the financial year until disposal.

The Botswana operation performed satisfactorily despite sales to the beverage industry being negatively affected by a strict COVID-19 lockdown within the country, with Adjusted EBITDA increasing by 11% to R79 million.

KEY FOCUS AREAS FOR 2021 AND OUTLOOK FOR 2022

The sugar operations will continue to focus on advancing its strategic pillars in the next financial year, optimising assets, improving efficiencies and reliability, reducing costs and building capacity, as well as developing new markets for our products. Diversification remains a key strategic imperative.

In South Africa, there will be an intensified drive to fix the basics of the business, address legacy infrastructure challenges and capability constraints, extract value chain efficiencies and progress transformation. A further focus area will be to participate in the implementation of the Sugar Masterplan and on positioning the business optimally to benefit from the improved local demand catalysed by the plan.

See the Operating Context discussion on page 30 for more details on the Sugar Masterplan.

The outlook for the Mozambican operations is strong, with improving yields and continued growth in volumes expected. The full benefit of the replants and the new plantations with a superior mix of modern cane varieties will be realised over the next two years. Refining is expected to continue to benefit from a further ramp-up in production and the overall profitability of the operations, while the volatility of the Mozambican currency requires vigilance. The key focus areas for the next year will be on maximising the utilisation of the refinery, continuing to drive local sales, building a sustainable agricultural operation through investment, and pursuing diversification opportunities.

Zimbabwe has ideal sugar production conditions, and the focus will continue to be on vertical and horizontal growth in both McP and outgrower operations, as well as on building towards becoming the lowest cost producer in Africa. The good rains in the past year, and the subsequent enhanced water security, should support agricultural investment and production in the medium-term. We are encouraged by increased stability and governance in the country and by our improved ability to receive dividends. Geographical and enterprise diversification will also receive focus.

PROPERTY OPERATIONS

Tongaat Hulett owns approximately 16 400 hectares of land, 9 600 hectares of which is well-located prime land in key development areas in KZN, South Africa, with an indicative fair value of R8.3 billion

This significant portfolio of developable hectares of prime land presents an opportunity for real estate development serving diverse market segments, and delivering significant socio-economic value to Tongaat Hulett, its shareholders and the region, over time. Currently actively farmed for sugarcane, it has the potential to be converted into urban land usage as urban development expands and the demand arises. Tongaat Hulett has well-established land development resources and processes, as well as in-depth experience and the track record to realise this value creation process. This will provide the base for significant value uplift through participation in the downstream property development value chain, together with meaningful social impact through stakeholder value creation, social upliftment and job creation. The indicative developed value of this portfolio is estimated at R30.5 billion.

The portfolio requires significant capital investment to realise its full benefit and Tongaat Hulett is evaluating a variety of partnerships and funding options to maximise its potential.

2021 IN PERSPECTIVE

67 000 m²
OF TOWNSHIP PROPERTY SALES
(2020: 239 000 m²)

R405 million
OF SALES UNDER NEGOTIATION

80 hectares
LARGE LAND SALES
(2020: 275 hectares)

METRICS

R248 million
REVENUE
(2020: R945 million)

R58 million
OPERATING PROFIT
(2020: R658 million)

R291 million
IN LEGACY SALES YET TO BE TRANSFERRED

R1.36 billion
INFRASTRUCTURE COMMITMENT

Premier Commercial Property Portfolio

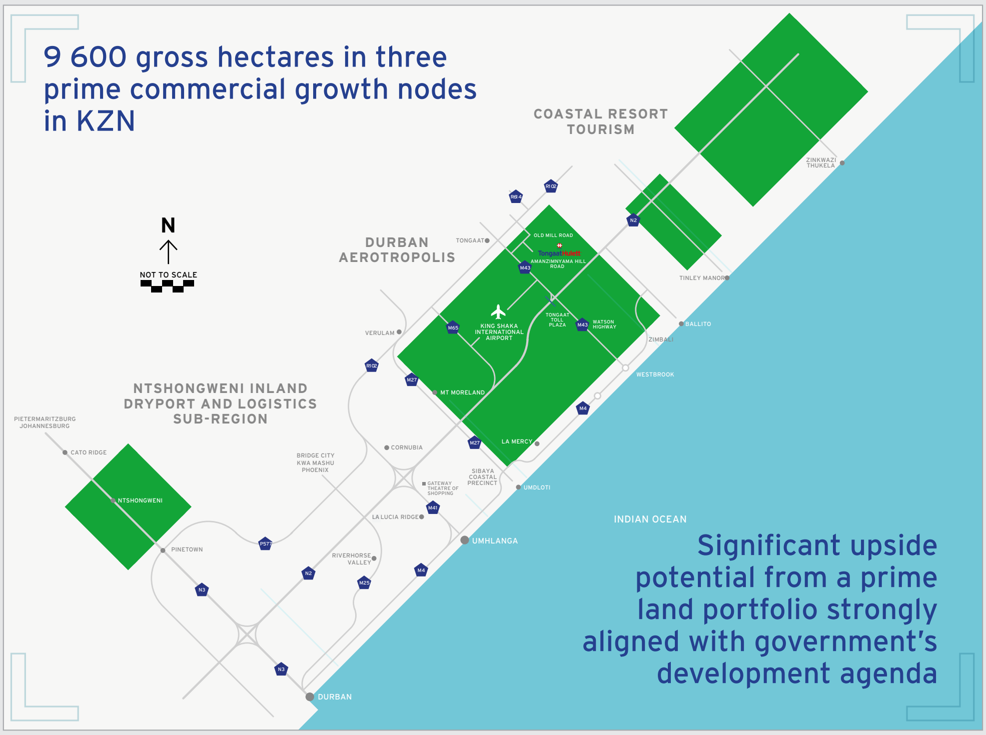
Significant current value with large upside potential

Development value **R8.3 billion**
Indicative fair value for property portfolio

Bulk infrastructure provided by government

Internal infrastructure provided by Tongaat Hulett

Developed value **R30.5 billion**
Indicative fair value for fully developed land



Current Portfolio Status

The portfolio is largely aligned with government strategic corridor developments, social housing for spatially inclusive development and infrastructure planning and execution cycles to enable effective partnerships.

The Durban Aerotropolis Masterplan was approved in October 2019, with Tongaat Hulett property comprising 16 of the 26 development nodes.

GEOGRAPHIC DIVERSIFICATION OF KEY PROJECTS

- Inland Dryport and logistics around Ntshongweni
- Coastal resorts, lifestyle and tourism
- Durban aerotropolis

LAND DEVELOPMENT PROGRESS (DEVELOPABLE HECTARES)

- 3 600 hectares portfolio formally released from agriculture
- 1 500 hectares portfolio has EIA approval in place
- 100 hectares portfolio has zoning approval in place

OPERATING ENVIRONMENT

In the residential market, low interest rates are creating strong demand from first time homeowners in the R500 000 to R2 million price bracket. Consequently, vacancies in the residential rental market are at their highest since 2008. There is a notable orientation towards smart city planning where technology plays a central role in the day-to-day management of the facilities, as well as eco-friendly elements with energy and water saving features. Quality suburban estates now demand the inclusion of retail, sporting, school and medical facilities with parks, walking and cycling trails. COVID-19 has generated additional demand for more multi-use apartments that support work-from-home arrangements.

The pandemic has also increased pressure in the commercial market, particularly in retail and offices, where e-commerce and work-from-home trends are accelerating the changing commercial landscape. In retail, consumers are favouring online shopping and convenience centres over large national and regional malls, leading to a slowdown in demand and notable and lasting increases in vacancies. Property companies are also disposing of properties to reduce their debt and increase cash flow in the current environment, which is creating an oversupply of existing properties and suppressing demand for new developments. Industrial properties remain in demand, especially high-quality logistics properties that support e-commerce activities and last-mile deliveries. These changing dynamics require Tongaat Hulett's property team to be nimble and dynamic in their approach to find the right opportunities where there is appetite.

COVID-19 also continued to negatively impact all aspects of the business value chain, delaying planning approvals and limiting public participation, and creating challenges with materials supply as well as labour, thus slowing down sales and construction.

Government financing of development-enabling capital expenditure on public infrastructure is being constrained by COVID-19 expenditure and economic conditions. Tongaat Hulett and developers are participating in the government economic stimulus interventions and in trying to find solutions to budgetary constraints.

Despite these negatives, we are seeing pockets of opportunity and substantial demand, especially in the residential and light industrial/logistics areas which is encouraging.

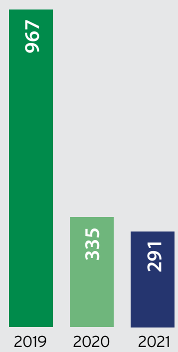
OPERATIONAL PERFORMANCE AND PROGRESS WITH EXISTING PROJECTS

In the past year, the property operations continued to restructure and build capacity after the significant resizing exercise in the prior financial year. We focused on restoring trust and strengthening relationships with our key stakeholders as we continue to improve our services and operational efficiencies and we are pleased to report that there is closer cooperation and renewed trust in many areas of our business as well as good collaboration with industry and municipalities. We are also in conversation with eThekwini municipality with regards to proportionally releasing some of the guarantees put up for developments on a percentage completed basis, as well as exploring the scope and structure of legacy infrastructure commitments to bring these to fruition and unlock future opportunities.

The property operations found it particularly challenging to operate under pandemic conditions.

- Land conversion and development revenue totalled R248 million in the 2021 financial year, with operating profit down 91% to R58 million.
- Three large land sales totaling of 80 hectares were concluded generating revenue of R126 million. Township property sales, however, reduced from the equivalent of 239 000 m^2 new floor area in the prior year to 67 000 m^2 new floor area with R89 million of the sales proceeds recognised in revenue immediately and R60 million being deferred in respect of infrastructure to be installed in future. Revenue recognised on completion of the installation of infrastructure to previously sold sites, was also delayed by the lockdown.
- Legacy sales transactions signed but not transferred as at March 2021 reduced to R291 million (2020: R335 million) with R34 million cash collected and R10 million restructured and cancelled.
- A change in the commercial strategy for sites in Umhlanga Hills is expected to result in a more affordable end-product which, while necessitating a once-off adjustment to the value of inventory, has renewed interest in the precinct resulting in ongoing conversations with a number of interested parties.
- The lockdown also delayed the installation of infrastructure to sites, with only R82 million having been spent during the year. We have also been critically assessing existing infrastructure commitments to rescope and share costs with the developers where possible.
- Tongaat Hulett has signed a memorandum of understanding with relevant municipalities for infrastructure recoveries to the value of R110 million, which will be repaid to the company over a period of three years, with R64 million received post year end. Similar cost sharing agreements will be pursued in the coming year.

LEGACY SALES TRANSACTIONS SIGNED BUT NOT TRANSFERRED (R million)



STRATEGIC FOCUS

Tongaat Hulett owns a valuable property portfolio which will be leveraged to become a sustainable business with good cash flow, in partnership with others. The focus has moved to a fit for market strategy that unlocks untapped opportunities with an annuity bias, and which closes out legacy projects, ensuring a profitable future.

OUR STRATEGIC FOCUS AREAS

Design property business structure and build capacity that is fit for fight	Upweight market intelligence to unlock future opportunities and drive strategic direction
Intentional stakeholder engagement plan	Develop structured commercial transacting mechanisms across property value chain to unlock future earning opportunities

The mission for the company's property operations for the medium-term is to:

- Create the structures for Tongaat Hulett to allow broader participation in the property value chain and allow for possible equity contribution from third parties.
- Facilitate the sales of land suitable for entry level residential units in collaboration with the governmental drive to deliver integrated housing close to commercial developments.
- Developing a focused portfolio marketing strategy encompassing hard and soft copy material, interactive web upgrade and deliberate broker and stakeholder engagement plans. Actively engage asset category and geography bias developers to understand what their plans are and how we can assist them or fit into their plans. Reviewing what we have on the shelf to sell with intention of understanding customer gaps currently invested in our developments.

North Coast and Ntshongweni have catalytic projects in place to accelerate development. These developments currently have limited infrastructure in place and development lead times will be long by nature.

Progress has been made in establishing a separate entity for 'PropCo'. The COVID-19 pandemic has however caused due diligence delays and a different development climate, which has prevented Tongaat Hulett from cementing the size of transactions that were originally envisaged in this project. In response to this, Tongaat Hulett is pursuing a series of smaller transactions in the R100 million to R500 million price range. This provides the commercial team with the flexibility to tailor transactions to the respective development need ensuring cash is secured to reduce the debt, cover operational cash flow requirements while offering an annuity income generation opportunity.

By creating a diverse empowered property company, linked with public and private sector partnerships that are strongly aligned with government's development goals, Tongaat Hulett envisages a platform for growth that will enable accelerated development of larger scale projects and inclusive participation in the property value chain for a range of empowerment participants. The business model will, at the same time, provide the opportunity for Tongaat Hulett to raise cash through different structured transactions from the sale of land, equity and the sale of non-strategic assets, as well as the ability to create structures that would generate annuity revenue for the group. Tongaat Hulett aims to retain equity in the empowerment partnership with diverse equity partners, including KZN participation.

Planning is also in place to reignite infrastructure projects in the coming year for upgrades in Sibaya, Umhlanga Ridge and Cornubia to deal with legacy commitments and to open up new opportunities. Available cash flow will however dictate the progress of these projects.

FOCUS AREAS FOR 2022

- Accelerating land sales of the remaining stock, driving an efficient infrastructure installation programme and precinct close out.
- Developing more structured commercial transaction mechanisms across the value chain.
- Rebuilding credibility and reputation with all stakeholders.
- Conducting a deliberate review of portfolio asset categories and available rights versus market supply and demand dynamics.
- Capability building.
- Upgrading our market intelligence to unlock future opportunities.
- Formalising new infrastructure guarantee apportionment.

OUTLOOK

In our property portfolio, new legacy property sales will be balanced against legacy obligations and timing delays in approvals. While sales in the property market are expected to remain depressed, in the short term, we have seen resilience in certain sectors and demand in Tongaat Hulett's property portfolio, which is encouraging. The 'PropCo' structure has been adapted to take current market dynamics into account. Our efforts to address outstanding planning approvals to finalise historic land sales and deal with legacy infrastructure commitments continue to gain traction. We believe we have the right structure, and oversight through our property advisory board, a newly formed team with proven capability and deliberate plans to achieve strong sales and accelerate our infrastructure obligations.

Tongaat Hulett believes that its land development programme in partnership with government and other stakeholders continues to have a considerable role to play to stimulate SED in our region, in providing well-located, affordable neighbourhoods, job creation and a platform for increased public-sector income generation through rates and taxes and local economic development.

CHIEF FINANCIAL OFFICER'S REVIEW

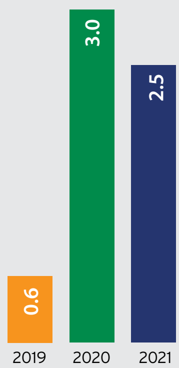
While I am pleased with the progress that has been made to bring some stability and strength to the finance function, there is still much to do

ROB AITKEN
CHIEF FINANCIAL OFFICER

SALIENT FEATURES – CONTINUING OPERATIONS*

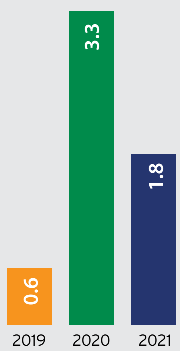
REVENUE (R billion)

ADJUSTED EBITDA (R billion)



CASH FLOWS FROM OPERATIONS (R billion)

OPERATING PROFIT (R billion)



HEADLINE LOSS (R billion)

NET BORROWINGS (R billion)

* Continuing operations which excludes the starch operation, but includes Namibia and Eswatini up until the date of disposal.

Adjusted EBITDA (a non-IFRS measure) is defined as operating profit adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof) of non-financial assets, any other non-trading or non-recurring items, as well as fair value adjustments relating to biological assets.

THE 2021 FINANCIAL RESULTS

Group financial results (including the discontinued operation*)

- Basic earnings per share improved to a profit of 1 794 cents (2020: 89 cents).
- Headline earnings per share (HEPS) decreased to a loss of 631 cents (2020: headline profit per share of 90 cents).

* The starch operation was classified as a discontinued operation and accordingly has been excluded from all the financial results presented in this report.

KEY HIGHLIGHTS AND CHALLENGES

Highlights	Challenges
• Continued progress with the business turnaround strategy. • Successful conclusion of disposals to the value of R6.6 billion. • A 42% reduction in group debt from disposals, as well as reduced costs, working capital improvements and operational efficiencies. • Debt refinancing agreements concluded in South Africa and Mozambique. • Strong market share gains in the sugar operations. • R323 million in dividends received from the Zimbabwean sugar operations.	• Continued negative impacts from hyperinflation in Zimbabwe. • Significant delays and cancellations in land sales due to COVID-19. • Lower raw sugar production and a refinery loss since corrected in South Africa, which was partly offset by the reversal of all short-term and turnaround incentive accruals. • Partial contribution from the starch, Namibia and Eswatini operations due to disposal. • Unrealised foreign exchange losses due to significant volatility in the MZN/ZAR exchange rate. • Benefit from lower borrowings largely offset by higher cost of the restructured South African debt facilities.

DISPOSAL OF BUSINESSES

Tongaat Hulett disposed of its starch and glucose, Namibian packaging, and Eswatini agricultural operations during the 2021 financial year. The starch operation was classified as a discontinued operation in the 2020 financial results. The Namibian and Eswatini operations did not represent separate major business segment and consequently have remained classified as continuing operations. While both headline earnings per share and earnings per share (EPS) include the trading contribution from these operations up until the effective date of the transaction, only EPS includes the profit (after tax) of R3.47 billion recognised on the sale. The results for the financial year ended 31 March 2021 include financial contributions from the starch operation for a period of seven months, from the Namibian operation for a period of three months, and from the Eswatini operation for a period of eight months. Further disclosure concerning the classification of the starch operation as discontinued has been provided in the annual financial statements. All financial results reflect the continuing operations unless stated otherwise.

INTRODUCTION

The past 18 months have been a demanding time for the finance function, as the focus shifted to re-establishing financial processes and restoring financial disciplines after the conclusion of the 2019 financial year end and 2018 financial restatement process. The teams also had to adjust to working remotely during the COVID-19 pandemic. In addition to the day-to-day financial management requirements, resources and capacity were split between inter alia:

- Concluding various audit and review processes, including the work to ensure a smooth transition to the new auditors, which has spanned some 11 of the past 16 months;
- Restructuring the debt facilities, advancing the various debt reduction transactions, managing liquidity across the group, and embedding the new reporting requirements and undertakings of the debt facilities into the business;
- Improving overall governance by establishing an internal control self-assessment tool, developing policy documents, and resolving control deficiencies; and
- Delivering on projects to improve financial processes and ensure that accurate financial information is reported timeously.

While I am pleased with the progress that has been made to bring some stability and strength to the finance function, I acknowledge that there is still much to do in respect of debt reduction initiatives and automating financial routines that will be necessary to create long-term sustainability and resource capacity.

NEW ACCOUNTING POLICIES IMPLEMENTED DURING THE FINANCIAL YEAR

The group has applied the following standards and amendments for the first time, effective 1 April 2020:

- IFRS 3 *Definition of a Business* – amendments;
- IAS 1 and IAS 8 *Definition of Material* – amendments; and
- IFRS 9, IAS 39 and IFRS 7 *Interest rate benchmark reform* – amendments.

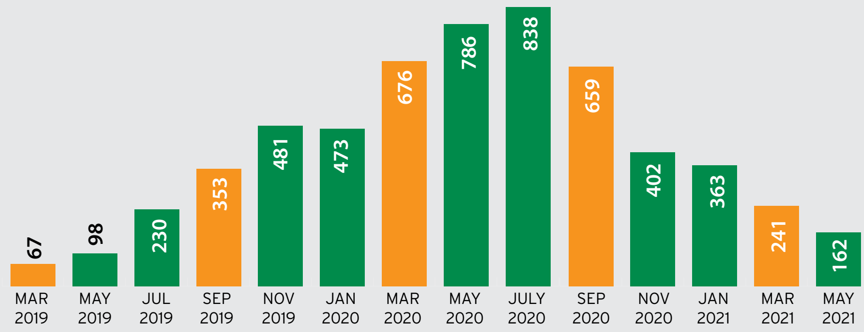
The amendments did not have a material impact on the financial results for the prior year and the current year and are not expected to significantly impact the future periods.

ZIMBABWE HYPERINFLATION

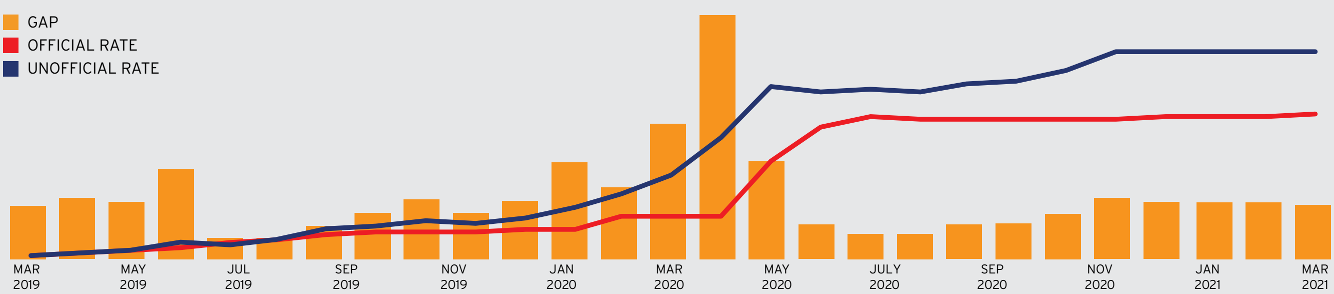
The requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29), have again been applied to the financial results for the year ended 31 March 2021. Comprehensive information related to the dynamics of hyperinflation is disclosed in the annual financial statements. Hyperinflation can distort the fair value adjustments to biological assets reflected in the profit and for this reason, Tongaat Hulett utilises the concept of Adjusted EBITDA that removes these fair value adjustments.

Zimbabwe has applied hyperinflation accounting to all financial reporting periods presented since October 2018. Annualised inflation peaked at 838% in July 2020 and has since reduced to 241% in March 2021, subsequent to the introduction of foreign currency reforms (including the auction system) that have created exchange rate stability and allowed an opportunity for economic recovery. As a result of these developments, the net monetary loss arising from hyperinflation accounting improved to R626 million (2020: loss of R1.30 billion). This has, however, also resulted in a loss of R381 million (2020: gain of R806 million) through the normalisation of the standing cane valuation which impacted the year-on-year comparability of operating profit.

ZIMBABWE ANNUAL INFLATION RATE (%)



ZIMBABWE FOREIGN EXCHANGE RATE (vs US$)



The following table shows the results reported for the Zimbabwe operations translated using the official interbank rate (ZWL 87: US$ 1 or ZWL 5.9: ZAR 1), together with a sensitivity showing the impact of applying the economy's unofficial exchange rate. At 31 March 2021, the unofficial exchange rate was ZWL 114: US$ 1 (ZWL 7.7: ZAR 1).

R million	As reported (Official rate)	Sensitivity (Unofficial rate)	Difference
Revenue	**6 162**	**4 698**	**(1 464)**
Operating profit	**1 578**	**1 205**	**(373)**
Profit for the year	**513**	**390**	**(123)**
Net asset value	**3 140**	**2 394**	**(746)**
Total assets	**4 776**	**3 640**	**(1 136)**

KEY FINANCIAL JUDGEMENTS AND ESTIMATES

The group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), the application of which often requires management to make judgements when formulating the group's financial position and results. The determination of accounting estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Management considers these judgements and estimates, as described below, to have a material effect on the consolidated financial statements:

Group-wide	Property specific	Sugar specific
Going concern	Provision for development expenditure	Treatment of sharecropper agreements
Impairment of assets	Net realisable value of landholdings reflected as inventory	Capitalisation of cost of cane roots
Measurement of borrowings	Revenue from large land sales and township property sales	Valuation of biological assets
Lease terms and the related borrowing rates	Allocation of development infrastructure costs to projects	Accounting treatment of investments: Uzinzo (a farming operation) and DNA (the sugar industry body in Mozambique)
Taxation, specifically the recognition of deferred tax assets		Sugar industry redistribution payments
Allowance for expected credit losses		Determination of the functional currency of Zimbabwe operations
Measurement of post-retirement obligations		Determination of the financial impact of the SA sugar refinery losses
		Recognition of cane roots and standing cane on expropriated land in Zimbabwe

Readers are referred to the Critical Estimates and Judgements disclosure in the 2021 annual financial statements for a comprehensive discussion of the specific assumptions used in preparing the financial results.

FINANCIAL IMPACT OF COVID-19

The 2021 financial results are presented against a challenging economic background, exacerbated by the continuation of the COVID-19 pandemic. The majority of Tongaat Hulett's businesses fortunately continued operations during the various lockdowns. Apart from shortages of critical spare parts due to border closures, and an impact on production as employees had to self-isolate, the effect of the pandemic on the sugar operations was relatively limited. For the property business, however, the COVID-19 lockdown delayed planning approvals, property transfers and infrastructure installation, as well as restricted public participation in the various processes required to secure land development rights. Deals under negotiation were also halted or abandoned due to the uncertain economic environment, resulting in a material reduction in revenue and profit from the operation.

Due to COVID-19, the ability of management to effect debt reduction transactions by the required milestone dates was impacted, and in order to prevent default on the debt agreements, the company and its lenders amended the terms of the South African lending facilities on 4 November 2020. Management also commenced negotiations in respect of refinancing of the senior debt facilities during the period.

Further details of the terms and conditions of the amended facilities have been provided below and in note 16 Borrowings to the annual financial statements.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

In light of the impact of the COVID-19 pandemic on the macroeconomic environment, the following actions were undertaken to ensure that the group's assets were held at appropriate carrying amounts:

- The fair value of the total assets has been determined using appropriately qualified independent third-parties. This is supported by the market value of the group's landholdings that approximates R8.33 billion as at 31 March 2021, which takes into consideration a reduction in property valuations as a consequence of the COVID-19 pandemic, as compared to a carrying amount of R1.59 billion. The significant headroom in market value relative to the carrying amount of properties is sufficient to absorb any further economic impact of COVID-19 and a weak economic environment related to land sales.
- The potential financial impact of COVID-19 was considered by management and incorporated into the cash flow forecasts utilised in the impairment testing.
- To address the risk that the carrying amount of 'land in the development cycle' (classified as inventory) exceeded market value, extensive testing was performed taking into consideration the impact of COVID-19 on selling prices and demand for high density property development in the future.
- The impact of COVID-19 on the group's expected credit losses has been assessed as limited using forward-looking information, with little impact on the collectability of debtors given the industries in which the group's customers operate. In the context of the COVID-19 pandemic and the economic disruption resulting from potential lockdown restrictions, the group has further tightened its already robust credit process to ensure its financial assets are appropriately safeguarded.

DISCONTINUED OPERATION: DISPOSAL OF THE STARCH OPERATION

The starch operation has been reflected as a discontinued operation as it is its own business segment. The Namibian and Eswatini operations disposed of during the year were, however, not considered to be material separate business segments or major separate geographic areas and are not reflected as discontinued operations.

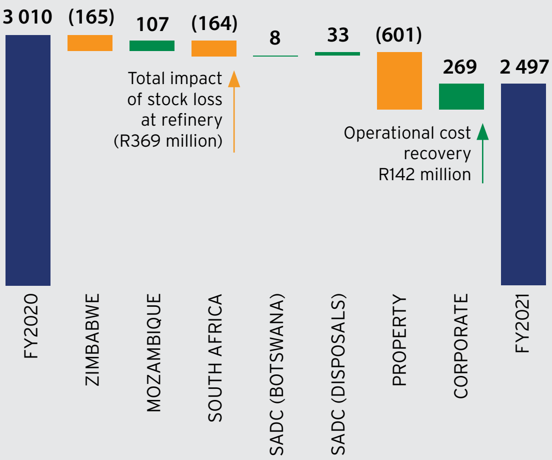
FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Tongaat Hulett's turnaround plan continues to yield positive results, notwithstanding the challenges experienced along the way. The focus on reducing debt has resulted in the receipt of R6.01 billion in cumulative debt reduction proceeds to 31 March 2021. The company successfully disposed of its starch operation, as well as the Namibian packaging operation and the Tambankulu sugarcane estate in Eswatini. The Mozambique sugar operations delivered a solid result, almost doubling its operating profit, and the performance of the significant Zimbabwe sugar operations remained steady against the backdrop of ongoing hyperinflation effects. The South African operations made excellent progress, as evidenced by the financial results in the first half of the year. In the second six months, this improvement was countered by lower sugar production and the refinery loss. COVID-19 related challenges resulted in a material reduction in the revenue and profits of the property business.

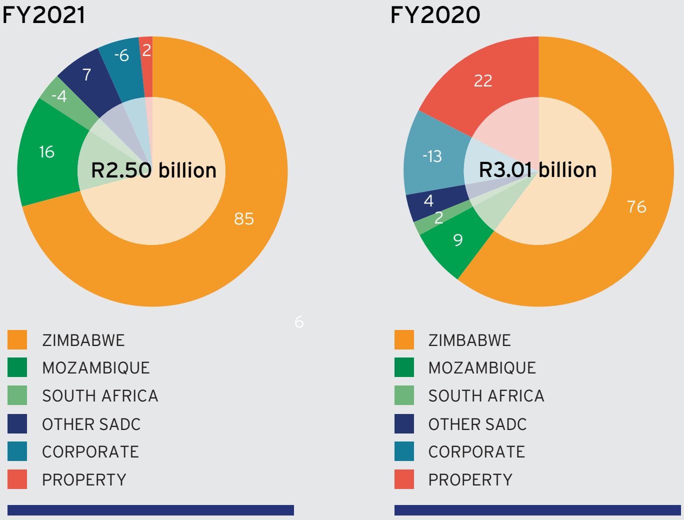
Revenue from continuing operations (i.e. excluding the starch operation) for the year ended 31 March 2021 decreased by 3% to R14.92 billion (2020: R15.38 billion). Operating profit from continuing operations declined by 44% to R1.82 billion (2020: R3.26 billion). The group's continuing operations reported an Adjusted EBITDA of R2.50 billion (2020: R3.01 billion).

Satisfactory operational progress has been achieved on a number of fronts, including strong market share gains in the South African sugar operations. Successful cost reduction initiatives and stringent monitoring of costs have yielded operational cost savings ahead of target and the group has made notable progress in delivering on the property business' infrastructure commitments in a cost-effective and coordinated manner. This good progress was marred by the operational loss at the South African refinery.

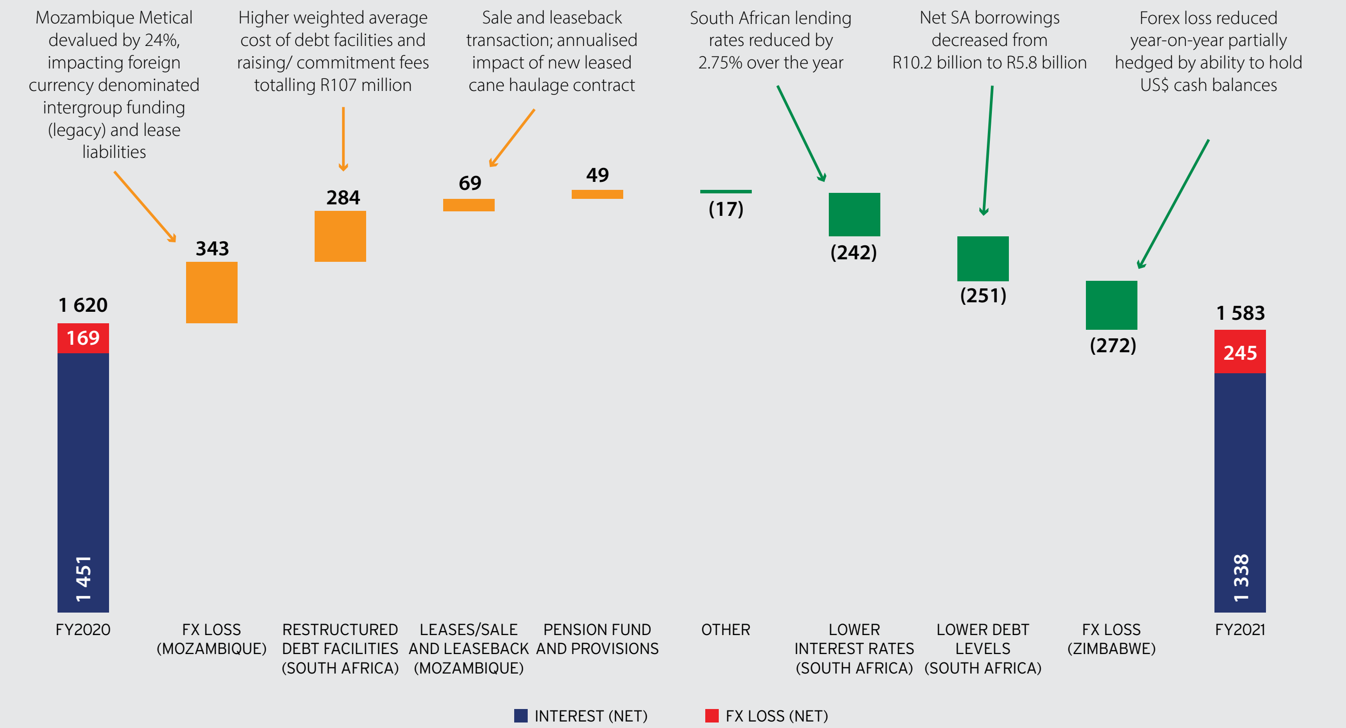
ADJUSTED EBITDA IMPACTED BY REDUCED PROPERTY SALES AND SUGAR STOCK LOSS (R million)



ADJUSTED EBITDA BY SEGMENT (%)



FINANCE COSTS IMPACTED BY DEBT RESTRUCTURE AND FX LOSSES (R million)



The operating loss arose after refined sugar production increased by 39% to 450 000 tons to support the increased demand and commitments under the Sugar Masterplan. This considerable production ramp-up, and pressure to meet demand for refined sugar during the off-crop period when the other millers were unable to supply, led to some process inefficiencies which resulted in a loss of some 27 400 tons of raw sugar. The combination of the stock write-off, additional processing costs, and the resultant lower industry market share had a R369 million negative financial impact on the results. The loss was partly offset by the reversal of the broad-based short-term and turnaround incentive accruals for the South African businesses. Significant steps have been taken to rectify and enhance the refinery processes, controls have been implemented to prevent a reoccurrence, and the refinery is currently operating at satisfactory yields while cautiously ramping up production.

Net finance costs (including foreign exchange differences) reduced marginally to R1.58 billion, with the positive impact of lower debt levels primarily offset by the increased cost of debt and higher foreign exchange losses. Net finance costs settled in cash amounted to R1.18 billion (2020: R1.29 billion). Finance costs settled in cash continue to significantly constrain liquidity, again, highlighting the strategic imperative to reduce debt to an acceptable level and improve cash flow generated from operations.

While inflation within the Zimbabwe economy is slowing, the impact of hyperinflation accounting continues to have a significant effect on reported profits and resulted in an adverse movement in the fair value of biological assets which was partly offset by a reduction in the non-taxable net monetary loss to R626 million (2020: R1.30 billion).

The net effect of the factors above is a loss from continuing operations of R628 million (2020: profit of R137 million).

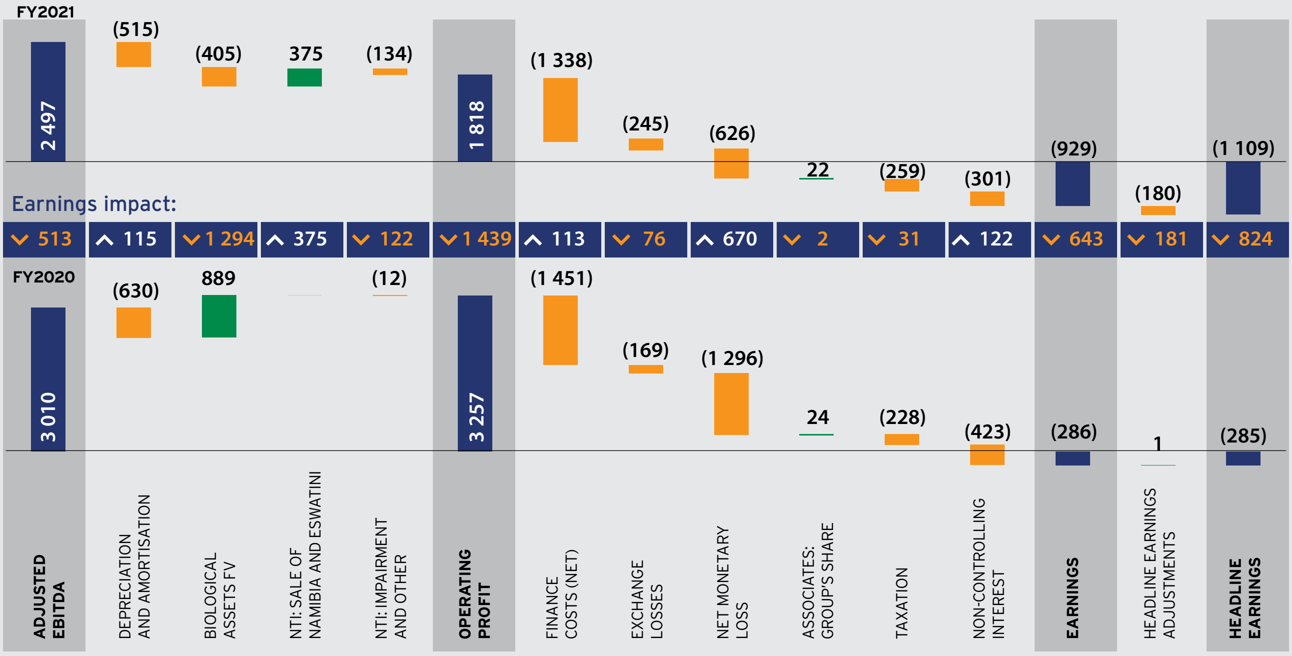
Profit from discontinued operations includes the contribution from the starch operation for the seven months to 31 October 2020, which is the date on which the transaction was concluded. Adjusted EBITDA was R377 million compared to R452 million in the previous comparable period (i.e. October 2019) and R729 million for the March 2020 financial year. The COVID-19 lockdown had a notable impact on sales to alcoholic beverage producers and other non-essential sectors such as confectionary and papermaking. The financial impact of the reduction in sales to these sectors, was partially mitigated by improved sales to the coffee creamer sector, the benefit of a weaker exchange rate and higher maize prices on co-product realisations as well as various cost reduction initiatives. Ordinary trading activities contributed after-tax profits of R258 million (2020: R393 million) while the starch disposal transaction resulted in an after-tax gain of R3.09 billion.

Basic earnings for the year amounted to R2.42 billion (2020: R120 million), translating into basic earnings per share of 1 794 cents (2020: 89 cents) and headline loss per share of 631 cents (2020: profit of 90 cents). No dividend was declared during the financial year.

Cents per share	Continuing	Discontinued	Total
(Loss)/profit			
Earnings per share			
FY2021	**(689)**	**2 483**	**1 794**
FY2020	**(212)**	**301**	**89**
Headline earnings per share			
FY2021	**(822)**	**191**	**(631)**
FY2020	**(211)**	**301**	**90**

The reconciliation below depicts the positive and negative impacts of individual line items on basic and headline earnings for continuing operations.

HEADLINE EARNINGS RECONCILIATION (R million)



SEGMENTAL PERFORMANCE

R million	2021	2020	% Change
Revenue	**14 918**	15 382	(3)
Sugar	**14 670**	14 437	2
Zimbabwe	**6 162**	6 126	1
Mozambique	**1 845**	1 682	10
South Africa	***6 212**	6 023	3
Other SADC	**933**	1 451	(36)
Inter-segment	**(482)**	(845)	43
Property	**248**	945	(74)
Operating profit	**1 818**	3 257	(44)
Sugar	**1 902**	3 010	(37)
Zimbabwe	**1 578**	2 882	(45)
Mozambique	**230**	124	85
South Africa	***(388)**	(130)	(198)
Other SADC	**482**	134	260
Property	**58**	658	(91)
Corporate	**(142)**	(411)	65
Adjusted EBITDA	**2 497**	3 010	(17)
Sugar	**2 579**	2 760	(7)
Zimbabwe	**2 116**	2 281	(7)
Mozambique	**392**	285	38
South Africa	***(100)**	64	(256)
Other SADC	**171**	130	32
Property	**59**	660	(91)
Corporate	**(141)**	(410)	66

* Includes the negative impact as a result of the sugar loss: Revenue impact R170 million; Operating profit and Adjusted EBITDA impact of R369 million.

CAPITAL EXPENDITURE AND WORKING CAPITAL

Capital expenditure

Ongoing and replacement capital expenditure increased to R505 million as part of the asset care programme, compared to R195 million in the prior year, and in line with the depreciation and amortisation charges for the year totalling R515 million. This programme will bring the asset replacement cycle back in line and reflects the continued investment in capital expenditure to sustain and improve all of our operations.

There was no further expansion capital expenditure on Project Kilimanjaro whilst tenure of the land, a prerequisite to secure further funding, remains uncertain. Expenditure on replanting cane roots, included in capital expenditure, increased from R69 million to R142 million. In the South African sugar operations, total capital expenditure increased from R55 million to R217 million in the current year, with R42 million spent on rehabilitating the second milling line at the Maidstone sugar mill.

Working capital

While working capital continues to be closely monitored, the level of investment was similar to the previous year. The starch operation was disposed of mid-season during the build-up of maize stocks, resulting in a working capital outflow to the date of disposal of R471 million (2020: R97 million outflow). A working capital outflow of R701 million arose in Zimbabwe as a result of investments in inventory and prepayments to preserve currency value. Trade payables normalised after a significant outflow in the previous period that was required to settle deferred creditors in the property and Mozambique sugar businesses where extended credit facilities were granted.

Average working capital funding requirements in the South African businesses (comprising South African sugar operations, property and corporate office) improved from R1.9 billion in the prior year to R1.0 billion in the 2021 financial year. The accompanying graph indicates the pleasing progress made in reducing the peak funding requirement from R2.3 billion in 2020 to R1.6 billion in the current year.

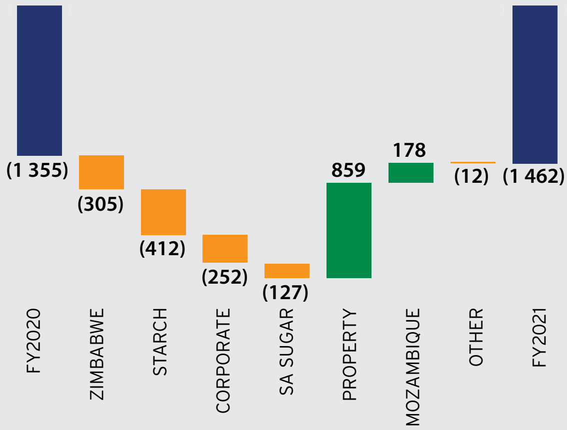
DEBT REDUCTION, FUNDING AND CASH FLOW

Tongaat Hulett regards rapid degearing as a key imperative to achieving sustainability and has made pleasing progress in the current year in terms of its initiatives to reduce debt. Net borrowings at 31 March 2021 were R6.57 billion, compared to R11.35 billion at 31 March 2020, representing a reduction of R4.78 billion, or 42%. Gross borrowings decreased by R5.40 billion, as cash balances were kept to a minimum to reduce finance costs.

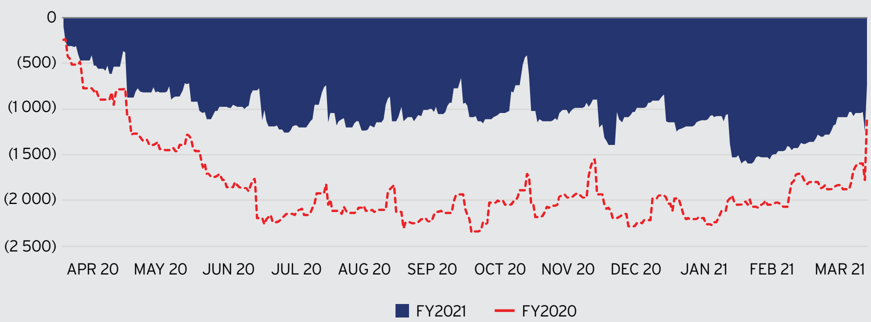
South African debt

Debt reduction transaction agreements totalling R6.57 billion had been signed at 31 March 2021 with proceeds of R6.01 billion having been paid to the South African lenders. As signed debt reduction transactions fell short of the R8.10 billion milestone required, the company and the South African lenders agreed to amend the measurement date and quantum of both the existing 31 March 2021 and 30 June 2021 milestones to 30 April 2021 and 13 July 2021 respectively, and R6.40 billion at both dates to avoid a default.

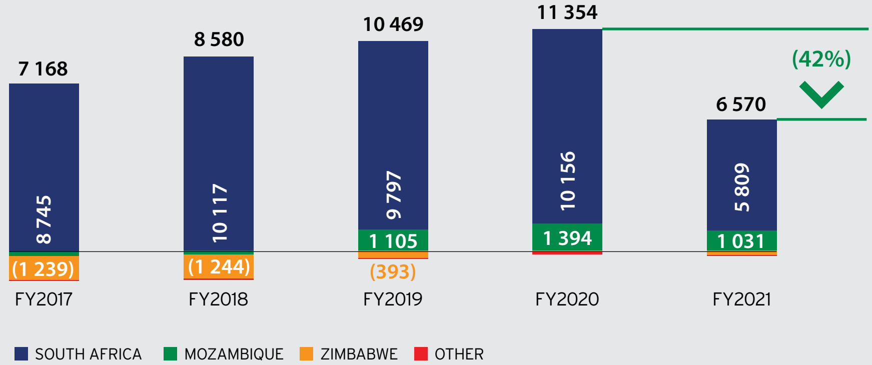
INVESTMENT IN WORKING CAPITAL (R million)



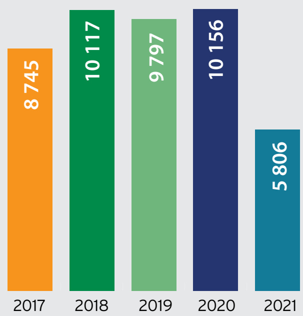
SOUTH AFRICA WORKING CAPITAL FUNDING (R million)



GROUP NET BORROWINGS (R million)



SOUTH AFRICAN NET BORROWINGS (R million)



At 30 June 2021, the status of the debt reduction transactions has been set out in the table below:

Asset disposals to reduce South African debt

R million	Signed agreements	Proceeds received
Disposal of starch operation[1]	**5 159**	**4 709**
Liquidation of legacy pension funds	**663**	**663**
Disposal of Eswatini Tambankulu operations	**413**	**413**
Disposal of Namibian packaging operation	**111**	**111**
Disposal of various landholdings	**227**	**168**
Total achieved to date	**6 573**	**6 064**

[1] An amount of R450 million is held in escrow until 1 November 2021 to settle any claims brought by the purchaser in terms of the warranties. To date, no notifications of claims have been received.

As a result of these disposals, net borrowings in South Africa decreased by R4.35 billion to R5.81 billion (2020: R10.16 billion).

Owing to the worse than expected financial performance in the fourth quarter, Tongaat Hulett breached its Adjusted EBITDA and Free Cash Flow financial covenants for the quarter ended 31 March 2021. Due to the better than expected performance during the previous three quarters Tongaat Hulett did however meet its year to date covenants at 31 March 2021. At our request, the South African lenders waived the covenant breach on 12 July 2021.

With the majority of the facilities maturing on 30 September 2021, the company agreed with its lenders to refinance its total facilities of R6.40 billion.

South African debt refinance

The good progress made with respect to honouring its commitments to lenders under challenging circumstances, has allowed the group to progress negotiations with the South African lenders to refinance its South African facilities. A credit approved short-form term sheet was signed by all parties on 12 July 2021. The legal agreements to give effect thereto are currently being drafted and it is expected that the refinancing will be concluded by 31 August 2021.

In respect of the refinance of the South African facilities, the principle underpinning the debt refinance has been to negotiate a sustainable debt solution with longer dated facilities to create stability for the company and allocate the remaining debt to two separate payment-in-kind (PIK) instruments.

The new debt facilities (other than the overdraft facilities) mature on 30 June 2024.

The sustainable debt solution comprises a term loan (Senior Facility A) amounting to R1.50 billion, revolving credit facility (Senior Facility B) amounting to R1.40 billion, two overdraft facilities (Senior Overdraft Facilities) totalling R300 million, and a standby liquidity facility (Super Senior Standby Facility) amounting to R191 million. Senior Facility A includes a portion to be repaid from the R450 million proceeds held in the starch escrow account. To date, the company has not received any claims notices in respect of the warranties or other applicable clauses in the sales agreement, and therefore it is expected that the full proceeds held in escrow will be received by the company early in November 2021.

Interest on the abovementioned facilities will be paid from internally generated cash flows derived from the South African sugar operation, the property business, and dividends, management and operational support recoveries received from operations in the rest of Africa, net of any South Africa corporate office costs.

SOUTH AFRICAN DEBT REFINANCE
(R million)

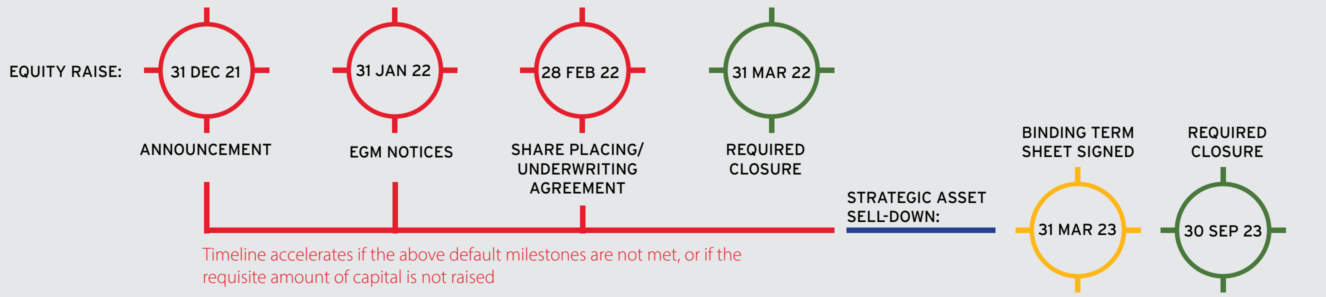
Salient terms of the new facilities

Facility	Purpose	Termination date	Facility amount R million
Senior Facility A (Term Loan)	To partially refinance amounts outstanding under the existing facilities that are considered to be sustainable	**30 June 2024**	**1 500**
Senior Facility B (Revolving Credit Facility)	To partially refinance amounts outstanding under the existing facilities and to fund general corporate and working capital	**30 June 2024**	***1 400**
Senior Facility C (PIK Facility)	To partially refinance amounts outstanding under the existing facilities	**30 June 2024**	**2 000**
Senior Facility D (PIK Facility)	To partially refinance amounts outstanding under the existing facilities	**30 June 2024**	****1 172**
Overdraft Facilities	To fund general corporate and working capital requirements	**30 June 2024**	**300**
Super Senior Standby Facility	To fund general corporate and working capital requirements.	**Annually renewable**	**191**
Total facilities			**6 563**

* Subject to a step down in commitment from 31 March 2023.
** Estimated and will be based on exposure at the financial close.

SOUTH AFRICAN DEBT REFINANCE – PIK FACILITIES

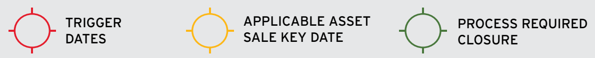
SENIOR FACILITY C (PIK FACILITY)



- The equity raise quantum required is the higher of R2.0 billion or the aggregate amounts owing on Senior Facility C at 31 March 2022 (including accrued interest).
- If the equity raise is less than the required amount or if the above milestones are not met, then strategic asset sale of non-SA sugar businesses is to be progressed.
- If the above two processes do not raise the requisite amount to repay Senior Facility C, then an event of default occurs.

SENIOR FACILITY D (PIK FACILITY)

- If binding term sheets or cash proceeds are less than the aggregate amounts owing under Senior Facility D (including accrued interest) then an event of default occurs.
- The maximum loan to value ratio (based on the market value of non-trading stock property) shall not exceed 25%.



The PIK instruments comprise Senior Facility C amounting to R2.0 billion, which is expected to be repaid from equity capital raise proceeds and/or proceeds received on disposal of assets, and Senior Facility D amounting to R1.20 billion which will be primarily repaid from land disposal proceeds. PIK interest accrues and is capitalised on each of these facilities and is only settled from proceeds received from strategic initiatives.

Further detail in terms of the South African debt refinance is disclosed in note 33 Events Occurring After The Reporting Period to the annual financial statements.

Mozambique debt

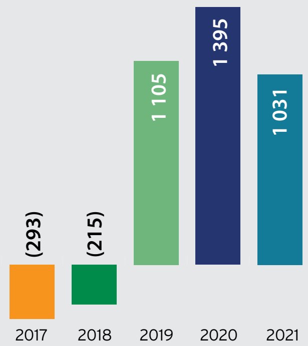
Net borrowings in Mozambique reduced from R1.39 billion at 31 March 2020 to R1.03 billion at 31 March 2021. Consequently, the leverage multiple improved from 4.9x Adjusted EBITDA in the previous year to 2.7x. Currency translation accounts for R273 million of the reduction year-on-year as the Mozambique Metical devalued by 24% to MZN 4.58 : ZAR 1 (2020: MZN 3.68 : ZAR 1). The volatility in the currency resulted in an unrealised exchange rate loss on intergroup funding and lease liabilities of R202 million (2020: gain of R141 million).

The US$10 million short-term facility to bridge the peak liquidity requirement in preparation for the crushing period was not required over March 2021 due to appropriate liquidity management.

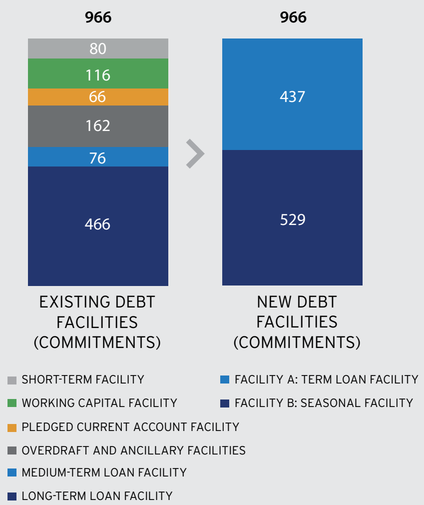
Mozambique debt refinance

On 7 July 2021, the maturity date of the debt standstill agreement that was concluded with the Mozambique group lenders on 18 December 2019 was extended from 30 June 2021 to 31 July 2021, to allow for the refinancing of the Mozambique debt facilities to be concluded. The refinancing of the Mozambique debt facilities has been agreed with the Mozambique lenders and a credit approved term sheet was signed on 26 June 2021. The debt refinance will be concluded before 31 July 2021.

MOZAMBIQUE NET BORROWINGS/(CASH) (R million)



MOZAMBIQUE DEBT REFINANCE (R million)



	Facility A Term loan facility	Facility B Seasonal facility
Purpose	Refinance the amount outstanding under the existing facilities	Partially refinance any residual amounts of the existing facilities and may be used for general corporate and working capital
Term	24 months	24 months
Interest	Interest payable in cash at the end of each interest period	Interest payable in cash at the end of each interest period

The new debt facilities have a term of 24 months. Interest on the facilities is linked to the Mozambique prime lending rate with reductions of 0.25% and 0.50% for the term loan facility and the seasonal facility respectively. A security package for the debt facility has been agreed that comprises mortgage bonds over the mills, refinery and buildings; and security cession of proceeds from sales and the related proceeds collection accounts.

Further detail of the Mozambique debt refinance is disclosed in note 33 Events Occurring After The Reporting Period to the annual financial statements.

Zimbabwe treasury position

The hyperinflationary economic environment continued to negatively impact the purchasing power of the group's cash balances in Zimbabwe, although to a lesser degree than during the 2020 financial year. While cash balances have doubled in Zimbabwe Dollar terms, in Rand terms they remain in line with the previous year.

The Zimbabwean operations' exposure to foreign currency borrowings has been reduced to US$4.4 million. With there no longer being a limit to the period for which US$ cash balances can be held, the related foreign exchange rate risk was partially hedged by the holding of US$ cash balances. Consequently, the foreign exchange loss recognised in finance costs reduced from R310 million in the 2020 financial year to R38 million in the current year.

Cash flow

Cash flow and liquidity are monitored on a daily basis by management with oversight by the Board. Cash generated from operations (including the starch operation) decreased to R1.82 billion, relative to R2.34 billion in the prior year, which is in line with the R513 million decrease in Adjusted EBITDA.

Debt outlook

The Board remains firmly committed to reducing debt to a sustainable level and is assessing various options available, including further asset disposals, an equity capital raise, or a combination thereof.

In respect of the equity capital raise, the market capitalisation of the group, which at 31 March 2021 was R1.38 billion, remains a key consideration in sizing an equity capital raise, as does the prospects of securing a strategic equity partner to underwrite the process. In support of asset disposals, non-binding expressions of interest and/or offers continue to be received from interest parties and each is evaluated.

The COVID-19 pandemic and associated economic uncertainties have resulted in the 'MillCo' and 'PropCo' initiatives being paused for the time being and these will be repackaged as appropriate. The part disposal of the South African sugar operation remains an option, although unlikely to raise sufficient proceeds to repay the PIK instruments. Discussions in respect of the outright sale of a portion of the landholdings continue to be progressed and are nearing a critical decision point.

OUTCOME OF REGULATORY INVESTIGATIONS

JSE investigation

In 2020, the JSE imposed a public censure and fine of R7.5 million (with R2.5 million thereof being suspended for five years) on Tongaat Hulett for publishing financial information for the periods 2011 to 2018 that did not comply with IFRS and which was incorrect, false and misleading. At the date of this report, the company had paid the R5 million fine due in full. This closed out all matters with the JSE in respect of the company. The JSE's investigation into the conduct of individuals that presided over the company during the periods in question is ongoing.

Financial Services Conduct Authority (FSCA) investigation

The investigation by the FSCA into potential contraventions of Section 81 of the Financial Markets Act was finalised during the 2021 financial year. The FSCA determined that Tongaat Hulett had breached the provisions of Section 81 of the Financial Markets Act in respect of the misrepresentation of its financial performance in prior years, which resulted in the significant restatement of its historic financial statements. The FSCA imposed an administrative penalty of R118 million (inclusive of costs), which was reduced to R20 million in response to Tongaat Hulett's appeal for a remission of the penalty, payable in quarterly instalments until October 2025. An amount of R3 million has been paid to date. The FSCA noted that Tongaat Hulett's current management had given full cooperation during the investigation and enforcement process, had accepted that the company contravened the regulations and had undertaken to put measures in place for the mitigation of the risk of similar contraventions occurring in the future. This closed out all matters with the FSCA in respect of the company.

As a result of applying hyperinflation accounting in Zimbabwe, all items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The resultant statement of cash flows is prepared to reflect cash flows during the year measured at the current purchasing power at the end of the reporting period and as such does not reflect actual cash flows during the year. While the statement of cash flows is adjusted to reflect current purchasing power, the cash and cash equivalents balance can only ever represent the actual cash flow (i.e. not indexed) at the point in time when the transactions occurred. As a result, an adjustment of R719 million (2020: R1.92 billion) was required to account for the loss of value between the hyperinflation-adjusted cash flows and the actual cash flows, as well as to account for the loss of value in the opening cash and cash equivalent balances. In effect, the R719 million represents the value eroded by hyperinflation within the Zimbabwe economy.

DIVIDEND POLICY

In view of the group's current financial status, the Board has determined that no dividend will be declared for the 2021 financial year. It is also envisaged that no further dividends will be declared until the initiatives necessary to repay the PIK instruments have been concluded and the remaining debt is at an acceptable and sustainable level.

Once a sustainable capital structure has been realised, it is envisaged that the future dividend policy will be based on a consideration of the extent of free cash flow generation as well as the ongoing capital and expenditure requirements of the group.

CHANGE OF AUDITORS

The Board has, subject to shareholders' approval at the 2021 AGM, appointed EY as the group's external auditors for the financial year ending 31 March 2022. The audit services of Deloitte & Touche will end on completion of their statutory commitments for the group's 2021 financial year, which is expected to be on or about 31 August 2021.

GOING CONCERN

The group's and the company's current liabilities exceed its current assets (i.e. liquidity ratio), while total liabilities exceed its consolidated total assets (i.e. solvency ratio). Both these ratios depict a significant improvement on the prior year as depicted in the table below:

R million	Liquidity (current) FY2021	Liquidity (current) FY2020	Solvency (total) FY2021	Solvency (total) FY2020
Group				
Assets	**7 393**	10 429	**13 276**	18 148
Liabilities	**(10 498)**	(16 927)	**(13 330)**	(19 743)
Net liabilities	**(3 105)**	(6 498)	**(54)**	(1 595)
Company				
Assets	**2 039**	4 007	**5 000**	7 894
Liabilities	**(7 757)**	(13 710)	**(8 171)**	(14 164)
Net liabilities	**(5 718)**	(9 703)	**(3 171)**	(6 270)

The ability of the group to repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the successful raising of equity, the ability to realise cash through disposals of assets, and turnaround initiatives.

The actions that have been implemented under challenging circumstances to achieve significant de-gearing to date, and those actions that are currently underway, if successfully implemented, are sufficient to mitigate the material uncertainties related to liquidity to an acceptable level. The requirement however, to reduce borrowings by a set quantum within a set timeframe, and the ability of the group and company to achieve the debt reduction plan in the current economic conditions, continues to create a material uncertainty.

A material uncertainty is an event or condition that may cast significant doubt on the group's and company's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board, after carefully considering the negotiated debt refinance terms and the various mitigating actions, has concluded that the group and company are able to discharge their liabilities in the normal course of business, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the annual financial statements, although a material uncertainty exists in relation to the success of the debt restructure.

The auditors have expressed an unmodified opinion in respect of going concern but have included a separate section detailing the material uncertainty.

Further detail on Going Concern, including the repayment milestones that are required to be achieved within 12 months of the reporting date, is disclosed in the Basis of Preparation section of the annual financial statements, as well as in note 16 Borrowings and note 33 Events Occurring After The Reporting Period to the annual financial statements.

OTHER KEY FINANCIAL RISKS

Capital risk management

With high levels of borrowings in South Africa and Mozambique, the group's primary objective is to manage its capital structure in order to provide stability to the business and ensure that its operations are able to continue as a Going Concern (refer to Going Concern note in the Basis of Preparation). Once borrowing levels have reduced sufficiently, the group plans to optimise each material operation's capital structure, such that borrowings are located in close proximity to the assets and the cash flows required to service that debt. Consequently, the group will avoid borrowing funds in South Africa for equity investments (direct, or indirect through unpaid intercompany balances) into foreign operations. The group will no longer cross-subsidise underperforming operations without a robust remedial turnaround plan in place. In doing so, the group aims to reduce its cost of capital, provide acceptable returns for shareholders and benefits for other stakeholders.

Further detail in terms of capital risk management is disclosed in note 28.1 Capital Risk Management to the annual financial statements.

Financial risk management

Financial risk remains a key component of the group's risk universe. As with other important categories of risk, financial risk is coordinated through the group's enterprise risk management approach. This unified approach seeks to identify and mitigate those threats that could have the greatest impact on the achievement of the core objectives of the business. To ensure the effective management of the group's financial risk profile, both a predetermined qualitative and quantitative risk limit has been set. In the year ahead, the risk appetite will be further entrenched so as to bolster financial decision-making and provide the necessary comfort that the group's financial objectives can be achieved.

While one of the group's main threats relates to liquidity, with a significant focus on managing both solvency and liquidity risks, other material risks include interest rate risk and foreign currency risk, particularly in respect of some long outstanding intercompany balances and foreign-denominated borrowings.

Further detail on the financial risks and management thereof are disclosed in note 28.2 Financial Risk Management to the annual financial statements.

EVENTS AFTER THE REPORTING DATE

The most important events after the reporting date that requires noting, include:

- The COVID-19 global pandemic and its related challenges continues.
- The refinery recommenced operations on 23 April 2021 at a lower level of throughput which has gradually been increasing as the operation stabilises and residual problems are corrected.
- The start of the milling season has been challenging with sugarcane crushed and sugar production lower than expected. The operational performance of the sugar mills remains an area of management focus.
- South African and Mozambique debt facilities have been restructured as discussed above.
- Hyperinflation and currency dynamics in Zimbabwe continue to impact on the group's results. Since 31 March 2021, dividends of US$4 million have been declared by the Zimbabwe subsidiary and received in South Africa.
- EY has been appointed as the group's external auditors subject to shareholder approval, for the financial year ending 31 March 2022.
- David Noko was appointed with effect from 1 July 2021 as the Lead Independent Non-Executive Director.
- An outbreak of protest action across the KZN province and parts of Gauteng escalated in severity with widescale damage to property. As a result of the burning of trucks, transporters not able to deliver sugarcane to the sugar mills and to safeguard the company's assets and employees, all the South African sugar operations were temporarily suspended on 12 July 2021 and resumed on 18 July 2021. There has been theft of sugar stock and various farms have been impacted by sugarcane arson. Management continue to appraise the situations as it unfolds.

Further details are provided in the annual financial statements. Readers are referred to note 33 Events Occurring After the Reporting Period to the annual financial statements.

FOCUS FOR NEXT YEAR

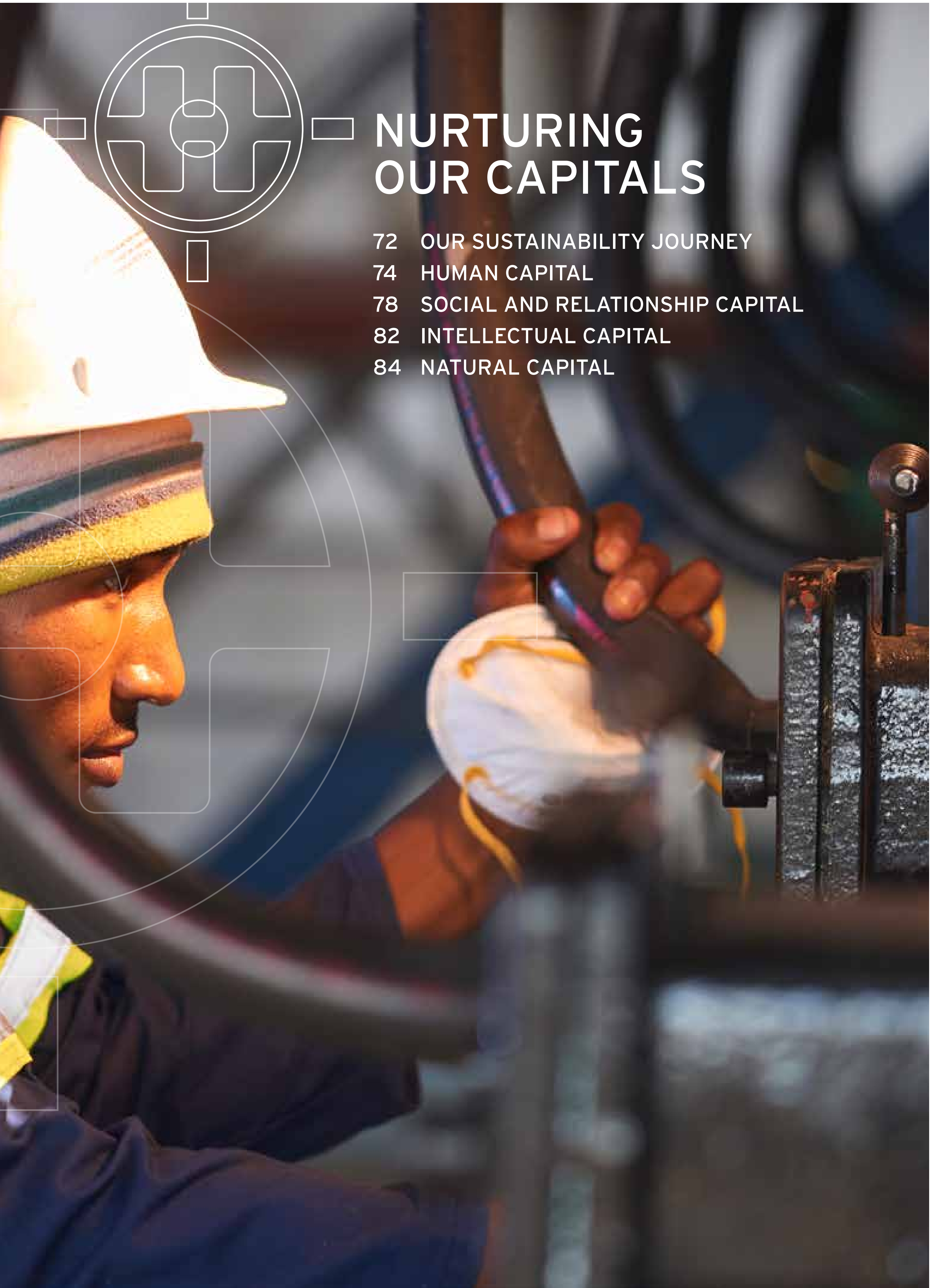
Aside from delivering on the debt repayment milestone, the major focus for the year ahead is on automating the key financial reporting processes, to allow for the provision of more timely information, and the more efficient use of our financial team's time. This will involve the implementation of a consolidation tool, enhancements to the existing SAP system as well as planning the transition to the new SAP version to capitalise on the new functionality.

Other focus areas comprise embedding the policies issued and monitoring compliance thereto, improving the control environment across finance and IT, and strengthening the resources within the finance teams to create less reliance on key individuals.

APPRECIATION

Thank you to the Tongaat Hulett finance teams for their continued support, hard work and commitment to the business, much of which has meant a significant amount of personal sacrifice. A special word of thanks to the South African and Mozambican lending groups for their support and willingness to develop a sustainable debt reduction path for Tongaat Hulett. We also thank our Audit and Compliance Committee and shareholders, as well as the teams from PwC and Deloitte for their valued input and support during the past year.

Rob Aitken
Chief Financial Officer



NURTURING OUR CAPITALS

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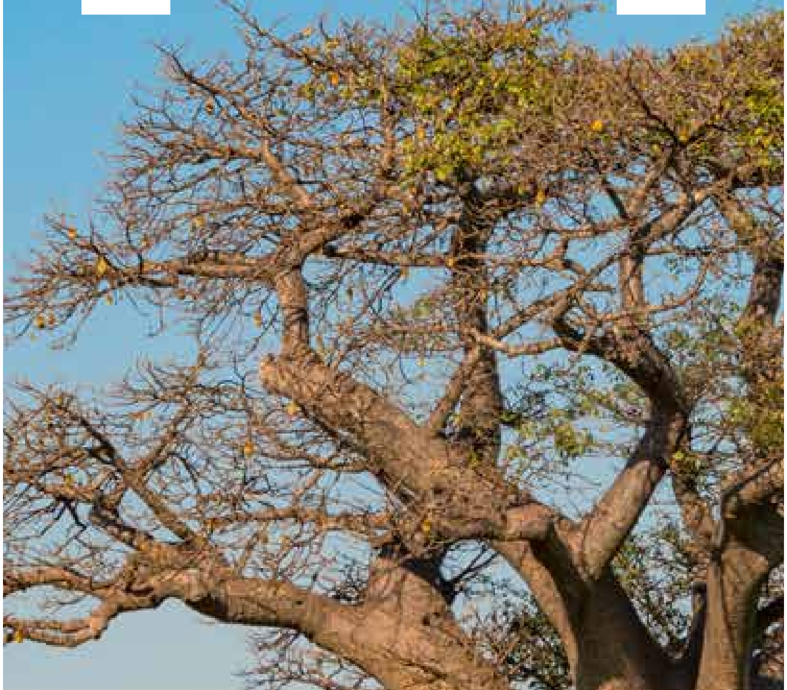
OUR SUSTAINABILITY JOURNEY

As with all risks, sustainability is a critical influencer of short-, medium- and long-term success within Tongaat Hulett, and as with all risks, sound corporate governance principles are at the heart of our strategy for managing the impact that sustainability matters could potentially have on our business. We have empowered a dedicated team of experts to implement effective policies, procedures, systems and controls to identify, prioritise, mitigate and report on sustainability risks and opportunities, Tongaat Hulett strives to protect shareholder value. To manage this process, responsibility for sustainability and climate change risk is omni-directional, flowing up from the shop floor to the Board, and down again via group, country and site management structures, while also flowing reciprocally between Tongaat Hulett and its customers, suppliers, contractors, communities and other key stakeholders.



OUR APPROACH TO SUSTAINABILITY

Environmental, Social, and Governance (ESG) transformation continues to redefine what it is to be a responsible corporate citizen and, at Tongaat Hulett the ESG agenda is receiving renewed focus. We are committed to moving beyond compliance and reporting to effectively demonstrating how ESG matters are embedded in the organisation to manage risk and improve operational efficiency.

We approach sustainability as an ecosystem, where we focus on responsible use, protection, and conservation of our capitals. This is underpinned by decisive leadership, a strong value system and disciplined governance.

We consistently engage with a broad range of stakeholders and look for opportunities to foster new partnerships between business, government and communities and where it is appropriate for our business, we adopt new and emerging approaches to sustainability.

A sustainability management framework has been introduced to enable us to cement the longer-term sustainability of the group.

Our sustainable development initiatives and processes are aligned to Tongaat Hulett's new strategy and values and play an integral part in achieving our vision and mission. Our approach to ESG is informed by consistent engagement with a broad range of stakeholders and by relevant ESG guidelines and protocols including the United Nations Declaration of Human Rights, the UN Global Compact and the UN SDGs.

SUSTAINABILITY GOVERNANCE

Please refer to the ESG and Climate Change Report for more information on the governance as well as the SEHSC report.

CORPORATE OBJECTIVES

Tongaat Hulett has aligned its business activities to ensure that we continue to maximise our short-, medium- and long-term economic viability while maximising the positive impacts on the development of our employees, community members, and various other stakeholders, minimising negative impacts on the environment, including air quality, water scarcity and/or quality, appropriate land use and waste management, and maintaining our commitment to zero health and safety harm throughout our operations.

Please refer to the ESG and Climate Change Report for our corporate commitments.

HUMAN CAPITAL

Human Capital

Tongaat Hulett's human capital is a key asset of the company and the skills and experience in our workforce are essential contributors to achieve our strategic goals through operational improvements, cost reductions and increased productivity. The COVID-19 response was a significant focus in the 2021 financial year, against the backdrop of the ongoing turnaround of the company.

KEY INITIATIVES 2021

- Ensuring the safety and health of employees during COVID-19.
- Embedding new values.
- Implementing automated 360-degree feedback to assess our leadership capability.
- Design and implementation of business intelligence with Key Performance Indicator (KPI) dashboards.
- Investing in Human Capital analytics to enable data-driven people decisions.
- Creating a governance capability framework and implementation of the GRC programme.
- Leveraging performance management tools to create a high-performance culture.
- Development and implementation of the Tongaat Hulett People Management Way.
- Standardising of key people policies, allowing for localisation where appropriate.
- Talent assessment and succession planning for senior management.
- Reviewing, defining and aligning our reward practices across the enterprise.
- Job evaluation standardised and implemented for all senior management roles.
- Completing an equal pay for equal value assessment across the enterprise.
- Increased communication and engagement – internal and external.
- Implementation of our first Employee Experience (engagement).

IMPROVING LIVES

EMPLOYEES

22 927

(2020: 23 347)

GRADUATES

1 067

(2020: 1 352)

ARTISANS

560

(2020: 656)

EMPLOYEES ATTENDING TRAINING

8 760

(2020: 9 331)

TRAINING HOURS

66 986

(2020: 153 588)

HEALTH AND SAFETY

EMPLOYEE TERMINATIONS

1 132

(2020: 6 167)

LTIFR IMPROVED

0.09

(2020: 0.1 07)

MALARIA CASES DECREASED

1 237

DOWN 19%

(2020: 1 533)

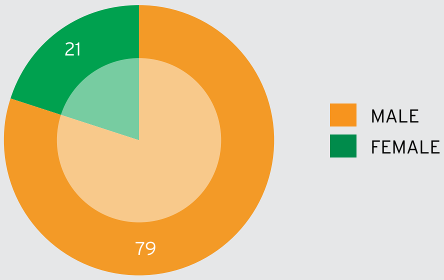
SAFETY PROTOCOLS LIMITED COVID-19 CASES TO

1 240

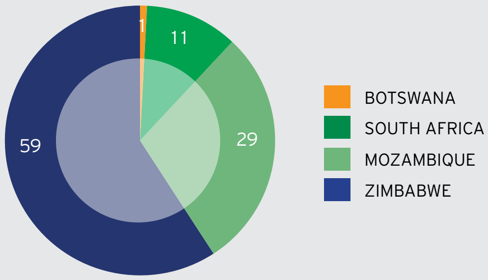
AS AT 23 JUNE 2021

VACCINE ROLL-OUT IMPLEMENTED IN ZIMBABWE

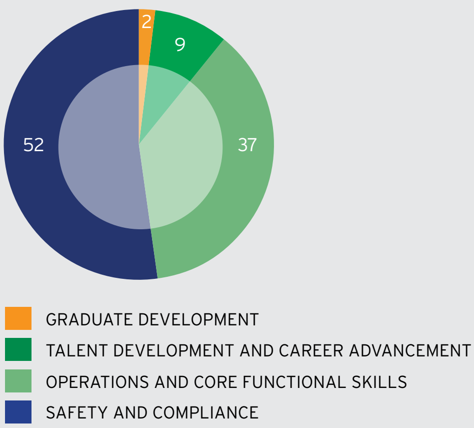
EMPLOYEE BREAKDOWN (%)



SADC EMPLOYEE BREAKDOWN (%)



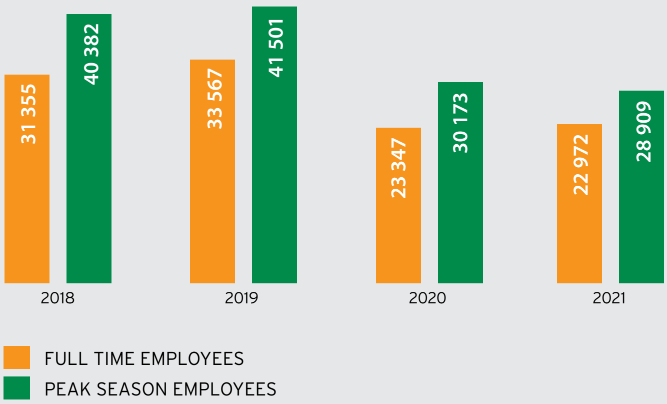
TRAINING (%)



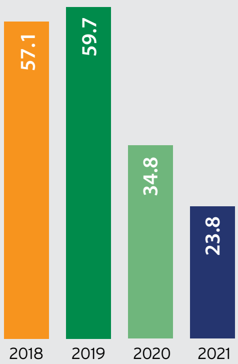
EMPLOYEE ENGAGEMENT

The Ipsos survey conducted in the first quarter of 2021 showed that employee engagement improved from 67 (Average) in the previous survey in the first quarter of 2020 to 71 (Good), with 78% of employees surveyed likely or extremely likely to recommend the company as a place to work. It also showed that employees feel communication continues to improve under the new leadership.

NUMBER OF EMPLOYEES



SKILLS DEVELOPMENT (R million)



FUTURE PRIORITIES

- Continue ensuring the safety and health of employees during COVID-19.
- Anchoring of our Tongaat Hulett values, growth mindset and leadership behaviours.
- Ongoing business transformation to enable operational excellence, increased efficiency and improved customer service.
- Anchoring our governance capability framework and implementation of the GRC programme.
- Extending our business intelligence ability to enable data-driven decision-making and agility.
- Extending performance management to all non-bargaining unit employees.
- Talent assessments and enhancing succession planning for all non-bargaining unit employees.
- Building key capabilities in support of operational excellence.
- Completion of the job evaluation process across the organisation.
- Implementation of plans to address identified pay parity gaps.
- Implementation of Talent Plans identified in 2020.
- Implementation of People Plans by function/country to address opportunities identified through our Employee Experience Survey.

HUMAN CAPITAL CONTINUED

PERFORMANCE MANAGEMENT

Tongaat Hulett's Success Management programme aims to manage the performance of teams and individuals against goals through clear and personal accountability. Remuneration structures were redesigned in the prior financial year to shape a culture of high performance and high engagement and re-energise performance management and support strategic delivery.

Values and competencies have been mapped against team members and team leaders from middle management and above. 360-degree feedback assessments were introduced during the year. Performance reviews were conducted during the year and the process included calibration to reduce line manager bias, and to ensure transparency and consistency across the organisation. Employee turnover has increased as a result of the introduction of performance management although this is expected to stabilise once the process is embedded.

ENGAGING **HEARTS**
WITH A CLEAR PURPOSE

ENGAGING **MINDS**
WITH A WINNING CULTURE

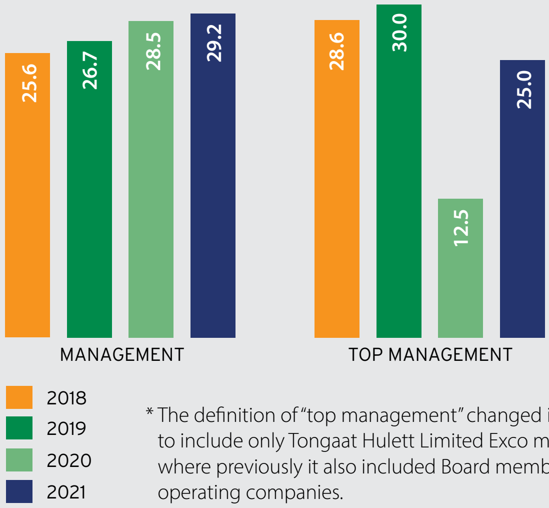
ENGAGING **HANDS**
WITH A CLEAR STRATEGY
AND CASCADED GOALS

TRANSFORMATION

Tongaat Hulett prioritises transformation in its workforce, localisation and the upliftment of women. In South Africa, the focus is on B-BBEE and employment equity, and localisation in Mozambique. The upliftment of women is a priority in all four countries of operations. Targets are set by HR teams and performance against key targets are monitored, prioritising non-discrimination and equal opportunities.

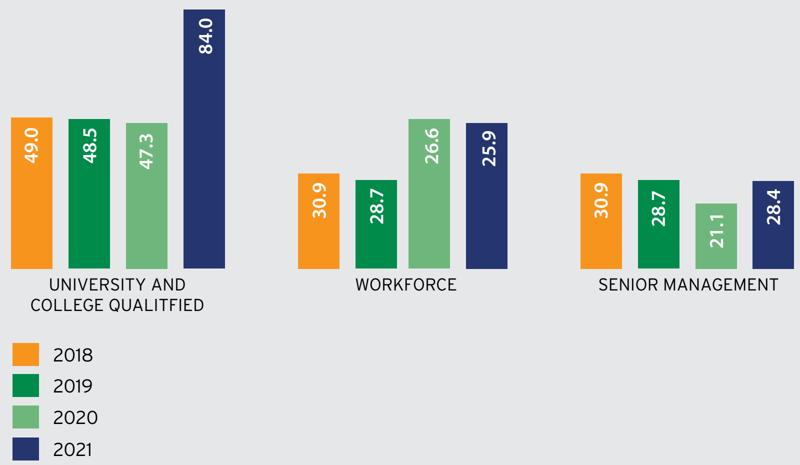
BLACK EMPLOYEE REPRESENTATION IN SOUTH AFRICA (%)

BLACK FEMALE REPRESENTATION IN SOUTH AFRICA* (%)

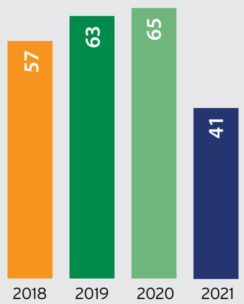


* The definition of "top management" changed in 2020 to include only Tongaat Hulett Limited Exco members, where previously it also included Board members of operating companies.

FEMALE REPRESENTATION IN SOUTH AFRICA (%)



EMPLOYEES WITH DISABILITIES



HEALTH AND SAFETY

We are committed to ensuring a safe work environment and we strive to ensure that all employees are in the best possible health to carry out their duties. "Safely home every day" is one of our core values.

SAFETY

The safety of our employees is a top priority. Safety systems and protocols are in place to mitigate the risk of harmful workplace exposures, incidents and injuries, and enforcing safe working practices by employees, contractors and suppliers receives ongoing and continuous attention. Our approach to safety has moved beyond a mechanistic and systems-driven framework to a focus on entrenching a culture of safety that influences behaviour change and enforces compliance. The approach centres around six key focus areas that aim to ensure the safety and health of our people while also caring for the environment within our stakeholder community.

SAFETY MEASURE	2021	2020	2019	COMMENT
Lost time injuries (LTI)	**36**	42	42	LTIs reduced year-on-year.
Lost Time Injury Frequency Rate (LTIFR)*	**0.093**	0.107	0.087	The LTIFR normalises LTIs for total hours worked and the decrease in the current year represents an improved safety performance.
Total Recordable Cases Frequency Rate (TRCFR)*	**1.037**	1.136	1.226	Both TRCFR and TFIR improved year-on-year and were accompanied by a decrease in both Medical Treatment Cases (MTC) and First Aid Cases (FAC) reported.
Total Injury Frequency Rate (TFIR)*	**1.331**	1.636	2.039	

FATALITIES	2021	2020	2019
Work-related fatalities Any work-related death resulting directly from an occupational incident	**1**	1	5
Non-work related deaths Death to a Tongaat Hulett employee or contractor arising out of an activity or incident that is not related to the affected person's line of duty. In 2021 these deaths were largely due to ill health.	**7**	3	3
Third-party deaths Death to a person who is not an employee or contractor of Tongaat Hulett but affecting Tongaat Hulett in some way. This incident could arise out of an activity or incident involving Tongaat Hulett employees, equipment or operations. In 2021 these deaths were largely caused by poaching on company property.	**12**	5	12

HEALTH

We value the contribution made by our employees and the company works with them to invest in their health and well-being. Employees can access primary healthcare services at on-site clinic facilities and the company supports/manages primary healthcare clinics and hospitals, mainly in Mozambique and Zimbabwe, which benefit employees and their dependants.

In January 2021, 18 857 employees were screened for various illnesses within a Certificate of Fitness programme linked to the management of COVID-19.

In addition, Tongaat Hulett actively engages with employees to build understanding and help them address non-communicable diseases, such as cardiovascular disease, cancer, lung diseases, arthritis and mental illness.

Please refer to the ESG and Climate Change Report for more information on our human capital.

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship Capital

Tongaat Hulett recognises the importance of constructive engagement with all stakeholders as a key driver of the long-term sustainability of the organisation. This is reflected in the company's mission to "build our future by creating sustainable value for all our stakeholders". Building and nurturing relationships with all our stakeholders are critical aspects of our commitment to good governance and an ethical culture, and essential to restore stakeholders' trust and the group's good reputation.

KEY INITIATIVES 2021

- Comprehensive support provided to COVID-19 relief initiatives.
- Second corporate reputation survey across five key stakeholder groups.
- Ongoing support for SED initiatives.
- Adopted a human rights policy.
- Investor and stakeholder communication centralised to ensure consistency and alignment.
- Developed a more formalised and proactive stakeholder engagement framework that assigns stakeholder engagement responsibilities to executives and formalises reporting on engagements to the Board.

WE CARE

GOOD IMPROVEMENTS IN STAKEHOLDER PERCEPTIONS AND TRUST YEAR-ON-YEAR

SPEND ON SED INITIATIVES

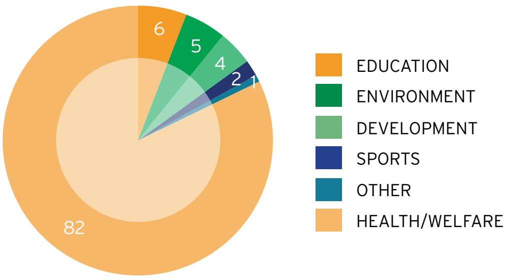
R122.4 million

(2020: R87.9 million)

COMMITTED TO COVID-19 RELIEF INITIATIVES IN COMMUNITIES, BOTH DIRECTLY AND IN PARTNERSHIP WITH GOVERNMENT

R84.21 million

SED SPEND (%)



FUTURE PRIORITIES

- Embed stakeholder engagement framework
- Continued COVID-19 partnerships
- Address learnings from reputation survey to further cement stakeholder relationships

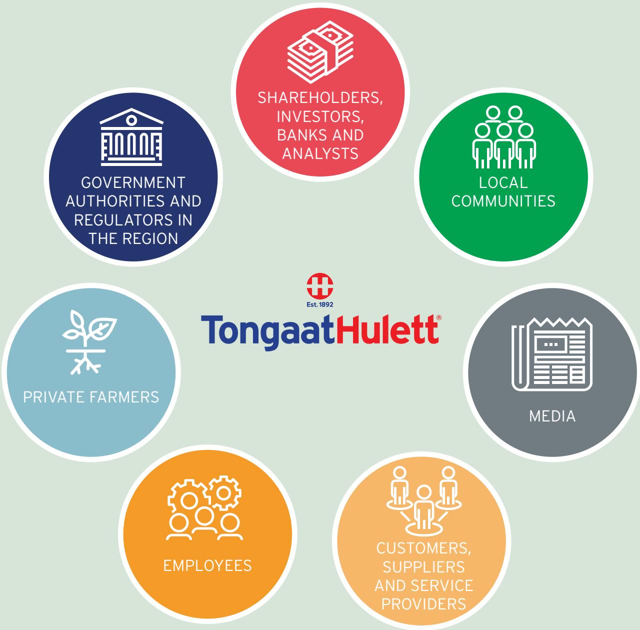
STAKEHOLDER RELATIONSHIPS

Responsibility for the oversight of stakeholder relationships is delegated to the SEHSC. The Committee regularly reviews the stakeholder engagement framework and the company's methodologies for identifying and ranking the individual stakeholders. Stakeholder workshops with appropriate registers are maintained to ensure ongoing monitoring of stakeholder relationships.

Stakeholder engagement and improving internal and external communications have been significant focus areas during the turnaround and restructuring to keep key stakeholders informed. A stakeholder engagement action plan was established at the start of the financial year and progress was reported against planned engagements. These were aligned with the changed requirements of the COVID-19 environment with most interactions shifting to remote engagements such as online meetings, webcasts, webinars and livestream remote operational site visits, as applicable. These were also informed by the results of the corporate reputation survey to address key challenges identified by stakeholders.

Please refer to the ESG and Climate Change Report for more information on our stakeholder engagement.

OUR KEY STAKEHOLDERS



SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

MEASURING OUR PROGRESS IN RESTORING OUR REPUTATION

In the first quarter of 2021 Tongaat Hulett commissioned Ipsos, an independent market researcher and public opinion company to conduct a corporate reputation survey across key focus areas. The survey sampled employees and other stakeholders, including shareholders, customers, suppliers and the media. The results of the survey provide an external assessment of our progress against the same survey conducted at the start of 2020, offering insight into our position relative to our peers and highlighting areas for improvement to further refine our engagement strategy. The results showed improvements across most of the metrics surveyed and indicated that 89% of stakeholders and 91% of employees sampled believe that Tongaat Hulett is going in the right direction. Areas for improvement raised by the survey are being assessed so that these can be addressed.

ENGAGEMENT WITH INVESTORS REGARDING ESG

Meetings were held with shareholders holding 43.6% of Tongaat Hulett's shares in February 2021 to understand their ESG requirements and priorities in assessing the company. An update of the company's ESG performance was presented as well as an overview of Tongaat Hulett's journey from compliance and reporting to embedding ESG in the organisation to manage risk and improve operational efficiency. The feedback received was assessed against the company's current and planned initiatives to ensure that these are addressed as we continue to refine our ESG initiatives and reporting

Please refer to the ESG and Climate Change Report for more information on our social and relationship capital.

HIGHLIGHTS OF THE 2021 CORPORATE REPUTATION SURVEY

REPUTATION PYRAMID

Measuring key reputational performance areas

S +12%	E +21%	**ADVOCACY** Cognitive measure of reputation. Those who speak positively about the company
S +8%	E +17%	**TRUST** Cognitive measure of reputation. Those who believe they can trust the company
S +20%	E +11%	**FAVOURABILITY** Emotive measure of reputation. Those who have a positive opinion about the company

E = Employees
S = Stakeholders

REPUTATION / TRUST INDEX
Using trust to measure reputation

STAKEHOLDERS 18%

EMPLOYEES 26%

ADVOCACY SCORE
Respect and overall positive perception

STAKEHOLDERS 12%

EMPLOYEES 12%

S 89%
E 91%

We believe that Tongaat Hulett is moving in the right direction

SED SPEND INCREASES TO R122.4 MILLION IN 2021

Tongaat Hulett is committed to the well-being and sustainable development of the communities in which we operate. Our investment in SED supports projects that aim to drive sustainable rural and local economic development and work in collaboration with our communities, governments and other stakeholders. Programmes are designed to meet the needs of the unique dynamics of local communities and align with the societal and national development priorities of the areas in which we operate. They also incorporate and contribute towards the achievement of the priority issues contained in the SDGs.

Key elements of SED spend for 2021 included healthcare, education and environmental projects.

B-BBEE IN SOUTH AFRICA

The company has a strong track record of actively contributing to building a more prosperous society and, while the previous Tongaat Hulett B-BBEE structure collapsed, the group continues to actively look for alternative ways to make a meaningful impact with the goal of reinstating the B-BBEE position of the group in the foreseeable future. We have set ourselves appropriate targets to make visible progress in the makeup of our people, leadership, shareholders and those actively involved in Tongaat Hulett.

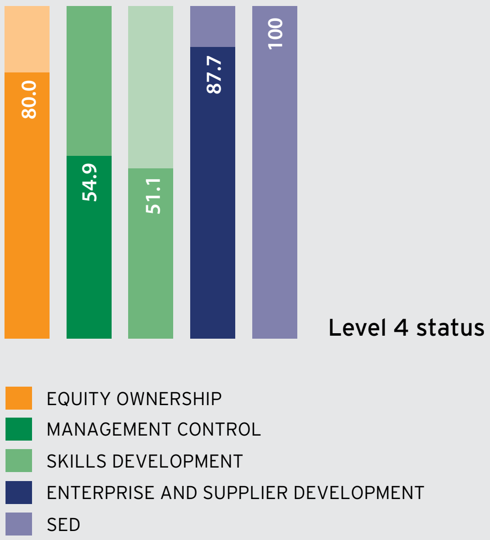
SUSTAINABLE AGRICULTURE

As part of our inclusive growth objective, Tongaat Hulett continues to support small-scale farmers in partnership with governments and other stakeholders.

Small-scale farming is an integral part of our supply chain and an important enhancer of local economies that provides employment, income and poverty eradication in rural communities, and represents an important opportunity to draw women and youth into the economy.

Please refer to the case studies on pages 40 and 41 for more on these initiatives.

B-BBEE SCORECARD PERFORMANCE 2020 (%)



INTELLECTUAL CAPITAL

Intellectual Capital

Tongaat Hulett's intellectual property (IP) is protected through employment contracts and confidentiality agreements and/or licence agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. In our sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys.

Our IP is protected by employment contracts and confidentiality agreements and/or licence agreements with external parties that establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. The sugar operation's portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately obtaining provisional patents, with targeted national and international patenting.

WE SUCCEED THROUGH EXCELLENCE AND INNOVATION

REGISTERED PATENTS

2

REGISTERED TRADEMARKS

704

DOMAINS

44

WE ACHIEVED STRONG MARKET SHARE GROWTH IN SOUTH AFRICA AND MOZAMBIQUE IN 2021

THIRD-PARTY CERTIFICATION

Our operations subscribe to and are certificated in terms of various internationally recognised management systems and/or specifications. Third-party certifications include:

- ISO 45000
- ISO 14001
- SANS 16001
- ISO 22000
- FSSC 22000

KEY INITIATIVES 2021

- Effective engagement with governments on policies and partnerships.
- Robust communication with investors and funders to protect the financial capital base.
- Retention of third-party certification.
- Growing market share responsibly through innovation and the development of high-quality products.
- Rebranding of Voermol®.

FUTURE PRIORITIES

- Brand refresh for Huletts Sunsweet® in Zimbabwe.
- Develop an Intellectual Property Management framework.

BRANDS

Tongaat Hulett's brands hold leading positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products. The business' major food and animal feed brands are highlighted on the right:

	HULETTS® WHITE SUGAR BROWN SUGAR	Market leader in South Africa over 125 years in the market
	NON-NUTRITIVE SWEETENERS	One of the top non-nutritive sweetener brands in South Africa
	HULETTS SUNSWEET® WHITE SUGAR BROWN SUGAR	Market leader in Zimbabwe
	VOERMOL FEEDS® ANIMAL FEEDS	Market leader in the molasses and pith-based animal feeds industry in South Africa
	BLUE CRYSTAL® WHITE SUGAR BROWN SUGAR	Market leader in Botswana

INTELLECTUAL PROPERTY

Tongaat Hulett holds two patents registered in Australia, Brazil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and the USA. It is a proprietor of 704 registered trademarks (with 73 pending) in Australia, Botswana, Lesotho, Namibia, New Zealand, Philippines, South Africa, South Korea, Eswatini, Taiwan and the United Arab Emirates. The company has 44 domain names registered to it.

Please refer to the ESG and Climate Change Report for more information on our intellectual capital.

NATURAL CAPITAL

Natural Capital

As a significant user of environmental resources, Tongaat Hulett is committed to the responsible use, protection, and conservation of the environment.

KEY INITIATIVES 2021

- Improve quality of data management systems for the reporting of key environmental indicators.
- Progress on planning for effluent plant at Maidstone facility.
- Improved processes to manage carbon tax payment.
- Identified the business's key climate change risks.
- Develop and implement an electronic incident reporting and investigation management system.
- Implement ISO 45001 at all operations.
- Progressing the implementation of technical initiatives to reduce the air quality impacts at the milling operations.
- Continual identification and diversion of re-usable waste from land fill.

FUTURE PRIORITIES

- Complete construction of effluent treatment facilities at all mills.
- Improve water efficiency by 5% by 2025.
- Improve energy efficiency by 5% by 2025.
- Improve carbon efficiency by 5% by 2025.
- Improve waste efficiency by 5% by 2025.
- Maximise alternatives available to reduce carbon tax payment including use of alternative fuels.
- Implement additional mitigation plans to further reduce the impact of climate change risks.
- Reduce the number of LTI's and number of days lost due to LTI's by 10% by 2025.
- Conversion of existing lawful authorisations to integrated water use licences at Felixton, Amatikulu and Refinery.

CLIMATE CHANGE

Tongaat Hulett has been mindful of its need to reduce harmful emissions into the air we breathe, the water we use for irrigation, and the land we use to grow sugarcane and other agriculture produce. Wherever possible, systems and processes have been developed to reduce our reliance on fossil fuels such as coal and diesel in the boilers required to produce sugar, while additional efforts have been made to reduce the amount of water, we require to irrigate cane on our farms, or to be used in cane milling and refining.

WATER

Tongaat Hulett consumes a significant amount of water every year. In the absence of water, sugar cannot be produced. Tongaat Hulett sources its water from rainfall where possible. In 2021, only 77 858 hectares of land (44.4% of the 175 043 hectares of land used for growing cane) required irrigation from various water sources such as rivers, streams and boreholes.

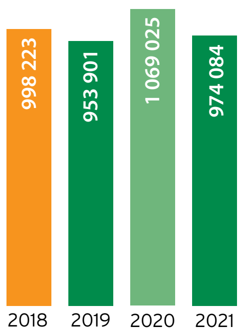
The total volume of water consumed by the company is the sum of all water used to irrigate fields where rainfall is insufficient to meet cane demand for water, together with all water used in processing or production. This includes processing and refining sugar, ethanol production at Triangle, and the production of animal feed at Voermol in South Africa.

WATER EFFICIENCY: WATER USED PER TONS OF SUGAR PRODUCED (m³)

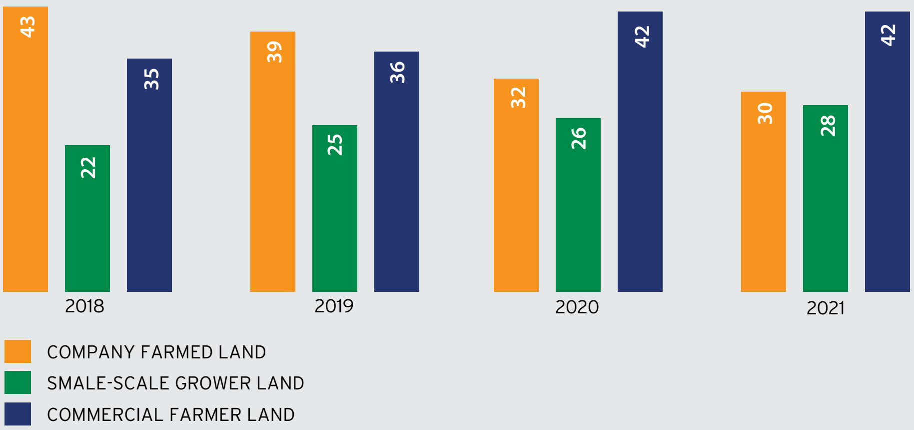
CARBON EMISSIONS

Wherever possible, Tongaat Hulett manages its impacts on air quality through a variety of monitoring tools such as visual inspections, sample testing of smokestacks, testing for particulate matter in materials captured within dust buckets placed strategically around our operations, and through the active engagement of interested and/or affected stakeholders surrounding our operations.
We reduce our demand for energy consumption per ton of sugar produced through improvements to plant and machinery.

TOTAL SCOPE 1 AND 2 EMISSIONS (TONS OF CARBON DIOXIDE EQUIVALENTS, CO^2-E)



SOURCE OF CANE TO COMPANY MILLS (%)



GROWING SUGARCANE

Tongaat Hulett has long held the view that the appropriate management of land is a critical requirement for the ongoing sustainability of the company. It is not, nor ever has been, in the best interests of the company, its shareholders, or the communities around which cane is grown to ignore the need to manage cane growing land with a sustainability-rooted forever mindset.

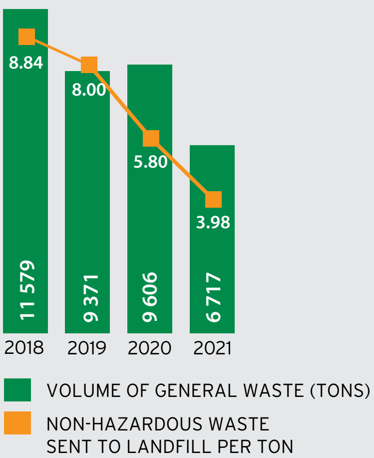
This forever attitude is shared by Tongaat Hulett and its many cane growing partners, noting that of the 175 043 hectares of land farmed in 2021, only 30% was farmed by the company itself, while 42% was farmed by large-scale commercial growers and 28% was farmed by company-supported small-scale growers (SSGs).

MANAGING WASTE

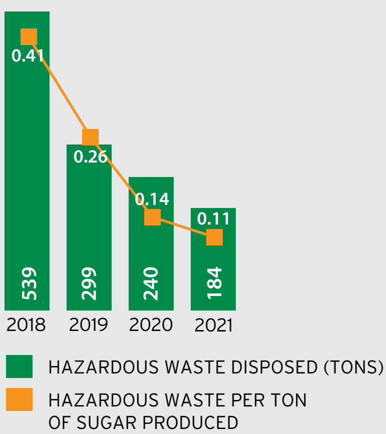
The management of hazardous and non-hazardous waste at all operations is an ongoing area of specific management focus. While the company maintains a zero tolerance policy for improper management of hazardous waste, and is in full compliance to this commitment, the management of non-hazardous waste still presents potential for further improvements. The ultimate goal is "Zero Waste to Landfill".

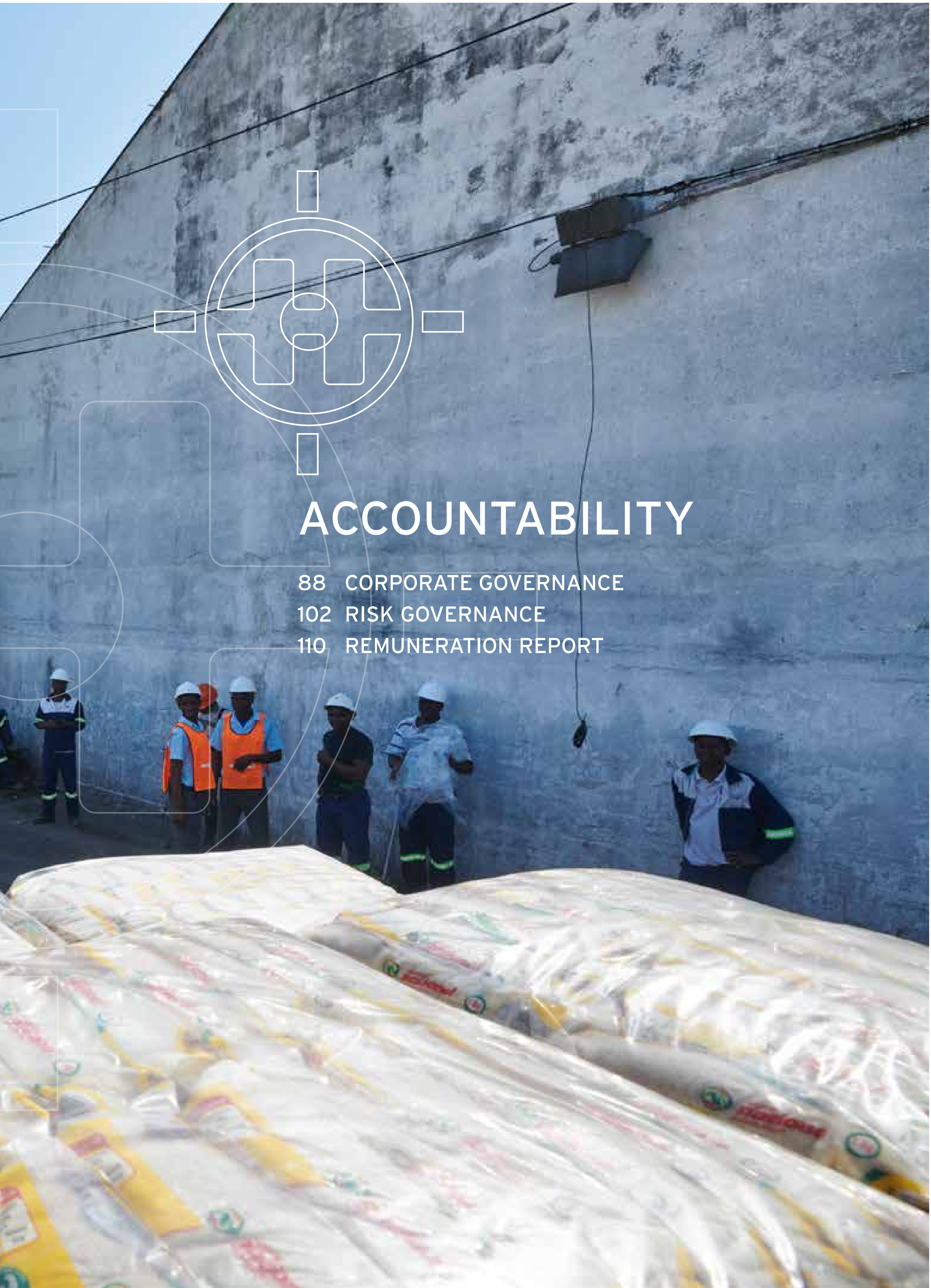
Strong improvements

NON-HAZARDOUS WASTE EFFICIENCY



HAZARDOUS WASTE EFFICIENCY





ACCOUNTABILITY

88 CORPORATE GOVERNANCE
102 RISK GOVERNANCE
110 REMUNERATION REPORT

CORPORATE GOVERNANCE

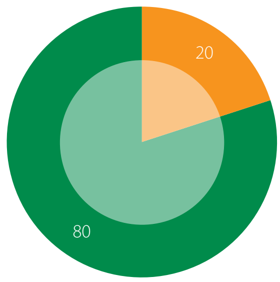
It is Tongaat Hulett's certain conviction that good corporate governance plays a critical role in delivering an ethical culture, good performance in terms of profit, planet and people, effective control, trust and legitimacy. The group is committed to the highest standards of business integrity, ethical behaviour and accountability, in the firm belief that the way we approach governance and leadership supports Tongaat Hulett's overall value creation process.

Governance in Tongaat Hulett is applied in accordance with the requirements of the King Code on Corporate Governance (King IV^{TM}) as well as within the governance-related requirements of the Companies Act, the JSE Listings Requirements and other applicable laws.

The Tongaat Hulett Board of directors plays a pivotal role in effective leadership – in setting the moral tone and determining the ethical standards that are entrenched into the internal controls, policies, terms of reference and overall corporate governance processes that ensure adequate oversight and control. The Board is responsible for setting the strategic direction of the group, ensuring that the necessary structures and processes are in place to achieve the strategy and agreeing on appropriate indicators to measure the group's performance against its strategic objectives. The Board is also ultimately responsible for rebuilding the trust of our stakeholders and ensuring the protection of Tongaat Hulett's social licence to operate.

Structures of delegation allow for the assignment of authority while enabling the Board to retain effective control. To improve oversight and risk management in the group, Tongaat Hulett introduced additional Board Committees in the prior year and reinforced the focus on SHE by splitting oversight between the Risk, Capital and Investment Committee and the Social and Ethics, Health and Safety Committee. The company also embedded a comprehensive ethics management programme which includes a whistle-blowing service, ethics reporting and internal audit reviews which report on trends, root cause analyses and financial impact of ethics violations. Tongaat Hulett upholds zero tolerance for unethical behaviour.

BOARD TENURE (%)



ONE TO TWO YEARS
TWO TO THREE YEARS

COMPANY SECRETARY

The Company Secretary, Johann van Rooyen, is responsible for carrying out all the duties of a Company Secretary as prescribed by section 88 of the Companies Act, King IV™ and the JSE Listings Requirements, which he is appropriately empowered by the Board to fulfil. He is also responsible for overseeing the legal, secretarial, governance, compliance, risk management and insurance functions. Johann holds a BProc and MBA, was a practising attorney and legal advisor for 22 years and is considered by the Board to be suitably qualified to carry out his functions.

All directors have access to the professional services and support of the Company Secretary, inter alia, concerning legal, corporate governance and compliance matters. In accordance with the JSE Listings Requirements, the Board carried out a formal annual evaluation of the Company Secretary's performance during the year under review, which was favourable. The Board also evaluated and concluded that the Company Secretary retains an arm's length relationship with the Board, having regard to the fact that:

- he is not a director or a major shareholder of the company or any of its subsidiaries;
- he is not related to, or in any other manner connected with, any of the directors in any manner which could cause there to be a conflict of interest;
- he is independent of management;
- he does not have extensive executive duties and responsibilities in addition to the core responsibilities of a Company Secretary;
- he is empowered by the Board to act as the gatekeeper of good corporate governance;
- he is not a party to any major contractual relationship which may affect his independence; and
- no matters are affecting the Company Secretary's ability to, adequately and effectively, perform his company secretarial duties.

The Board concluded that the Company Secretary continues to be competent to perform his duties as such and is a fit and proper person to hold the position.

JSE SPONSOR

Investec Bank Limited is appointed as the company's sponsor, in compliance with the JSE Listings Requirements.

APPLICATION OF THE KING IV™ PRINCIPLES

We are mindful of the achievement of ultimate good governance outcomes in King IV™, namely an ethical culture, sustainable value creation (for the business, our people and our environment), effective control and legitimacy. We therefore implement governance practices with the aim to meet these overarching outcomes as well as the described outcome in each King IV™ principle.

The Board is of the view that the King IV™ principles have been applied in a manner that achieves the outcome of each principle.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Leadership

Principle 1: The Board should lead ethically and effectively

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 Conduct and Business Ethics (the Code), Committee terms of reference and established policies and practices creates a framework for effective leadership premised on an ethical foundation. All directors and employees are expected to conduct themselves in alignment with this Corporate Governance Manual. New employees receive an induction in the first week of employment and an awareness and training campaign form part of an annual confirmation of compliance.

The Board Charter outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the company and ensure an appropriate balance of power and skills. A Code of Conduct for dealing in listed securities and price-sensitive information outlines policies and practices of directors' dealings in securities. Directors are required to annually confirm compliance with the codes of ethics and conduct and all employees are required to apply the highest moral standards in their business dealings.

Key focus areas for FY2021

- Additional changes were made to the Board in 2021 to bring further skills, experience, diversity and independence for the Board to effectively discharge its governance role. David Noko and Louisa Stephens were appointed to the Board as independent non-executive directors on 1 July and 15 July 2020 respectively.
- Following a market review and assessment of auditing firms by the Audit Committee and the Board, EY was appointed as the Company's external auditors, with Mrs Merisha Kassie as the designated audit partner, for the financial year ended 31 March 2022, subject to shareholders' approval at the 2021 AGM.
- The Board was closely involved in the finalisation of the various disposals during the financial year and in managing the Material Adverse Change (MAC) dispute with Barloworld in the starch transaction.
- The Board guided Tongaat Hulett's response to the COVID-19 pandemic.
- The Board reviewed and agreed on the rolling five-year strategy of the business.
- The Social and Ethics Committee monitored compliance with the Fraud Risk Management strategy that was rolled out during the year, as well as the new Anti-Bribery and Corruption programme.
- Annual compliance confirmations from all employees are in the process of being implemented through a digital GRC platform.

Future focus areas

- Continue to monitor performance against a comprehensive Business Intelligence KPI dashboard of financial and non-financial performance targets.
- Continue to embed the GRC platform.
- Continue with the governance journey which started in 2020.
- Continue to consider initiatives and transactions to reduce Tongaat Hulett's debt burden.
- Consider capital and funding requirements for Tongaat Hulett's growth ambitions.

Organisational ethics

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

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 and Compliance Committee and Social and Ethics Committee, exercises ongoing oversight of the effective management of the ethics programme, 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, conflicts of interest which includes a Gifts Policy and managing relationships with stakeholders (including a supplier code of conduct), anti-competitive behaviour and whistle-blowing mechanisms. It also includes independently monitored reporting lines at all operations across geographic locations, the company's stance against the intimidation and/or victimisation of whistle-blowers, and anti-corruption policies, amongst others.

Tongaat Hulett's ethics programme elements include leadership commitment, governance structures, corporate citizenship direction and focus, codes and policies and effective reporting mechanisms.

Tongaat Hulett has also initiated a comprehensive programme aimed at repositioning the corporate culture towards greater personal responsibility, the highest standard of ethical behaviour and a safe environment within which to raise ethical and other concerns.

More detail is provided in the Chairman's report and the Report of the Risk, SHE, Social and Ethics Committee, as well as the ESG and Climate Change Report.

The Code is available on the website and is referenced in employee and supplier contracts.

Key focus areas for FY2021

- A set of new values were rolled out across the group and various initiatives are being implemented to firmly embed these values in the organisation.
- The Board continued to enhance the governance of ethics by more effective oversight, reporting, reconsideration of policies, practices and processes to instil ethics and address instances of unethical behaviour, where necessary. Tongaat Hulett makes use of Deloitte's Tip-Offs Anonymous service to provide stakeholders across all regions of operation with a vehicle through which to report unethical behaviour. The group also clearly communicates its zero tolerance approach towards illegal and unethical activities in its engagements with employees, suppliers, regulators and other third parties.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP CONTINUED

Organisational ethics continued

- A new Fraud Risk Management framework and Anti-Bribery and Corruption policy were implemented in the current year. The business has reinvigorated the strict application of consequence management in accordance with its current frameworks and policies.
- A Corporate reputation survey conducted in the past year highlighted that stakeholders now perceive Tongaat Hulett to be more ethical. According to the survey, governance remains the most influential driver of reputation, followed by stakeholder engagement.

More detail is provided in the Chairman's report and the Report of the Risk, SHE, Social and Ethics Committee, as well as the ESG and Climate Change Report.

Future focus areas

- Continue with initiatives to embed the desired values in the organisation.
- Consider actions necessary to address the findings of the Corporate reputation survey.
- Continue to take accountability for past actions and pursue remedies where appropriate.
- Continue to fully cooperate with the authorities and regulators to finalise the investigations into previous management conduct.

Responsible corporate citizenship

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

Tongaat Hulett's responsible corporate citizenship is premised on a broader context and is informed by various initiatives, including the United National Global Compact, 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 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 and public health.

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.

As part of our efforts to enhance our sustainability framework, an intense effort has in the past year gone into identifying areas where the health and welfare of our employees and community members, the sustainability of our suppliers, contractors and other partners, and the protection of the natural environment in which we operate can be improved while continuing to focus on shareholder value. Many process improvements have been implemented to engrain our ESG approach.

We remain committed to contributing towards the well-being and sustainability of the communities in which we operate through carefully developed and customised programmes for each locality. The Group has further increased its community support in recent times, given the challenges related to COVID-19.

Refer to the ESG and Climate Change Report on the website for more on the sustainability strategy.

More information about our COVID-19 response is discussed in the Chief Executive Officer's report

Key focus areas in FY2021

- Monitoring of the impact of the COVID-19 pandemic and Tongaat Hulett's response to support our employees, suppliers and communities.
- The ESG agenda received renewed focus and a new sustainability management framework was introduced.
- Most of the identified gaps in ESG policies have been addressed, with a Responsible Sugar Consumption Policy being approved, amongst others.
- Implementation commenced of a new SHE/Sustainability Data Management System.
- Intensified stakeholder engagement and continuous transparency, communication and disclosure to strengthen the trust and support from material stakeholders.
- The Social and Ethics Committee approved the business to re-join the UNGC and the membership fees were paid.

Future focus areas

- Our COVID-19 response will continue to be monitored and adapted to the changing needs as the pandemic evolves.
- A clear stakeholder engagement programme is being developed with plans to be executed across the business.
- Finalisation of further ESG policies is in process, including a Responsible Agri-Chemical Use Policy. The new ESG data management system, SD Toolkit will be rolled out and embedded
- The company will continue to manage and reduce its environmental footprint and maintain its land for the benefit of the company and society.
- The 10 Principles of the UNGC will be tested within the organisation and approved before being communicated as part of the Integrated Annual Report suite.

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

The Board Charter outlines the Board's responsibility for the organisational performance by steering and setting the direction for the realisation of the organisation's 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.

Key focus areas in FY2021

- Efforts continued in the past year to embed the right organisational structures, processes and capacity for sustainable value creation.
- The Board approved and oversaw the implementation of transformational partnerships.
- A Board and Exco strategy session was held to update and agree to the rolling five-year strategy of the business
- The Strategy, Transformation and Operations Committee provided a dedicated focus on performance and strategy execution, assisted by a comprehensive Business Intelligence KPI dashboard of financial and non-financial performance targets.
- The Board and Exco reviewed an innovation funnel and relevant business cases to consider projects to diversify the organisation's revenue streams and enhance its profitability.
- More information about our actions in the past year is provided in the Chairman's report, the Chief Executive Officer's report, the Divisional reports as well as the ESG and Climate Change Report.

Future focus areas

- Development and monitoring of key performance measures and targets for all levels.
- The further entrenching of a new performance management system for employees to measure performance and set out goals aligned to support and achieve the strategic objectives of the company.
- Monitoring the execution of operational plans by the Strategy, Transformation and Operations Committee.

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

The Board endorses the principles of transparency and accountability in its Charter as well as the Code of Business Conduct. This sets the tone for how the company reports in terms of its strategy, business performance, prospects and outlook.

The Integrated 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 as well as non-financial performance for the reporting period, with comparative data where applicable. In addition, corporate governance disclosures, ESG and Climate Change Reports, the King IV™ compliance register and annual financial statements amongst others are published on the company's website.

The Board, through the Audit and Compliance Committee, oversees the integrity of external reports. This is achieved by ensuring that the various internal assurance functions and external assurance providers synchronise efforts to assure key elements of this report, but also the control environment that supports the business and information for internal decision making.

More detail is provided in the Audit and Compliance Committee report in the Annual Financial Statements.

Key focus areas in FY2021

- More regular and transparent communication, both at an internal and external stakeholder level, was high on the agenda of the Board.
- The Integrated Annual report was again benchmarked against the requirements of King IV™, the IIRC, <IR> Framework and the SDGs, to close any disclosure gaps.
- Tongaat Hulett this year for the first time, produced a combined ESG and Climate Change Report to support the company's suite of Integrated Annual Reporting documents, but also to provide step-change improvements in the depth and breadth of our ESG disclosures.
- BDO was appointed to assure our new ESG and Climate Change Report and other independent service providers provided external assurance on various elements of the Integrated Annual Report to strengthen stakeholders' conviction in our reporting.
- Intensified engagement with our employees, our lenders, the communities in which we operate, our regulators and the market continued.
- An independent reputational survey was conducted to measure stakeholders' perceptions and the success of our engagement processes and highlight areas of concern from stakeholders.

Future focus areas

- Integrated Annual Report session as part of an annual Board strategy session to ensure the governing body has early input into the Integrated Annual Report to enhance the quality of our reporting.
- Ensure that all required reports are issued and meet the legitimate and reasonable information needs of material stakeholders.
- Further implementation and monitoring of the stakeholder engagement programme.

More information can be found in the Stakeholder relationships section on page 79.

GOVERNING STRUCTURES AND DELEGATION

Shareholders and other stakeholders
Board of directors

Audit and Compliance Committee

- Financial reporting
- Internal audit
- External audit and other assurance
- Risk oversight
- Integrated reporting
- Technology and information
- Compliance

Nomination and Directors Affairs Committee

- Nomination process
- Composition of the Board
- New directors' appointment and induction
- Succession planning
- Board diversity

Remuneration and Human Resources Committee

- Remuneration policy to address stakeholder needs
- Align executive remuneration with company goals
- Exco succession planning

Strategy, Transformation and Operations Committee

- Review and monitor execution of strategic plan
- Business intelligence
- Operational efficiency
- Cost management

Social, Ethics, Health and Safety Committee

- Implementation monitoring of new Fraud Risk Management framework
- Ensuring and monitoring the culture of ethical leadership
- Monitoring, oversight and decision making for all matters pertaining to safety, health and environmental risks
- Monitoring the company's stakeholder interface

Risk Capital and Investment Committee

- Oversight of control environment and risk management
- Capital investment oversight

Property Advisory Board

- The responsibility of this Board is advisory only
- Evaluating and recommending approval of the long-term strategic plan
- Advice on the optimal capital structure for Tongaat Property operation
- Quarterly business review
- Advice on skills and capabilities

Chief Executive Officer

Senior Executives

GOVERNING STRUCTURES AND DELEGATION CONTINUED

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

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 plans that give effect to the direction provided; oversee and monitor implementation and execution by management and ensure accountability for organisational performance using other reporting and disclosure.

Key focus areas in FY2021

- The governance structure for the group, various Board Committees, its composition and the terms of reference for each were considered and approved.
- Appointment of the Property Advisory Board to guide the management of the property operation.
- The Board scheduled several additional and ad hoc meetings to remain appraised of all developments in the business and in dealing with legacy matters as well as to assist management to deal with key matters and decisions.
- The Board considered high-risk areas of the business, including the internal controls, governance, execution ability of projects, as well as human capital capacity constraints.
- Country risks were an important consideration.
- Internal Board and sub-Committee evaluations were completed.

Future focus areas

Please refer to Principle 1 and 2 on page 90 for focus areas.

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

The Board Charter, as well as the terms of reference of the Nomination and Directors Affairs Committee, set out the Board's responsibility for its composition, effective functioning, skills requirements, diversity policy at the 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.
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 concerning the balance of power and authority; appointment of CEO and Chairman process; policy on the promotion of diversity on the Board and disclosed in the AGM. the resumés of each director standing for election or re-election.

The 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 graphs on the next page reflect a diversified Board.

Key focus areas in FY2021

- The Board reviewed and approved the Board Diversity policy. The voluntary targets set are that at least 40% of members of the Board should be individuals from previously disadvantaged backgrounds and 30% should be women. At this stage, we have attained one of the two targets and will continue to pursue the other.
- A medium-term target to be achieved in 2022 would be for the Board to be represented by 50% of members from previously disadvantaged backgrounds.
- The Board and executive capability and capacity were bolstered by two further Board members and senior management appointments.
- A significantly restructured Board is now in place. This was not only to enhanced independence but also improved the balance of skills, experience and diversity of the Board.

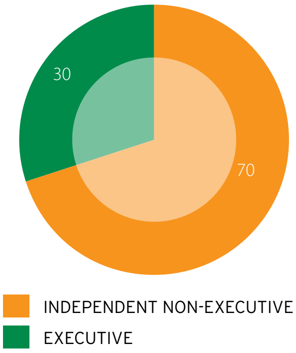
Future focus areas

- Progress with diversity targets as set out in the Board Diversity policy.
- Independent assessments and skills audits will be performed on the Board collectively and individual directors, from time-to-time.

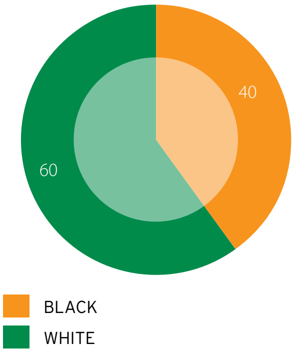
GOVERNING STRUCTURES AND DELEGATION

Composition of the Board

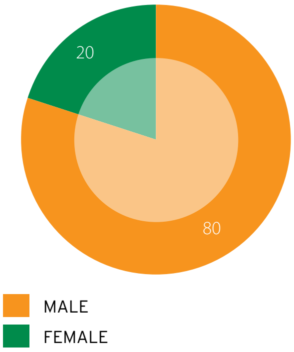
STRUCTURE (%)



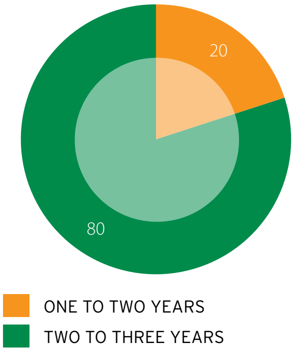
RACE (%)



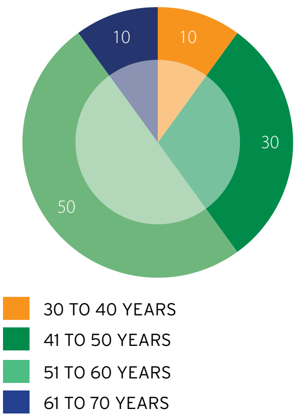
GENDER (%)



TENURE (%)



AGE (%)



GOVERNING STRUCTURES AND DELEGATION CONTINUED

Committees of the Board

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

The Board maintains a formalised delegation process to Committees and management through the Board Charter, terms of reference of Committees, and the Delegation of Authority framework.

The Board considers the allocation of roles and responsibilities in the comprehensive terms of reference, with the Nomination and Director Affairs Committee and Board applying their mind on the composition of the various Committees. Each of the Committees has the appropriate knowledge, skills and experience to execute its duties as can be seen in the various resumés of the members of the various Committees.

Please refer to page 20 for resumés of our Board of directors.

The company complies with paragraph 3.84 of the JSE Listings Requirements concerning the constitution and roles and responsibilities of the Audit and Compliance 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 in the Integrated Annual Report.

The executives serve on Committees in some instances, but most of the Committee members are independent non-executive directors.

Key focus areas in FY2021

- The Board established several new Committees in 2020 to provide sufficient focus on critical aspects of the business. These include the Strategy, Transformation and Operations Committee, Legal and Regulatory Committee and the Risk, Capital and Investment Committee.
- The various Board Committees, their composition and the terms of reference for each were considered and approved in 2021.
- The Directors Affairs and Nomination Committee again considered and approved the current governance structure of the group and conducted a Committee analysis to ensure that no duplication of effort is present and ensure clear roles and responsibilities to ensure a complementary approach.
- The Board maintained the recently established Property Advisory Board for the property division to oversee the overall strategy and execution of the property operation as well as the operating model. The Property Advisory Board has two external advisory members, all of which have a significant amount of experience in the property industry.

Future focus areas

- The Board will continue to focus on succession planning.
- The Board will continue to focus on strengthening the finance function.

Refer to the ESG and Climate Change Report on the website for the Social and Ethics, Health and Safety Committee report.

BOARD COMMITTEE ATTENDANCE

AUDIT AND COMPLIANCE COMMITTEE	
Chairman	
L de Beer	5/5
Members	
JJ Nel	5/5
RM Goetzsche	5/5
Attendees	
JG Hudson	5/5
RD Aitken	5/5
L von Zeuner	5/5

REMUNERATION AND HUMAN RESOURCES COMMITTEE	
Chairman	
AH Sangqu	4/4
Members	
RM Goetzsche	2/2**
D Noko	3/3*
L Stephens	2/2*
Attendees	
JG Hudson	4/4

SOCIAL AND ETHICS, HEALTH AND SAFETY COMMITTEE	
Chairman	
D Noko	2/2
Members	
AH Sangqu	3/3
DL Marokane	3/3
Attendees	
JG Hudson	3/3
L von Zeuner	3/3

* Appointed July 2020
** Resigned January 2021

TONGAAT HULETT BOARD	
Chairman	
L von Zeuner	5/5
Members	
L de Beer	5/5
JJ Nel	5/5
RM Goetzsche	5/5
AH Sangqu	5/5
D Noko	4/4*
L Stephens	4/4*
JG Hudson	5/5
RD Aitken	5/5
DL Marokane	4/5

RISK CAPITAL AND INVESTMENT COMMITTEE	
Chairman	
JJ Nel	4/4
Members	
L de Beer	3/3
JG Hudson	4/4
L Stephens	3/3*
RD Aitken	4/4
Attendees	
L von Zeuner	4/4
DL Marokane	4/4

NOMINATION AND DIRECTORS AFFAIRS COMMITTEE	
Chairman	
L von Zeuner	4/4
Members	
L de Beer	4/4
JJ Nel	4/4
RM Goetzsche	4/4
AH Sangqu	4/4
D Noko	3/3*
L Stephens	3/3*
Attendees	
JG Hudson	4/4

STRATEGY, TRANSFORMATION AND OPERATIONS COMMITTEE	
Chairman	
RM Goetzsche	4/4
Members	
JJ Nel	4/4
DL Marokane	4/4
Attendees	
JG Hudson	3/4
L von Zeuner	3/4
RD Aitken	4/4

GOVERNING STRUCTURES AND DELEGATION CONTINUED

Evaluations of the performance of the Board

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

The Board is fully committed to a formal self-assessment process of the Board and its Committees.

The Board and the Committees will specifically consider the independence of directors and their other commitments when they are first appointed.

Focus areas in FY2021

- Internal Board skills assessments were conducted to ensure that the Board Committees have the appropriate skills and balanced distribution of power.
- Ongoing Board training programme
- Director and sub-Committee assessments.
- Training and development for all directors including directors of subsidiaries.

Future focus areas

- Continue to focus on training of the directors in subsidiaries.
- External assessment of the Board and Committees.

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.

The CEO is appointed by and accountable to the Board and is responsible for the implementation of Board-approved strategy, and for the performance of the Exco in managing and directing the operations. 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, the Property Advisory Board as well as the Legal and Regulatory Committee.

The Exco is chaired by the CEO and is composed of the CFO, the heads of the major revenue-generating divisions, as well as the support functions. The Committee is responsible for the implementation of a Board-approved strategy and the identification, management and mitigation of risk in the business. The Committee terms of reference specify limits on the Committee's authority and those areas reserved to the Board.

Specific matters and responsibilities have been assigned to the CEO, Exco and subsidiaries per the Delegation of Authority Framework.

The Board is satisfied that the Delegation of Authority Framework will contribute to role clarity and to an effective arrangement by which authority and responsibilities are exercised.

Focus areas in FY2021

- The Delegation of Authority Framework was reviewed and approved and rolled out to subsidiary Boards, the Audit and Compliance Committee as well as divisional executives.

Future focus areas

- Monitoring and checking compliance with the Delegation of Authority Framework.

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

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 Investment 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 threat and opportunity management. Reporting to and engaging with the Board on these topics is spelled out and integrated into the regular Board reports, Strategic Plans and the Budget and Business Plans, together with other specific communication when required.

The Risk policy and processes confirm the Board's commitment to effective risk management in pursuit of strategic objectives, to integrate risk management practices into critical business activities and key decision making.

The Board exercises ongoing oversight over risk management, with regular reports presented at both the Risk, Capital and Investments Committee and the Board, outlining the company's assessment of threats and opportunities emanating from the triple context in which the company operates.

The group's enterprise risk management process identifies, assesses and responds to threats and opportunities, considering the impact on its people, reputation, financial position and performance, as well as its ability to create long-term value for its stakeholders. Tongaat Hulett pursues prudent risks that it believes will generate sustainable performance and value while avoiding intolerable risks. In doing so, it aims to respond effectively by managing residual risk within defined levels and by capitalising on attractive opportunities that present themselves.

Relevant and appropriate disclosures are made in the Integrated Annual Report and the statutory report of the Risk, Capital and Investment Committee.

Focus areas in FY2021

- Further operationalisation of the Enterprise Risk Management (ERM) policy and framework.
- A "top-down" and "bottom-up" risk alignment exercise.
- The appointment and training of dedicated risk champions per operation and country.
- The implementation of a group-wide GRC platform to allow for a single view on the group's governance programme.
- Revision of the group's Business Continuity policy and framework and identification of key disaster scenarios.

Future focus areas:

- Drive fuller automation of the risk process to allow for real-time, up to date reporting.
- Enhance existing Business Continuity Plans through robust testing.
- Ensure sufficient continuity training across operations and geographies.
- Continue to enhance existing decision-making processes to incorporate fit for purpose risk assessments.

GOVERNANCE FUNCTIONAL AREAS CONTINUED

Technology and information governance

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

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 and Compliance Committee that has been delegated with the responsibility to monitor technology and information governance.

Internal and external auditors perform assessments as part of their audit on technology and information management and related controls, with reports to the Audit and Compliance Committee.

Focus areas in FY2021

- The Board identified Information Technology as an area that needed a significant amount of attention.
- An experienced CIO was appointed during the year.
- The Information Technology (IT) strategy was reviewed and approved – it focuses on three pillars, being the Enterprise Resource Planning (ERP) and business-related systems, unified communications and compliance and risk management. A combination of in-sourced, co-sourced and full outsourced services are being utilised, driven by the availability of skills in the market and de-risking exposure to niche and limited skills.
- The technology infrastructure was reviewed and mitigating actions have been implemented concerning risk areas such as security and other potential risks.
- Significant effort and progress have been made in securing the environment against threats of malware, ransomware and email security, to de-risk business interruption and financial impact.
- The function reviewed its disaster recovery and testing process and ensured that an appropriate continuity plan was in place.
- Outsourcing contracts have been reviewed and significant savings were achieved with redirecting efforts and responsibilities. This will continue into the new financial year.
- Information security and data protection policies have been reviewed and implemented to ensure compliance with applicable laws covering the collection and use of data of employees, suppliers and customers, amongst others, and to drive ethical and responsible use of technology and information
- The reconstituted Board is comfortable that good progress was made in developing the IT strategy. However, there still remains a significant amount of work to be done for the IT strategy and IT governance to function at an appropriate level.

Future focus areas

- The technology infrastructure can accommodate new ways of working and this will be explored to maximise efficiencies.
- The Strategy, Transformation and operations Committee will continue to review and advise on new technology and the application thereof.
- A shift in focus from remediation to a more forward-looking focus in the effective deployment in fit for purpose solutions.
- The adoption of less capital-intensive solutions through effective use of cloud strategy and software as a service, where applicable and cost-effective.
- Development of more effective IT partnering models with business enablement to improve efficiency and effectiveness at the core.
- Prioritisation of spend to drive business value through effective governance mechanisms.

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

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.

The company adheres to non-binding codes and complies with applicable standards that impact financial statements, all of which are discussed by the Audit and Compliance Committee.

Key legislation and regulations have been identified as legal compliance risk areas and receive ongoing management focus, with regular updates to the Board. We also comply with our MOI.

Compliance with environmental regulations is discussed at every meeting of the Social and Ethics Committee, with a report provided to the Board.

Focus areas in FY2021

- The Board is comfortable that significant progress had been made to embed a compliance culture in the organisation. More work is required, and this will be driven by a detailed compliance roadmap that will guide the implementation of various workstreams.
- A new Compliance Manager was appointed in October 2020.
- Legal compliance systems have started to be put in place and are monitored and improved regularly to mitigate the risk of non-compliance with laws. The compliance policy and manual highlight the delegation of the responsibility for implementation and execution of effective compliance to management.
- A new ESG framework was developed and approved this year to move beyond compliance and reporting to effectively entrench ESG in the organisation to manage risk and improve operational efficiency.
- The Audit and Compliance Committee has reviewed the current policies and processes to ensure sufficient compliance and this process is ongoing.

Future focus areas

- Advancing the ESG monitoring and use of data through the SHE/Sustainability Data Management System that was implemented in 2021, to effectively manage ESG compliance.
- Compilation of regulatory universe to understand the regulatory landscape and to allocate high-risk areas to the applicable Board Committees to be finalised.
- Development of Compliance Risk Management plans.

GOVERNANCE FUNCTIONAL AREAS CONTINUED

Remuneration governance

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

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 company has formulated a Remuneration policy with the following objectives

- 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; and
- To promote an ethical culture and responsible citizenship.

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 2021 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.

Focus areas FY2021

- The revised Remuneration policy was approved in June 2020 and was cascaded beyond the top executives throughout the organisation during 2021.
- Two independent remuneration benchmarking exercises were conducted in 2020 and the results were used to appropriately align Tongaat Hulett's remuneration levels.
- The Board approved a firm mandate to the Remuneration Committee to devise and agree to long-term incentives for all executives.
- Considered Turnaround Incentive payments to qualifying participants.
- Considered amendments to the Turnaround Incentive participants.
- Considered an STI property-specific target review.
- Considered retention bonuses for selected key personnel.
- Considered expatriate cash package conversion rate to local currency.

More information on the Remuneration policy and philosophy and future focus areas is available in the Remuneration report on page 110.

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.

The Board has delegated the responsibility of the arrangements relating to combined assurance and for external assurance services and internal assurance functions to the Audit and Compliance Committee. The arrangements serve to achieve the oversight to ensure an 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, still in the making, will aim to provide a framework for various assurance providers to work together to assure the Board that, taken as a whole, they support the objective of assurance.

Through the Audit and Compliance 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 and Compliance Committee reviews the scope and coverage of the internal audit function. The function is outsourced to KPMG, headed by an in-house CAE. The position of CAE is set up to function independently from management and carries the necessary authority.

Focus areas in FY2021

- The second line of defence position was significantly strengthened in the past year through the appointments of a new CAE, Chief Risk Officer, Compliance Manager and CIO.
- The internal audit structure and operating model, as well as the internal audit plan and reporting, were addressed in the current year.

Future focus areas

The Combined Assurance plan and framework being developed will consist of various layers of defence, being management, the organisation's specialist functions and subject matter experts; the internal audit function supported by KPMG and the external auditors and other assurance providers.

Through the Audit and Compliance Committee and the Risk, Capital and Investment Committee, the Board will ensure 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 is achieved. Next year's focus will be on operationalising the assurance plan and framework and the setup of functional working groups to validate the type and number of control process per risk and the establishment of quarterly health checks to monitor and report on progress made.

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.

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 approved by the Social and Ethics Committee, which was enhanced in 2021 through a formal stakeholder engagement programme and there is detailed disclosure in the ESG and Climate Change 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 highlights key concerns raised by the stakeholders and how those were addressed. Stakeholder workshops with appropriate registers are maintained to ensure ongoing monitoring of the stakeholder relationships.

Proactive engagement with shareholders takes place through the AGM and financial results events and roadshows. In addition, the CEO, CFO, executives and the Investor Relations Manager interface regularly with institutional investors and debt holders on key strategic themes through various presentations and scheduled meetings through the company's investor relations programme.

Focus areas in FY2021

- A corporate reputation survey was conducted among five key stakeholder groups. The results showed improvements across most of the metrics surveyed and indicated that 89% of stakeholders and 91% of employees sampled believe that Tongaat Hulett is going in the right direction. Areas for improvement raised by the survey are being assessed so that these can be addressed.

Please refer to the CEO report and ESG and Climate Change Report for more information.

- Tongaat Hulett's COVID-19 response included extensive engagements with employees, communities, NGOs and government to understand the needs of key stakeholders, to ensure and plan an effective response and coordinate relief efforts.

Please refer to the COVID-19 section on page 28 for more on our response.

- Adopted a Human Rights policy.
- A more formalised and proactive stakeholder engagement framework is being developed and implemented.
- Stakeholder engagement responsibilities have been assigned to specific executives.
- Formalised reporting to the Board on stakeholder engagements was introduced in the current year.

Future focus areas

- The new stakeholder engagement programme will be implemented across the business.
- Continued COVID-19 partnerships
- Address the learnings from the reputation survey to further cement stakeholder relationships

Please refer to the Stakeholder relationship section in the ESG and Climate Change Report for more information.

RISK GOVERNANCE

RISK OWNERSHIP

The Board maintains ultimate responsibility for the group's risk management process. To ensure accountability and the effective management of the group's key threats and opportunities, a Board Risk Management, Capital and Investment Committee (RCIC) has been established. The RCIC's key risk responsibilities includes ensuring that appropriate governance structures, processes and policies are in place and working in order for the business to manage risks. This includes the annual approval and review of the risk policy and framework. Secondly, the Committee is tasked with the monitoring and oversight over the group's risk management activities. Through its Committee, the Board assigns management accountability to design, implement and monitor risk management processes.

Refer to page 92 for more detail on our governance processes.

The Committee is satisfied that it has fulfilled its terms of reference as assigned to it by the Board in the current year. The RCIC's detailed terms of reference can be found at https://www.tongaat.com/.

The group applies a four-lines of defence model (depicted to the next page) that enhances the understanding of risk management and control by clarifying roles and responsibilities. The model articulates the necessary levels of risk management oversight required.

Defence model

What is it?
The model highlights the required levels of risk management oversight necessary in the business. Ultimately, when these four lines have been properly structured the business has an increased probability of being effectively managed.

Board of Directors

1 First line	2 Second line	3 Third line	4 Fourth line
Management policies	**Risk management**	**Internal audit**	**External audit**
Control frameworks and controls	**Legal and compliance**		**Other independent assurance, such as BBEEE and OHSA* audits.**
Management review	**Safety, health and environment**		
Risk ownership	**Risk Oversight**	**Internal assurance**	**External assurance**
Setting strategy, performance measurement and maintaining risks to be within the group's approved risk appetite.	Providing a formal, robust and effective risk framework to improve decision making, planning and the prioritisation of key risks.	Providing internal assurance on the overall adequacy and effectiveness of governance, risk management and control.	Providing external assurance on the overall adequacy and effectiveness of governance, risk management and control.

Industry regulators

*Occupational Health and Safety Act

Risk philosophy

Tongaat Hulett does not seek to eliminate all risk. Some risks may result in opportunities that the business may wish to take advantage of. It elects to effectively manage the uncertainty inherent in the environment through risk-awareness and control, rather than total risk aversion. In assessing whether to categorise an uncertain event as threat or opportunity, the business considers which risk response strategy would be most suited to respond to the event. Where management seeks to reduce or share the impact of an event with a third party the risk is categorised as a threat, whereas should management's intention be to expand or take advantage of the event for gain, it is categorised as an opportunity. The group's enterprise risk management process identifies, assesses and responds to threats and opportunities, considering the impact on its people, profit, integrated processes and the planet. Tongaat Hulett pursues prudent risks that it believes will generate sustainable performance and value while avoiding intolerable risks. In doing so, it aims to respond effectively by mitigating risk to the extent possible, managing residual risk within defined limits and capitalising on attractive opportunities. Tongaat Hulett views risk management as an essential business process, yet one that does not function in isolation. To be effective, it must be integrated with all business functions and performed as a key component of decision making and control.

Progress made in 2021

Building on the progress made in 2020, the risk management process has continued to evolve. In line with the implementation plan approved by the RCIC in May 2020, all of the articulated risk milestones were successfully achieved. These milestones included the implementation of various governance related policies and frameworks, a comprehensive top-down and bottom-up risk assessment, the appointment of dedicated risk champions per division and the implementation of a group-wide GRC platform. The GRC platform aims to remove risk, compliance and assurance silos and allow for a single view on the company's governance programme, thereby eliminating duplication and inefficiencies.

Current milestones in progress include the revision of the group's business continuity plans. These outputs will be applied to increase organisational resilience through the implementation and robust testing of revised continuity plans.

Setting risk appetite

A comprehensive and flexible risk process should aim to achieve a marked reduction in the group's aggregated risk exposure. In estimating an appropriate level of risk appetite, the group has established a four-step process (as depicted on the top right) as well as a scaling system (depicted on the bottom right) to help devise bespoke risk appetite statements. These statements in turn guide the identification of a selection of key risk indicators that proactively monitor the health of the company's risk profile and provide early warning signals. It is important to note here that this quantitative approach to risk management augments an already existing qualitative risk appetite, which stipulates that all threats beyond a residual rating of "high" or opportunities below "high" require a formal management response.

APPETITE SETTING PROCESS

Step 01

Set objectives

Establish strategic objectives and related risk capacities.

Step 02

Articulate appetite

Articulate appetite statements, tolerance ranges and key risk indicators per risk category.

Step 03

Monitor and report

Monitor and report on risk profile versus tolerance ranges.

Step 04

Control and correct

Calibrate appetite based on business and context changes.

APPETITE LEVELS

Risk seeking

Eager to engage with risks where the potential benefit is great. The business will accept a degree of possible failure. A risk seeking attitude is evident.

Risk acceptance

Will consider all options and select those that will likely result in success while limiting adverse impacts. A risk accepting attitude is evident.

Risk avoidance

There is an overarching preference for safe delivery while only accepting the most essential downside exposure. A risk avoiding attitude is evident.

Zero tolerance

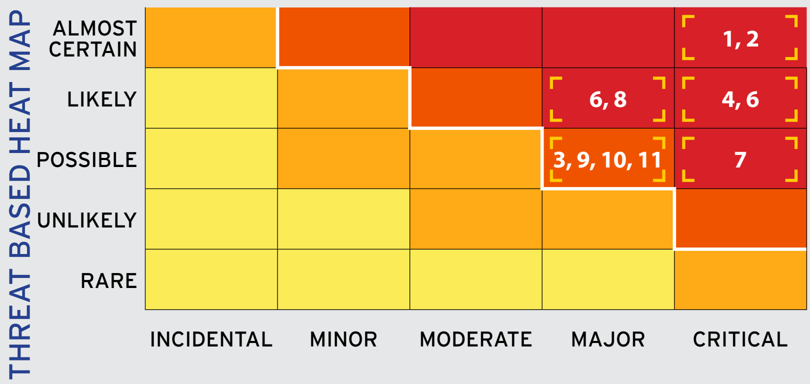
Extremely conservative with the aim of avoiding risk at all costs. A zero tolerance risk attitude is evident.

Bespoke appetite statements

Key category	Sub-risk category	Appetite statement
Planet	Environment	• The group remains deeply connected to the natural environment in which it operates. The company adopts a **RISK AVOIDANCE** appetite for taking environmental risks.
People	Performance	• The group adopts a **RISK AVOIDANCE** approach in responding to underperformance, first seeking to provide opportunities and support to drive improvement.
	Safety	• The group is committed to providing a safe workplace for all employees, visitors, and contractors. There is a **ZERO TOLERANCE** appetite for injury or any other type of harm due to inadequate safety controls.
Profit	Compliance	• The group understands the role it plays in the context of the countries and industries within which it operates. The group adopts a **RISK AVOIDANCE** appetite for non-compliance with pertinent laws and regulations it is accountable to. • There is **ZERO TOLERANCE** appetite for fraud or related misconduct. A risk may only be accepted where all legislative fraud control requirements are in place and the risk has been reduced to the point where additional controls will have a negative cost/benefit impact.
	Financial management	• The group aims to deliver positive financial results and priorities within allocated budgets and in accordance with accounting and reporting standards. As such, it has **ZERO TOLERANCE** appetite for non-compliance with accounting standards as well as relevant regulatory and legislative requirements.
Process	Product	• The group aims to produce products that meet and/or exceed required quality standards. The business appetite remains **RISK AVOIDANCE** for being culpable for product defects or missed commitments.
	Information technology	• The group faces increasing information security and cyber risks which can be malicious or unintentional. The business has a **ZERO TOLERANCE** appetite for the deliberate misuse of systems for inappropriate, illegal, or fraudulent purposes. • The group adopts a **RISK AVOIDANCE** appetite in the use of unreliable and fragmented system's information on which it bases its decision-making processes.

Current threats and opportunities

The adjacent heatmap depicts the residual risk placement of the group's 11 key threats. It is important to remember that at all times, the group seeks to mitigate only those threats that impede successful delivery of its objectives. To help ensure this is achieved, a comprehensive set of dashboards, risk trackers and in-depth risk assessments, better known as deep dives, have been introduced to better understand the risks faced and assist with the timely close out of proposed mitigations. To ensure the business remains alert to new risks, the group has introduced a set of watch lists which are revisited quarterly at the senior executive and divisional levels. These include the group's most pressing emerging threats and opportunities.
A breakdown on the groups top threats and opportunities appears in the tables over the page.



Risk appetite limit

1. Not fully deliver on financial turnaround strategy
2. Property revenue realisation and legacy issues
3. Diverse talent capability and core skills
4. Lack of fit for purpose asset care strategy
5. Inconsistent stakeholder management
6. Sourcing of non-cane raw materials
7. Business continuity management
8. Geopolitical instability and changing government policy
9. Inefficient and ineffective IT platforms
10. System breaches and cyber-attacks
11. Broad legislative non-compliance

RISK GOVERNANCE CONTINUED

Key: Planet People Profit Process

No	Key category	Capital affected	Risk*	Description	Residual risk rating
					Threats
1		Financial Capital	Inability to fully deliver the financial turnaround strategy	Elevated debt levels remain one of the group's most substantial threats. This remains a going concern matter that receives ongoing monitoring and management attention.	▼△ VH · H · M · L
2		Financial Capital	Property revenue realisation and legacy matters	The group faces a significant challenge in realising revenue and resolving legacy obligations from property sales. Legacy matters have arisen out of opaque land sale arrangements and poor historic stakeholder engagement.	▼△ VH · H · M · L
3		Human Capital	Inadequate talent capability and capacity for sought after skills	The business lacks a diverse set of skills and experience in key roles. This places the business at risk of not achieving operational targets needed to deliver its strategic imperatives.	▼ VH · △ H · M · L
4		Manufactured Capital	Lack of a fit for purpose asset care strategy	Some of the group's plant and assets have deteriorated, and are nearing the end of their useful lives. A coordinated response underpinned by significant capital investment will be required.	▼ VH · △ H · M · L
5		Social and relationship Capital	Inconsistent stakeholder engagement	The group has a diverse set of stakeholders with various competing priorities. This has been exacerbated by a lack of trust and social illegitimacy caused by a lack of knowledge of their unique needs, views and expectations.	▼ VH · △ H · M · L
6		Manufactured Capital	Sourcing of non-core raw materials	Supply chain disruptions in crucial feed supplies and services can jeopardise the achievement of planned production quotas and targets.	▼ VH · △ H · M · L
7		Manufactured Capital	Lack of preparedness for a significant disaster event	The potential impact of a major disruptive event on any of the business' key operations.	△ VH · ▼ H · M · L
8		Social and relationship Capital	Geopolitical instability and changes in government policy	Several geopolitical issues have the potential to affect the business' going concern. This includes delays in the finalisation of 99-year lease in Zimbabwe and political unrest and policy uncertainty in Mozambique.	▼△ VH · H · M · L
9		Intellectual Capital	Inefficient and ineffective IT platforms	The business potentially lacks efficient and effective enterprise resource planning (ERP) and operational platforms to support its strategy delivery.	▼ VH · △ H · M · L

* Tongaat Hulett defines risk as both threat and opportunity

▼ Current year's residual risk rating. △ Previous year's residual risk rating.

Residual risk trend (relative to prior year)	Selected risk response	Next steps
▶	Reduce ◀ Share Transfer Accept	1. Finalise debt reduction transactions. 2. Finalise Mozambique's debt refinance. 3. Renegotiate facilities with lender groups. 4. Maintain cash flow neutrality between property sales and legacy infrastructure costs. 5. Successful handover from Deloitte to E&Y for annual external audit.
▶	Reduce ◀ Share Transfer Accept	1. Infrastructure obligations analysis with execution plan. 2. Project close out system for all development precincts. 3. Align government planning and infrastructure with debtors and land sales obligations. 4. Monitor land use demands from neighbouring communities and align social programmes.
▲	Reduce ◀ Share Transfer Accept	1. Rollout group HR roadmap with strategy. 2. Implement employee value proposition. 3. Develop fit for purpose group reward strategy. 4. Revitalise engineering graduate programme. 5. Finalise country-specific diversity plans.
▲	Reduce ◀ Share Transfer Accept	1. Develop and implement asset replacement strategy. 2. Implement predictive maintenance based on studies to assess equipment failure and relevant process enhancements. 3. Develop five-year asset and capex plans per site. 4. Implement mandatory condition reviews for capital intensive equipment.
▲	Reduce ◀ Share Transfer Accept	1. Finalise stakeholder engagement programme roll out. 2. Establish dedicated team of in-country corporate affairs champions. 3. Continue robust engagement with employees, unions, and communities across geographies. 4. Continue lobbying efforts with government and maintain strong project-based partnerships.
▲	Reduce ◀ Share Transfer Accept	1. Finalise outstanding non-cane contracts. 2. Establish and monitor centralised supplier spend targets. 3. Establish formal monitoring of service level agreements with consequence management where required. 4. Implement automated risk-based supplier assessments.
▼	Reduce ◀ Share Transfer Accept	1. Develop and approve divisional business impact assessments. 2. Appoint dedicated business continuity personnel and set up oversight structures. 3. Assess adequacy of legacy plans and align with the internally revised business continuity framework. 4. Conduct training and desktop testing. 5. Assess both internal and external communication protocols.
▶	Reduce ◀ Share Transfer Accept	1. Continue ongoing regional approach alignment with government policy. 2. In RSA, entrench Sugar Masterplan directives to help stabilise recent market restructuring. 3. In Zimbabwe, facilitate sign off of 99-year lease with government (institutional offer letters received, allowing right of land use). 4. In Mozambique, proactively monitor recently established anti-competitive regulations body.
▲	Reduce ◀ Share Transfer Accept	1. Develop a three-year costing model for approved IT strategy and roadmap. 2. Establish fit for purpose IT oversight structures with standardised reporting. 3. Build systems architecture map and identify end-of-life systems. 4. Finalise decision on cloud versus on-site hosting.

Key: Planet People Profit Process

No	Key category	Capital affected	Risk*	Description	Residual risk rating
10	Process	Intellectual Capital	System breaches and cyber-attacks.	Increasingly sophisticated cyber-attacks means that the group faces a sharp increase in the variety of potential attacks and data breaches.	VH H M L [1]
11	Process	Intellectual Capital	Broad legislative compliance[2]	Significant legislative non-compliance with pertinent laws and regulations.	VH H M L
					Opportunities
12	Process	Manufactured Capital	Improve market positioning	Secure new long-term revenue sources through the establishment and widening of sales channels into other African countries.	VH H M L
13	Process	Manufactured Capital	Agricultural innovation	Zimbabwe and Mozambique operations present material opportunities for improved yields and sugar production through better husbandry practices and technology.	VH H M L

* Tongaat Hulett defines risk as both threat and opportunity ▼ Current year's residual risk rating. △ Previous year's residual risk rating.

1 New threat. No previous year rating.
2 Includes loss of life as a consequence of non-compliance to health, safety, and environmental regulations.

Combined assurance

Tongaat Hulett subscribes to a combined assurance model with various lines of defence. Combined assurance remains a coordinated approach that ensures the organisation's risks are validated through an appropriate mix of assurance activities provided by management, internal and external audit as well as other qualified independent service providers. King IV™ sets out the Board and relevant Sub-Committees' responsibilities in overseeing the establishment of a bespoke assurance model. In terms of specific responsibilities, the Audit and Compliance Committee, Risk, Capital and Investment Committee and Board will ensure a robust process for the company's combined assurance matters, the integrity of associated information and the degree to which an effective control environment is achieved.

In fulfilling these responsibilities and the requirements of Sections 3.84(K)(i)(c) and (d) of the JSE Listing Requirements, the CEO and Financial Director have ensured that internal financial controls instituted are adequate and effective in ensuring that material information has been disclosed and used to effectively prepare the financial statements. Further to this a comprehensive process was established to measure the adequacy and effectiveness of internal financial controls to ensure that reliance can be placed on the financial statements thereby fulfilling the director's responsibilities in terms of principle 15 of the King IV™ Code. Significant control deficiencies identified through the various assurance providers have been disclosed to the Audit Committee, or through the other available reporting mechanisms to ensure that the relevant stakeholders are aware of such deficiencies.

Way forward

Future areas of risk focus are to:

1. Drive fuller automation of the risk process to allow for real time reporting.
2. Further operationalise the assurance plan and framework and setup of functional working groups to validate the type and number of control process per risk and the establishment of quarterly health checks to monitor and report on progress made.
3. Enhance and validate existing business continuity plans through robust testing.
4. Ensure sufficient business continuity training across divisions and geographies.
5. Continue to enhance existing decision-making processes to incorporate fit for purpose risk assessments.

Residual risk trend (relative to prior year)	Selected risk response	Next steps
	Reduce Share Transfer Accept	1. Enhance IT policy and procedures dealing with security threats and post-event protocols. 2. Develop and cost future IT security roadmap. 3. Establish compliant IT and end point security infrastructure (aligned to ISO27001). 4. Sunset Windows 7 platform (no longer supported).
	Reduce Share Transfer Accept	1. Approve and implement group compliance manual. 2. Finalise coordination of group compliance activities. 3. Appoint and train country compliance champions. 4. Develop and approve compliance plans per operating entity and country. 5. Implement GRC solution to coordinate group compliance activities.
	Enhance Share Exploit Accept	1. Establish country-specific sugarcane feedstock supplies. 2. Develop regional farming and extension strategies. 3. Optimise performance of root dispositions through structured replanting.
	Enhance Share Exploit Accept	1. Develop farming strategies per geography (to include outgrower extension services). 2. Revise country KPI's to include vertical and horizontal growth opportunities. 3. Develop reliability and accuracy control through business intelligence and technology adoption.

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

Dear Shareholders

On behalf of the Board of directors and the Remuneration and Human Resources Committee (Committee), I am pleased to present the remuneration report (the Report) for 2021. As a Committee we are pleased with the strides we have made over the last two years to ensure we offer a balanced remuneration proposition to all our stakeholders. Our structures aim to drive value creation for our shareholders, provide a remuneration structure that fairly and adequately compensates and motivates our executives and staff and strives to adhere to leading corporate governance standards.

During the year I again appreciated the opportunity to engage with many of our shareholders, to receive their feedback on the changes we have made to our policy and to discuss their insights on specific remuneration matters. The feedback from these sessions, together with the actions we have taken, is summarised below.

In addition to the shareholder engagement we also made solid progress on the focus areas we defined at the end of last year. In particular, we placed greater focus on fair and ethical pay and embarked on a journey to analyse and understand this topic better within the constraints of the economic environment we operate under. Our short-term focus is to attract and retain the right talent to deliver the turnaround strategy and further details on our longer-term strategy to address the issues around fair pay can be found in part 2 of this Report. We also relooked at the performance measures used in our variable pay to ensure these are aligned with shareholder value creation and the interests of our broader stakeholders. We also made some refinements to our malus and clawback policy to strengthen its application. Executive share ownership remains an important topic but the inability to make Long-Term Incentive (LTI) awards to those concerned caused the Committee to relook at the timeframe within which the minimum shareholding requirements are to be achieved.

Finally, in light of the loss at our sugar refinery we had to make difficult decisions in relation to the payment of our FY2021 incentives as detailed below.

This Report outlines the policy and implementation details of the remuneration of Exco members, management, non-executive directors and at a high level, other employees of Tongaat Hulett.

2020 VOTER SUPPORT

REMUNERATION POLICY

88.54%

(2019: 72.28%)

IMPLEMENTATION REPORT

87.78%

(2019: 58.28%)

REMUNERATION FOR THE YEAR UNDER REVIEW IN THE CONTEXT OF OUR PERFORMANCE

Tongaat Hulett's turnaround plan continues to yield positive results, notwithstanding a challenging economic backdrop and the COVID-19 pandemic. Successful asset disposals, as well as stringent cash flow management and cost reduction efforts supported a significant reduction in debt levels during the year.

In terms of our underlying businesses, COVID-19 related challenges resulted in a material reduction in the revenue and profits of the property business.
The Mozambique sugar operations delivered solid results, almost doubling its operating profit. The Zimbabwean operations continued performing well despite ongoing hyperinflation effects. The South African operations made excellent progress in the first half of the year. In the second six months, this improvement was countered by lower sugar production and a loss at the refinery. Significant steps have been taken to rectify and enhance the refinery processes through additional maintenance and improved controls implemented to prevent a recurrence. There are however lessons to be learned from the sugar loss which we are already implementing.
Aligned with our commitment to value creation for our stakeholders, the loss was partly offset by the reversal of all short-term and turnaround incentive accruals for the South African businesses, in excess of R100 million.

We were fortunate that the group was able to retain good talent and continued to attract excellent skills during this financial year. The current management team has been instrumental in driving the turnaround strategy and remains a critical part of the continuation of the turnaround of Tongaat Hulett. We will continue to look to retaining our talent and ensuring that we appropriately reward activity that is necessary at this stage of the broader turnaround programme, and this will also be agreed upon with shareholders.

With the above context, a summary of our remuneration outcomes are as follows:

Non-bargaining unit employees in South Africa, Botswana and Mozambique received increases which were guided by consumer price inflation in the respective countries in which the company operates at February 2021. Subsequent to the approval, consumer price inflation has increased drastically with the overall impact that the increases awarded lagged against market projections and actual inflation rates. In Zimbabwe, we are reviewing increases for the first time in a year outside of our hyperinflationary adjustments.

Bargaining unit employees in South Africa and Mozambique's Total Gross Package (TGP) adjustments are negotiated at industry level. While non-bargaining employees in Botswana are still in negotiations. In Zimbabwe, bargaining unit employees were awarded increases despite a stalemate within the industry due to ongoing power struggles amongst unions. An increase of 5.6% was awarded and was welcomed by the Minister of Labour.

Operation	Bargaining unit increases %	Non-bargaining unit increases** %
South Africa	**5.4**	**3.5**
Mozambique	**4.0**	**4.0**
Zimbabwe*	**5.6**	**3.5**
Botswana	**pending**	**2.5**

* Zimbabwe pay in US$

** Increases are differentiated based on performance. The overall average increase reflects the mandate signed off by the Committee and which has been applied by management.

The Turnaround Incentives comprising of Part A (Debt reduction) and Part (Operational enhancement and cash flow improvements) are measured over two performance periods, 1 April 2019 to 31 March 2020 and 1 April 2020 to 31 March 2021. The measures used in Part A are milestone based, with the Milestone 1 incentive awarded and paid in the prior period. Milestone 2 was achieved and paid in this period. In light of the impact of COVID-19 on the ability to conclude debt reduction transactions timeously, the measurement dates for Milestone 3 and Milestone 4 were extended by 3 and 6 months, to 31 March 2021 and 30 September 2021, respectively. While the target for Milestone 3 was met, the Committee took the decision not to grant the award. Milestone 4 has not yet been achieved. The FY2021 short-term incentive was measured over the period 1 April 2020 to 31 March 2021.

The Committee considered the potential impact of the sugar loss and were of the view that it would not be appropriate to effect payment of the incentives in circumstances where the company's actual financial position in relation to the sugar loss is still subject to final determination. Any decision to make any incentive award to employees of Tongaat Hulett in South Africa has therefore been postponed until the interim financial statements of the company have been released in December 2021. The Committee will apply its discretion as to whether any incentive can be paid, taking into account the ability of the organisation to recoup some of the sugar losses, and the financial position of the group.

Therefore:

- Turnaround Incentive Part A: Milestone 3 has not been awarded.
- Turnaround Incentive Part B has not been awarded to employees of Tongaat Hulett, excluding employees of the former starch and African operations. These awards have been deferred and will be reviewed post our FY2022 Interim Results in November.
- FY2021 STI has not been awarded to employees of Tongaat Hulett, excluding employees of the former starch and African operations. However, the FY2021 STI amounts due to starch, Eswatini, Zimbabwe, Mozambique and Botswana, have been reduced by any applicable Tongaat Hulett group element. South African STIs have once again been deferred and will be reviewed post the Interim Results in November.

FY2021 HISTORIC LONG-TERM INCENTIVE OUTCOMES

The historic awards under the Long-term Incentive Plan (LTIP) and Share Appreciation Rights Scheme (SARS) whose performance period expired on 31 March 2021 have been cancelled due to the performance conditions being set on incorrect information at the time when awards were made.

NON-EXECUTIVE DIRECTOR FEES

Subject to shareholder approval, it is proposed that non-executive directors fees be adjusted by 3% and the Nominations Committee chair by 8% to increase this fee to approximately 80% of the market median. However, this comes at no additional cost to the organisation in view of the fact that the Chairman heads up this Committee presently and he is paid an all-inclusive fee for dispensing his duties.

SHAREHOLDER VOTING AND ENGAGEMENT

The Committee considers regular shareholder dialogue as imperative. We are pleased with the marked increased support for our policy and implementation report. Following from the shareholder roadshows undertaken in the prior period, the Committee chairperson accompanied by representatives of the company engaged a number of our largest shareholders during this year.

The table below discloses a summary of the key concerns raised by shareholders and the corresponding actions taken in response.

Shareholder feedback	Committee feedback and action taken
The constituents of the comparator group used for executive benchmarking were queried.	The Committee considered the feedback from shareholders and the following actions were taken in response: • During FY2021 the executives were benchmarked against survey data supplied by Remchannel using data from the South African national all industries sector. The outcome of the survey data is used as a second reference point to JSE listed information obtained from a pre-selected comparator group. • The Committee also reviewed the existing listed comparator group and the new group to be used going forward is disclosed in part 2.
The short-term nature of the CEO's contract was questioned.	The CEO's five-year fixed-term contract (terminating in February 2024 and entitling the parties to negotiate a renewal whilst having no expectation) was negotiated by the previous Chairman. The current Chairman has consulted with the CEO over the notice period and the parties have amended the notice period from one month to three months. In engagement with the Chairman and Remuneration and HR Chairman the CEO has indicated that upon request he would consider an extension of the contract.
A question was raised regarding the total quantum of remuneration and the turnaround incentive in relating to the size and earnings of the company.	This is part of the deliberation that the Board is still working on. A benchmarking exercise was undertaken to establish what the quantum would look like. As the group's market capitalisation is negatively impacted by the extent of its debt amongst other factors, we emphasise that it does not provide an accurate reflection of the size or complexity of the organisation. The group has engaged suitably qualified independent third-parties who have determined that the group's equity value significantly exceeds its market capitalisation. We therefore propose that shareholders consider alternate measures such as total assets and revenue to assess the group's size. The incentives were paid at a point where the focus of the business was the turnaround. We are having internal conversations with the Exco in terms of finding a sensible balance while managing and containing the flight risk due to the disruptive nature it will have on the turnaround and the long-term sustainability of the business. The initial focus was on stabilising the business first to be able to lay the foundation for long-term sustainability.
The quantum of the CEO's package was questioned, and shareholders expressed a preference to receive some pay in the form of shares	As mentioned in our previous remuneration report, the length of the prolonged prohibited period, coupled with the fact that the Committee was not able to set and calibrate forward looking performance conditions for the long-term incentive, hampered our ability to award shares to the CEO and other eligible employees. The STI award with respect to the FY2021 financial year has been deferred, it is not clear at this time whether there will be a portion of the bonus deferred into shares. The Committee was however able to set performance conditions for the FY2022 award of performance shares which will be made once the company is outside of the year end closed period.

Shareholder feedback	Committee feedback and action taken
The lack of broad-based share ownership was questioned	We have investigated and quantified an investment in a broad-based ownership scheme. It remains an option looking forward as part of our broader B-BBEE, talent and reward strategies. We aim to find a balance between paying down our debt, affordability and talent investment and retention. Our current focus areas are investing in critical skills and capabilities (CAPEX, technology and new product portfolios) within the organisation to enable our turnaround and sustainability as an organisation. Alongside this we are building a high performance and values-based culture that is supported by a pay-for-performance philosophy. We are anchoring a performance management system to drive ownership of the strategy, increased accountability, operational excellence and improved governance. We are incentivising employees across all grades against this. A new performance management system was put in place in September and it is being implemented to become the foundation of performance payments. We are confident that in the next fiscal, we will be in a better position to provide an update on our progress with regards to a broad-based ownership scheme. We will further engage with shareholders as we move along and develop a foundation for this.
The level of stretch in the turnaround incentive was questioned and more specifically, the liquidation of the Tongaat Hulett Defined Benefit Pension Fund was raised as an "easy win" to improve liquidity.	The milestones for the turnaround incentive were discussed and finalised before the current Board came into effect. In light of the difficult position facing the company at the time, all efforts were taken to reduce the debt, the company does note this as a valid point. Considerable engagement with the liquidator and the FSCA was necessary to enable the liquidation to be achieved within the milestone timeframe.
The use of the same performance measures in the turnaround incentive for all executives and their ability (line of sight) to impact debt restructure was questioned.	This was noted by both the Committee and Exco. Executives typically are only on the Turnaround Incentive schemes to which they can contribute through their work. In some instances, this required the Exco's collective effort.
The weightings assigned to the STI performance conditions were raised and a question was posed if the 15% weighting assigned to the Zimbabwean business, which is the biggest contributor, is appropriate.	Up to now the incentives have been aligned to the Turnaround and sorting out foundational issues as well as the disposal of the starch business which has consumed a large amount of the executive time. The weighing assigned to Zimbabwe has been increased to 20% in the FY2022 STI. The measures identified for FY2022 are a balance of short-term liquidity focus and activities that will influence longer-term revenue and profitability.
The quantum of the turnaround incentive may be excessive.	There have been shareholders that suggested that there is an element of double dipping between the cash flows for the short-term and turnaround incentives. Hindsight has been a great science and we have learnt from the comments provided.
Lack of share ownership amongst executives was questioned.	Our inability to make LTI awards during the past two years meant that executives are not exposed to the share price via LTIs. The Committee has approved LTI awards for FY2022.
Recovering of losses from the previous management team and auditors was questioned.	The Board and Exco of Tongaat Hulett remains committed to making those responsible for historic mismanagement accountable. A review of the role of the auditors has been stalled so as not to compromise their independence and detailed discussions on this topic will commence in due course.

KEY ACTIONS TAKEN BY THE COMMITTEE AND FUTURE FOCUS AREAS

SUMMARY OF COMMITTEE ACTIVITIES AND DECISIONS TAKEN IN 2021

No fundamental changes were made to our policies during 2021, but enhancements were implemented as summarised below:

Exco remuneration

- Based on individual performance, average increase of 3.7% were awarded to the executive directors and other Exco members in 2021.
- Total reward benchmarking was conducted for all management positions in South Africa, including the executive directors, prescribed officers and Exco members against survey data obtained from Remchannel for South Africa and Korn Ferry for Botswana, Mozambique and Zimbabwe.
- The outcomes of the Turnaround Incentive were considered.
- The outcomes of the FY2021 STI were considered.
- No Conditional Share Plan (CSP) performance shares were made during FY2021, but the Committee approved an award of performance shares for FY2022 with a performance period commencing on 1 April 2021. Further details on the performance conditions and how this aligns with our future strategy as set out in part 2.
- The Committee considered the value of minimum shareholding requirements for executives in light of the lack of LTI awards over the past two years and as a result decided to adopt a reduced value with staggered targets over an extended period. We are on a journey to reflect best practice and by 2027 we aspire to having appropriate minimum share holding requirements.

Non-executive directors' remuneration

Non-executive directors fees were benchmarked against a revised comparator group. The details are contained in part 3 of the Report.

Company-wide remuneration

- All operations received guaranteed pay increases ranging between 2.5% and 4.5% for employees.
- In addition within Zimbabwe, due to the hyperinflationary environment, employees are paid a guaranteed base salary and a discretionary cost of living adjustment.

Fair and ethical pay

- Vertical and horizontal fairness were assessed, and the following analyses were performed:
  - The internal gini coefficient was calculated for all countries and compared against the national averages.
  - All employees were benchmarked externally, and revised pay scales were adopted.
  - Equal pay for equal value was assessed internally.
- Within each geography/business action items are being defined to address the anomalies identified.

Performance relating to past performance cycle

- Review of the outcomes of the Turnaround incentive: the outcomes are set out in part 3 of this Report.
- Review of the outcomes of the 2021 STI: the outcomes are set out in part 3 of this Report.
- Review of the 2018 SARS and LTIP awards: the outcomes are set out in part 3 of this Report.

Performance relating to the forthcoming performance cycle

- Setting of performance conditions for the 2022 STI. The Committee considered the increased importance associated with ESG measures and retained the weighting at a corporate level at 15% but increased the weighting assigned to ESG to 20% at an Opco level. Within the corporate performance conditions further adjustments have been made. Adjusted EBITDA was reduced from 30% to 20% and Zimbabwe and Property specific measures were increased from 15% to 20%. The remainder of the measures used in the FY2021 STI are unchanged and details of the targets are set out in part 2.
- Following the lack of CSP performance shares in FY2020 and FY2021, the Committee was now able to set the performance conditions. These conditions are aligned with our long-term strategy and are set out in part 2.

Governance

- Shareholder engagement: proactive shareholder engagement linked to the intention of co-creation was discussed and agreed upon.
- Review of the remuneration policy (malus and clawback and minimum shareholding requirements) and this report.
- Updates to the Committee terms of reference: the Committee's terms of reference were updated to include the responsibilities with reference to the new policies, the inclusion of human resources (HR) activities and improved auditing processes.
- Approval of annual workplan.

HR matters

In FY2021 we have undertaken to create a people centric organisation that leverages one of our key assets, our human capital. It has been a year of understanding the lay of the land, making data driven decisions and laying the foundation of our aspirational people practices and creating a culture to enable our turnaround and ultimately the sustainability of our organisation. Through the year we have:

- Ensured the safety and health of employees during COVID-19;
- Embedded the new company values which will be the foundation of our values-driven leadership model;
- Implemented automated 360-degree feedback, aligned to our values, to assess our leadership capability and enable the development of our leadership;
- Invested in Human Capital business intelligence to enable data driven people decisions;
- Created a governance capability framework and supported the implementation of the GRC programme with ongoing awareness and training programmes;
- Leveraged performance management to align employees to the strategy, engage them and reward performance;
- Addressed gaps in performance and misconduct expediently and effectively which has resulted in non-regrettable labour turnover;
- Developed and implemented the Tongaat People Management Way;
- Standardised key people policies, allowing for localisation (to local legislation and industry practices) where appropriate;
- Completed talent assessments and succession planning for Senior Management and have begun to expand to the rest of the organisation;
- Reviewed, defined and aligned our reward practices across the enterprise;
- Job evaluation standardised and implemented for all Senior Management roles with a view to completing the whole organisation at the end of the FY2022;
- Completed an equal pay for equal value assessment across the enterprise and are building robust plans to address key findings;
- Enhanced communication and engagement of employees with notable improvements in our reputational survey, particularly amongst employees; and
- Implemented our first Employee Experience (engagement) and Ethics Barometer Survey.

FOCUS AREAS FOR 2022

- Ensuring the safety and health of employees during COVID-19 and implementation of vaccination programmes.
- Anchoring of our values, growth mindset and leadership behaviours.
- Ongoing business transformation to enable operational excellence, increased efficiency and improved customer service.
- Anchoring our governance capability framework and implementation of the GRC programme.
- Extending our business intelligence ability to enable data driven decision making and agility.
- Extending performance management to all non-bargaining unit employees.
- Talent assessments and enhancing succession planning for all non-bargaining unit employees.
- Building key capabilities in support of operational excellence.
- Continue to create a diverse and inclusive organisation, through:
  - employment equity and black representation within South Africa;
  - female representation in key roles within Zimbabwe; and
  - reduction of expatriates within Mozambique.
- Anchoring of new pay scales and reward practices across the organisation.
- Defining retention plans for critical skills and key employees to enable the turnaround plan.
- Benchmarking the gini coefficient within the agri-processing industry.
- Completion of job evaluation process across the organisation.
- Implementation of plans to address identified pay parity gaps.
- Implementation of talent plans identified in 2020.
- Implementation of people plans by function/country to address opportunities identified through our Employee Experience Survey.

CLOSING REMARKS

The Committee is satisfied with the company's application of the requirements of King IV™ and the JSE Listings Requirements and is confident that our remuneration policy is aligned with the strategy of the business to achieve its stated objectives. At the AGM in September 2021, our shareholders will be asked to cast non-binding votes on our policy and its implementation. We encourage and pursue an open and regular dialogue with all of our stakeholders. Your constructive input is highly valued and appreciated as we continue to improve the remuneration system.

Andile Sangqu
Remuneration and Human Resources Committee Chairman

PART 2: REMUNERATION POLICY

REMUNERATION GOVERNANCE

Roles and responsibilities of the Committee

The Committee is constituted to assist the Board of directors of Tongaat Hulett with its oversight and management of the remuneration and HR philosophy and policies in the company and its subsidiaries. The Committee determines, on behalf of the Board, the company's policy for the remuneration of executive directors, prescribed officers and other members of the Exco. The Committee also determines the total remuneration packages and contractual terms and conditions for these individuals. The Committee provides oversight of all employee reward to ensure the alignment of reward throughout the company, approval of the mandate for annual guaranteed pay increases, as well as the parameters and overall cost of the short- and long-term incentives.

The Committee terms of reference were updated during 2020 and can be found on our website.

MEETING ATTENDANCE AND AUTHORITY LEVELS

The Committee meets as often as the business requires but at least four times a year.

Details of meeting attendance of the individual Committee members are provided in the Corporate Governance Report.

The Chairman of the Committee reports to the full Board after each Committee meeting. The minutes of the meetings are available to the members of the Board. The Committee retains independent, external advisors for compensation matters. In 2021, a number of service providers were mandated to provide services related to executive remuneration matters during the period. The Committee is satisfied that they acted independently. The CEO, HR Executive and Remuneration and Benefits Executive attend all or part of the meetings in an advisory capacity. The Chairman of the Committee may decide to invite other executives, as appropriate. Executives do not attend the meetings or those parts of the meetings in which their own remuneration and/or performance are being discussed.

The Committee acts under delegated authority of the Board to determine and set remuneration levels, except for the fees payable to non-executive directors, which are subject to the approval of shareholders at the AGM.

Key Proposal Recommendation Approval Endorsement

The authority levels are set out below:

	Management	Committee	Board	Shareholders
Remuneration policy including incentive plans and provisions applicable to group-wide employees	Proposal	Recommendation	Approval	
Prescribed officer remuneration, including target setting and performance assessment	Proposal	Recommendation	Approval	
Executive director remuneration, including target setting and performance assessment	Proposal	Recommendation	Approval	
CEO remuneration, including target setting and performance assessment	Proposal	Proposal, Recommendation	Approval	
Performance target setting and assessment	Proposal	Recommendation	Approval	
Remuneration report	Proposal	Recommendation	Approval	Endorsement
Non-executive director remuneration	Proposal	Proposal	Recommendation	Approval

REMUNERATION PHILOSOPHY AND OUR APPROACH TO FAIR AND ETHICAL PAY

Total reward philosophy

A holistic approach to reward guided by our Reward Philosophy principles. Total reward consists not only of compensation but benefits and allowances, employee wellbeing, learning and development, leadership, culture and recognition.

- Total reward offering.
- Consistent, differentiated and competitive awards.
- Consistent and compliant processes.

Fair and ethical pay for all employees

Pay differences should be based on legitimate reasons such as skill, performance, length of service, seniority and not discriminatory factors such as race and gender. In addition, these differences should promote fair practices that ensure an eventual significant decrease of existing wage gaps.

Sound governance

To promote an ethical, compliant and strong governance culture defined as responsible corporate citizenship.

Linking with our strategic objectives

Performance measures in our variable pay links with our medium- to long-term strategy, promoting achievement of strategic objectives to turnaround and grow the business, within company's risk appetite.

Compelling and attractive offering to employees

Aiming to provide compelling packages which attract diverse, highly skilled talent which is vital to the success and sustainability of the company.

Value creation for all stakeholders

To promote positive outcomes in the short-, medium- and long-term for all internal and external stakeholders across economic, social and environmental contexts and geographies in which the organisation operates.

REMUNERATION REPORT CONTINUED

ELEMENTS OF REMUNERATION

Company-wide employee remuneration policy

Component of remuneration	Total guaranteed package (TGP)	Short-term incentives STI – annual cash bonus	STI – deferred bonus shares	Long-term incentives CSP – performance awards	CSP – retention combination	Share ownership/ minimum shareholding requirements
Eligibility	All employees	Middle management and above. Paterson C Band and below employees are not eligible to participate in variable pay schemes and receive a guaranteed annual bonus based on either 10% of their annual cash pay or a 13th cheque.	Middle management and above	Exco	Middle management and above (excluding Exco)	Executive directors and prescribed officers
Purpose and link to strategy	Compensates employees for their role. Attract and retain the right calibre of staff to deliver shareholder value	Rewards annual company and individual performance through bonus payments geared to the achievement of stretch performance and no incentives for unsatisfactory performance.	Encourage creation of long-term sustainable value for shareholders by an automatic deferral of STI which is delivered in shares and therefore linking awards to future share price performance	Encourages creation of long-term, sustainable value for shareholders and delivery of long-term strategic goals	To address key retention requirements	Aligns individual's personal wealth at risk directly to the company's share price
Operation	Cash salary and benefits are targeted at the median. Benefits include: pension/provident fund, provision of subsidised medical aid or on-site clinic facilities, death and disability insurance and legacy post retirement and retirement gratuity benefits. Housing and car schemes for qualifying employees are provided in Mozambique and Zimbabwe	Annual awards, with 70% payable in cash after a one-year performance period, and a deferred portion of 30% paid after three years. In our African operations the deferred portion is paid in cash.	In South Africa, the deferred portion is paid in shares.	Annual awards of rights to shares, subject to performance conditions measured over a three-year period	Ad hoc awards of shares, used in exceptional circumstances	Individuals are required to build up and maintain shareholding in the company
Time period	Delivered in year	One year	Three years	Five years (three-year performance period), vesting in year three to five.	Four years	Minimum shareholding must be build up on a staggered basis with targets set over a five to seven year time period
Performance measures	Changes to annual TGP considers performance in the preceding year and potential for the future	A combination of corporate and operating company targets, depending on level which typically include adjusted EBITDA, operating free cash flow, working capital and non-financial measures	Performance is used as an entry requirement	A combination of cash-flow, total shareholder return and ESG measures will be used	None	Direct link to Tongaat Hulett's share price

FURTHER DETAILS RELATING TO EXECUTIVE MANAGEMENT REMUNERATION

Guaranteed pay and benefits and benchmarking of remuneration

Several factors are used in positioning the target remuneration for individual Exco members which include:

- market value of the role (utilising external benchmarking);
- individual profile of the incumbent in terms of experience and skills;
- individual performance and potential; and
- affordability for the company.

Survey data obtained from Remchannel as well as a comparator group comprising of JSE listed companies are used in benchmarking executive pay. During the year the Committee reviewed the appropriateness of the previously used comparator group and have amended the comparator group to include the following companies from FY2022:

- AECI Limited
- Astral Foods Limited
- AVI Limited
- Distell Group Holdings Limited
- KAP Industrial Holdings Limited
- Murray & Roberts Holding Limited
- Nampak Limited
- Omnia Holdings Limited
- Oceana Group Limited
- RCL Foods Limited
- Rhodes Food Group

SHORT-TERM INCENTIVE

DESCRIPTION OF PLAN

The STI (bonus) comprises of an annual cash bonus and a deferred bonus (delivered under the LTI, namely the CSP in South Africa, or deferred cash for our African operations.).

ELIGIBILITY

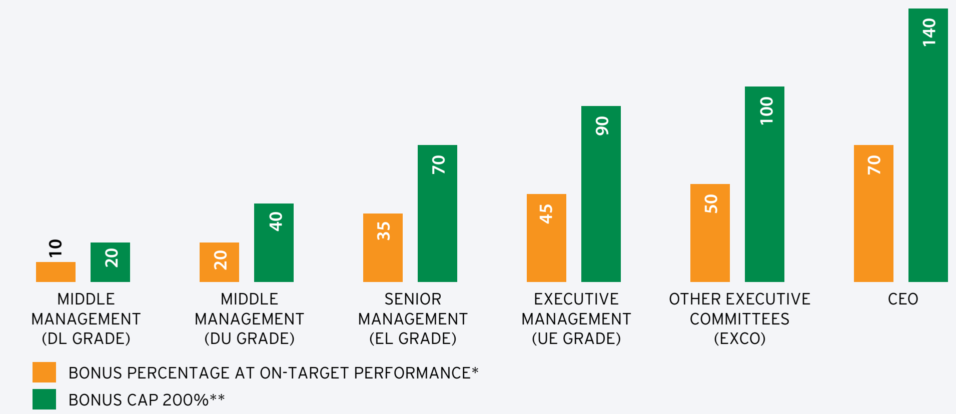
Middle management and above (Paterson D band and above) are eligible to participate in the STI scheme. The participation is subject to six months service within that financial year as an entry qualification.

FORMULA

The bonus is determined in accordance with the following formula:
STI = total guaranteed package (TGP) x on-target % x business score (0% to 150%) x personal score (0% to150%).

EARNING POTENTIAL (ON-TARGET) AND BONUS CAP

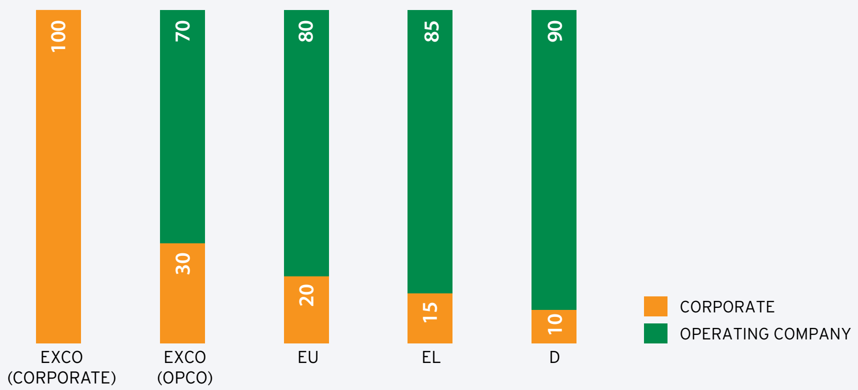
The total variable pay (annual bonus, deferred bonus and other LTIs) are disclosed under the LTI section.



* Percentage of TGP which can be earned as a bonus (annual plus deferred) at on-target performance.
** Bonus cap: 200% of the on-target STI to be awarded (cash and deferred elements collectively).

BUSINESS PERFORMANCE WEIGHTINGS

Depending on the job grade of an employee, a combination of corporate and operational measures will be used



Threshold performance must be met before any bonus payments are made.

The applicable bonus performance conditions, targets (ranging from 50% to 150%) and weightings between the different elements are as follows:

BUSINESS SCORE

Corporate and operating company performance conditions FY2021

The corporate and operating company specific targets are as set out in the table below. The weightings applicable to the corporate and operating company scorecards are illustrated in the 'weighting' column below.

Item	Weighting % Corporate	Weighting % OpCo	Description/Entity				Threshold 50% of award (R million)	Target 100% of award (R million)	Stretch 150% of award (R million)
Adjusted EBITDA[1 4 6]	30%	45%	Sugar SA – including Voermol				298	350	403
			Botswana				57	76	95
			Eswatini[8]				56	76	96
			Mozambique				439	516	593
			Starch[9]				274	298	315
			Tongaat Hulett (excluding Zimbabwe and Property, including Corporate)[6]				964	1 177	1 384
Cash flow[1 4] (Incentive free cash flow (FCF) per definition below)[7]	30%	40%	Sugar SA – including Voermol				180	212	244
			Botswana				46	61	76
			Eswatini[8]				36	48	60
			Mozambique				272	320	368
			Starch[9]				(31)	(29)	(27)
			Tongaat Hulett (excluding Zimbabwe and Property, including Corporate)				161	315	469
			Detail			Sub-weighting			
Zimbabwe specific measures	15%	n/a	Cash flow	Payment of loan and dividend repatriation	R million	50%	150	250	350*
			Ethanol volume	Litres produced	Million litres	25%	26.3	29.3	32.3
			Sugar produced	Tons produced	Tons	25%	440 000	450 000	460 000
			Detail			Sub-weighting			
Property specific measures	10%	n/a	Infrastructure guarantee	Reduce the reliance on Tongaat Hulett cash flow and proceeds from property sales. Facility is R600 million. Targets are based on facility utilisation		25%	580	550	520
			Infrastructure savings	Confirmed and contracted savings on infrastructure development projects measured against the 2021 business plan as agreed to with Exco		25%	90	150	210
			Debtors cash collection	Collection of property sale debtors		25%	285	500	625
			New sales agreements	Conclusion of new sale agreements		25%	102	170	238
			Detail			Sub-weighting			
Non-financial measures (SHE, Risk, People and Governance)	15%	15%	LTI days lost[3]	Total LTI days		25%	<800	<750	<700
			Employment Equity[5]	Implementation of super-numerary programme (external recruitment) and management training programme (internal programme) to support improved actual Economically Active Population (EAP) representation and representation in succession plans		35%	Management trainee programme implemented	Recruitment of 4 x AM and 4 x AF middle management super-numeraries	Recruitment of 1 x AM and 2 x AF senior management super-numeraries
			Internal control assessment and framework across Tongaat Hulett	Completed first reportable assessment by target date, certified by Internal Audit Assurance		20%	March 2021	December 2020	October 2020
			Enterprise risk management programme implemented across the business	Policy, framework and risk workshops rolled out across operations by target date, certified by Internal Audit Assurance		20%	March 2021	January 2021	November 2020
Total[2]	100%	100%							

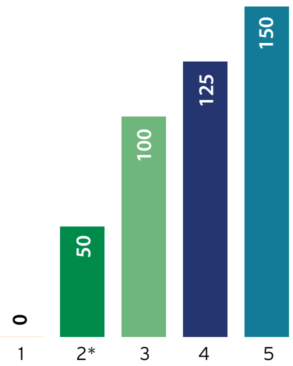
* The Committee approved a revision to the Zimbabwe specific measure: Payment of loan and dividend repatriation, to create a "super stretch" target of up to 200% on achievement of R450 million to incentivise exceptional performance. Linear vesting applied between stretch and "super stretch".

1 The COVID-19 spend for FY2021 (R100 million provision at beginning of July 2020) will be added back to the actual core performance of the business.
2 The total value of the STI will be capped at 12% of the cash inflows for the financial year. The cost of the STI at 'stretch' target must be fully self-funded.
3 In the event of a work-related fatality involving an employee or contractor under the direct control of the OpCo, a penalty of up to 5% will be deducted from the OpCo overall STI outcome/score for every fatality incident, subject to a maximum of 15% at the OpCo level and 7.5% at the Corporate overall STI outcome/score level. The actual penalty will be determined by the Committee on the recommendation of the Social and Ethics Committee who will consider if any mitigating reasons exist to recommend a penalty of less than the 5% per fatality incident.
4 The target excludes once off costs relating to the debt reduction targets, MAC dispute and legal fees pertaining to civil and criminal cases. These costs will be excluded from the measurement of the actual performance against these targets.
5 In Zimbabwe, female representation at management levels (DU and above) is targeted at 10%, 13% and 16% for the threshold, target and stretch performance levels respectively. In Mozambique, the reduction in the number of expatriate employees is targeted at 50, 45 and 40 employees at threshold, target and stretch performance levels respectively. Botswana and Eswatini do not have employment equity targets, and the three remaining performance conditions are evenly weighted at 33.3% each.
6 Adjusted EBITDA means operating profit with an add-back for amortisation and depreciation and adjusted for non-trading items, impairments and fair value adjustments to biological assets.
7 Incentive Free Cash Flow (FCF) means the total of cash flows from operating and investing activities excluding taxation paid, expansion capital expenditure, finance income and proceeds received pursuant to the group's debt reduction plan.
8 The original targets for the Eswatini operation, as published in the 2020 Remuneration Report, were revised to reflect the financial performance up until the date of disposal.
9 The original targets for the starch operation, as published in the 2020 Remuneration Report, were revised to reflect both the impact of the COVID-19 on sales to the alcoholic beverage section and the financial performance up until the date of disposal.

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. Personal performance is rated according to a rating scale of one to five, which translates to a score between 0% to 150% which is incorporated within the STI calculation. There is linear interpolation between levels.

To align managements' interests with shareholders and encourage positive performance which achieves the company's objectives and to provide exposure to the share price, the STI is partly settled in cash and partly settled in cash or bonus shares via a mandatory deferral of 30%.

PERSONAL SCORE TO BE USED IN STI CALCULATION (%)



STI SETTLEMENT (%)

* To avoid mediocracy and reward performance an individual who scores a 2 performance rating may be awarded an STI where on balance most of their goals and KPIs have been met.

SUCCESS MANAGEMENT PERFORMANCE RATINGS

Going forward success management will measure the "what" and the "how" of performance.

Mid-year and year end performance appraisals ensure our teams continues to grow. Line managers review the what and the how of employee delivery and growth against the team's personal development plans. We introduced a new performance rating scale to our Success Management way. Rating scales are used in performance management processes to indicate an employee's levels of performance or achievement. This new rating scale aligns to global best practice.

The new 5 point rating scale offers two superior performance levels – outstanding and extraordinary. A "3" performance rating is the standard of good performance, with the majority of Tongaat Hulett employees performing at a "3" rating.

Performance Category	Rating	Description
Extraordinary	5	Overall performance has been achieved at an outstanding level. On balance, individual performance fully meets expectations and consistently exceeds customer and goal requirements on both the What and the How.
Outstanding	4	Overall performance has been achieved and exceeds expectations on occasion. On balance, individual performance fully meets and occasionally exceeds customer and goal requirements on the What and the How.
Meets expectations	3	Overall performance has been achieved on all objectives. On balance, individual performance fully meets customer and goal requirements. Both the What and the How is achieved in the delivery against customer and goal requirements.
Needs development	2	Performance has been achieved against some expectations but have not been met on others. On balance, individual performance does not fully meet customer and goal requirements. The individual has partially met the What and the How of customer and goal requirements. Coaching is required to address performance gaps on the What and the How. A Performance Improvement Plan is required.
Unsatisfactory	1	Performance is unsatisfactory and does not meet customer expectations. On balance, individual performance does not meet customer and goal requirements. Coaching has been exhausted. A Performance Improvement Plan is required.
	0	Too new to assess e.g. employee is new and has been in the job for less than three months

LONG-TERM INCENTIVE

CSP

Brief description of plan and context

Historic plans

In the past, the company operated three LTI plans:

- Share Appreciation Rights Scheme 2005 (SARS);
- 2010 Tongaat Hulett Long-term Incentive Plan (LTIP), comprising of performance LTIPs and retention LTIPs (RLTIP); and
- the Deferred Bonus Plan 2005 (DBP).

The SARS, LTIP and DBP will no longer be used to make new LTI allocations, but existing awards may come to fruition.

Current plan

The CSP incorporates conditional rights to shares and can be awarded in the following manner:

- Performance shares: annual award of full value conditional share, vesting is subject to prospective performance conditions.
- Retention shares: award on an ad hoc basis of full value conditional shares subject only to an employment condition.
- Bonus shares: In South Africa, a portion of the STI is settled in bonus shares, via a mandatory STI deferral.

Eligibility

Performance shares

To be made annually to Exco participants.

Bonus shares

Bonus shares in South Africa are made annually to eligible Paterson D band and above participants, provided a bonus has been earned.

Retention shares

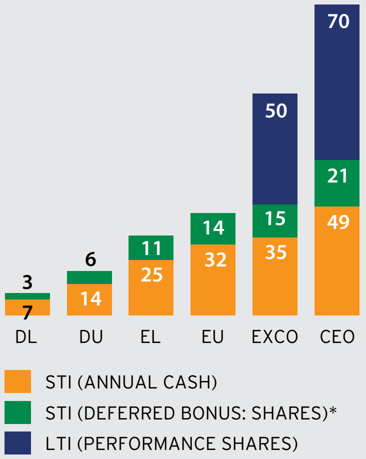
To be made on an ad hoc basis to high retention risk, high performers below Exco only in limited circumstances subject to the Committee's discretion. Exco members are not eligible to receive retention shares.

Award policy and instrument mix

The total variable pay opportunities and breakdown between instruments are as follows:

	Percentage of TGP		
	Total STI (cash + bonus shares)	LTI (performance shares)	STI + LTI (total variable pay)
CEO	**70%**	**70%**	**140%**
Other Exco	**50%**	**50%**	**100%**
EU	**45%**	**0%**	**45%**
EL	**35%**	**0%**	**35%**
DU	**20%**	**0%**	**20%**
DL	**10%**	**0%**	**10%**

TOTAL VARIABLE PAY OPPORTUNITIES (%)



* Due to exchange control restrictions and to avoid excessive dilution, the LTIs for African operations will be settled in deferred cash rather than shares

Performance period and vesting period

Performance shares

Three-year performance period, with one third vesting in year three, four and five for Exco.

Bonus shares

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.

In FY2021, in lieu of an LTI award, an early tranche vesting profile (year one to three) and post-vesting holding lock of three years has been implemented. Given that there have been no STI awards at this stage, this has not materialised.

Retention shares

Four-year vesting period. These shares will vest subject to the participant remaining employed until the end of the four-year vesting period.

Performance conditions

Due to the current financial context, the typical performance conditions of HEPS growth, return on capital employed and other capital efficiency measures are not appropriate to use as measures. In line with the company's strategy there is a need to focus strongly on driving shareholder value through a sustainable turnaround strategy, that meets shareholder expectations and interests. The following key performance conditions will apply with respect to the FY2022 award of performance shares:

- ESG: 20%
- Absolute Total Shareholder Return (TSR): 50%
- Strategic cash flow levers South African borrowings: 30%

Each performance condition will have threshold, target and stretch attached and no vesting will occur below the achievement of the threshold condition.

Performance conditions and targets

Performance condition	Description	Weighting	Vesting date	30%	65%	100%
ESG[1 2]						
Sustained operational energy and water consumption improvements	Sustained energy intensity (energy consumption) per ton of raw sugar produced in the final year of the performance period as at 31 March 2024	7.5%	31 March 2023	1.75% against 2021 baseline of 0.540 MWh per ton	2.25% against 2021 baseline of 0.540 MWh per ton	>2.5% against 2021 baseline of 0.540 MWh per ton
			31 March 2024	2.0% against 2021 baseline of 0.540 MWh per ton	2.5% against 2021 baseline of 0.540 MWh per ton	>2.75% against 2021 baseline of 0.540 MWh per ton
	Sustained water efficiency (water consumed per ton of raw sugar) in the final year of the performance period as at 31 March 2024	7.5%	31 March 2023	1.75% against 2021 baseline of 0.846 megalitres per ton	2.0% against 2021 baseline of 0.846 megalitres per ton	>2.75% against 2021 baseline of 0.846 megalitres per ton
			31 March 2024	2.0% against 2021 baseline of 0.846 megalitres per ton	2.5% against 2021 baseline of 0.846 megalitres per ton	>3.0% against 2021 baseline of 0.846 megalitres per ton
Progressive improvement in reducing work related injuries, off 2021 base as measured by LTIFR (0.091), the base excluding operations sold in the year. (Starch/Tambankulu)		5%	31 March 2023	n/a	n/a	A LTIFR of 0.088 or lower, conditional on year one being below the 2021 base of 0.091 or lower
			31 March 2024	n/a	n/a	A LTIFR of 0.085 or lower, conditional on year one and two being below the 2021 base of 0.091
Absolute TSR						
Measurement of the compound annual growth rate (CAGR) achieved in the TSR index over the performance period relative to the TSR growth targets.	The TSR index will be smoothed by using the TSR daily index for the 20 trading days up to and including the start date of the performance period and the average TSR daily index rate for the 20 trading days up to and including the end date of the performance period.	50%	31 March 2023	Absolute TSR of 15% per annum	Absolute TSR of 20% per annum	Absolute TSR of 25% per annum
			31 March 2024	Absolute TSR of 15% per annum	Absolute TSR of 20% per annum	Absolute TSR of 25% per annum
Strategic cash flow levers[2 3]						
Borrowings of South African operations are provided by lenders on an "ordinary course" basis with no overhang of excess debt	Reduction in excess debt as measured by PIK instrument and Leverage Ratios (i.e. Gross Senior Debt to Adjusted EBITDA) reduced to "investment grade" levels to sustain debt reduction	30%	31 March 2023	Drop in PIK instrument from R3.2 billion to R1.5 billion	Drop in PIK instrument from R1.5 billion to R1.0 billion	Drop in PIK instrument from R1.0 billion to R500 million
			31 March 2024	Leverage ratio of below (or equal to) 2.50x	Leverage ratio of below (or equal to) 2.25x	Leverage ratio of below (or equal to) 2.00x
		100%				

1 To avoid double-counting STI measures, longer-term ESG conditions have been included in line with the Board approved Sustainability Report of the Social and Ethics Committee. The low capital investments that are currently being made by the business has influenced the target setting.

2 As these targets are based on measurable percentages linear vesting applies.

3 Where applicable, Gross Senior Debt excludes the PIK debt instruments, while Adjusted EBTIDA includes dividends received and operational support fees from African operations.

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. As a result, the CSP uses fewer shares than the previously used limit of 9.6% that applies to the old schemes.

Dividend equivalent shares

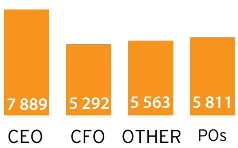
The company may award dividend equivalent shares subject to the Committee's discretion. The number will be based on actual dividends declared during the vesting period. These dividend equivalent shares will be settled in equity at the end of the vesting period only based on the vested portion of performance shares, retention shares and bonus shares.

PACKAGE DESIGN PAY MIX AND POTENTIAL OUTCOMES

Remuneration scenarios (applicable from FY2022)

In assessing the allocation of performance shares (LTIs) to Exco for FY2022, such allocation being the first under the new CSP approved by shareholders in 2019, cognizance was taken of the need to balance the operational and financial circumstances facing the company, the inability to allocate LTIs to executives since FY2019, the lack of shareholder value creation, whilst debt holders' obligations have been partially addressed and, the need to motivate and retain the Exco to sustainably fix and turn the business around. Based on these factors, the Committee approved an allocation of 1.5% of the issued share capital to the Exco, which was then proportionately allocated to the management team.

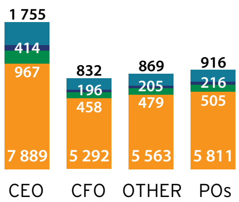
BELOW THRESHOLD (R'000)



TGP*
STI
DEFERRED STI
LTI

* Total guaranteed package includes cash package and benefits.

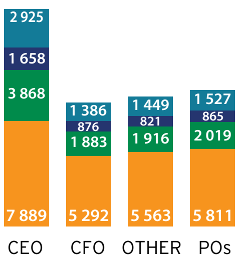
AT THRESHOLD (R'000)



TGP
STI*
DEFERRED STI
LTI**

* Threshold performance assumed to be 25% of on-target STI.
** Threshold performance assumed to be 30% of on-target LTI.

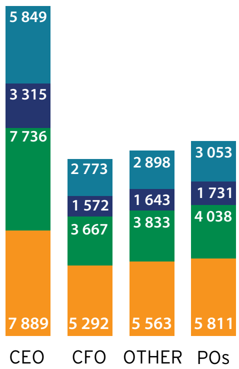
ON TARGET (R'000)



TGP
STI*
DEFERRED STI
LTI**

* On-target STI 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 based on 31 March 2021 VWAP of R10.62.

MAXIMUM PAYOUT (R'000)



TGP
STI*
DEFERRED STI
LTI**

* Maximum STI pay-out is 200% of on-target.
** LTI: Indicative face value of LTIP award on grant date.

EXECUTIVE NOTICE PERIODS AND SEVERANCE PAYMENTS

The CEO is employed on a five-year fixed-term contract, terminating on 1 February 2024. The CEO has indicated that, upon request, he would be open to an extension of his contract. The CFO was appointed effective 1 March 2019 on a permanent (not fixed duration) contract of employment.

The Strategy and Transformation Executive was appointed effective 1 January 2018 on a permanent (not fixed duration) contract of employment.

The three executive directors all have a notice period of three months. There are currently no restraint of trade provisions within executive contracts of employment. The reason for termination determines the payment of remuneration as set out below.

Element	Reason for termination	Treatment
Total Guaranteed Package	Fault termination: dismissal, resignation or early retirement	No payments (such as legacy post-retirement and gratuity benefits) are made. CEO: three months' notice period on resignation; in the event of an irreconcilable breakdown in the relationship with the Board, loss of confidence or perceived incompatibility, pre-termination procedures are waived, and an additional two months guaranteed notice pay is paid. Executive directors: three months' notice period under resignation, early retirement and dismissal. Other employees: one month's notice period under resignation and retirement.
	No-fault termination: retirement, ill health or disability	No payments (such as legacy post-retirement and gratuity benefits) are made in the event of the corresponding termination of employment. CEO and executive directors: three months' notice period. Other employees: one month's notice period.
	No-fault termination: retrenchment or death	CEO: Three months' notice period under resignation. In the event of an irreconcilable breakdown in the relationship with the Board, loss of confidence or perceived incompatibility, pre-termination procedures are waived, and an additional two months guaranteed notice pay is paid. Executive directors: payment of a severance package equivalent to two weeks' cash pay per year of completed service, plus three month's 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 two weeks' cash pay per year of completed service, plus three months' notice pay in accordance with current company policy. In the event of death, there are insured and funeral benefits. Negotiated, bargaining unit retrenchment packages may be structured differently but are of equivalent value.
Turnaround Incentive Plan	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.
STI	Fault termination: resignation, dismissal and abscondment	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, mutual separation or early retirement (as a result of death, disability or ill health); 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-rated STI will be determined at the normal date of approval by the Committee (i.e. no STI or part thereof will be paid or determined before such date).
CSP	Fault termination: dismissal and resignation	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, mutual separation or death	The participants will qualify for a pro-rated award based on performance and time served: • In respect of performance shares, the portion which will vest shall also be adjusted for performance and time served • In respect of bonus shares and retention shares, the portion which will vest shall also be adjusted for time served

MALUS AND CLAWBACK

Malus and clawback applies to all employees who participate in variable remuneration. The Committee 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.

The Committee also refined and updated the policy with practical examples, outside of financial misconduct, of when malus and clawback can be invoked.

In addition, outside of the malus and clawback policy, the company is pursuing previous employees and management through civil and criminal litigation for previous loss of revenue.

MINIMUM SHAREHOLDING REQUIREMENTS

The company has minimum shareholding requirements (MSRs) to align the interests of executive management with those of shareholders in order to maintain focus on the long-term success of the company. The MSR considers two components – namely personal share ownership and vested shares arising from the company's LTIs. The CEO is not subject to the MSR as he is employed on a fixed-term contract, limiting enforceability. In light of the lack of LTI awards over the past two years, the Committee introduced a reduced minimum shareholding requirement which is staggered over a period. This will be reviewed and aligned to best practice over time.

	MSR for 2025	MSR for 2027
CEO*	**n/a**	**200%**
CFO and other EDs	**88%**	**125%**
POs	**63%**	**100%**

* The CEO has a fixed term contract and MSR does not apply to him.

INTERESTS OF THE DIRECTORS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings of executive directors of the company holding issued ordinary shares of the company as at 31 March 2021 are detailed in note 31 of the Annual Financial Statements.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors of the Board and all Committees, which historically has included an attendance fee component. In FY2021 the company has restructured the fees on an all-inclusive fixed fee basis, as approved by shareholders at the previous AGM.

The directors' fees are benchmarked annually against fees published in the latest Integrated Annual Reports of our listed comparator group. New comparator groups have been agreed (refer page 119). The company has proposed to continue paying non-executive directors fees at the upper quartile of the comparator group of companies, given the current complexity and challenges facing the organisation.

As required by the Companies Act no. 71 of 2008 as amended, non-executive directors' remuneration will be authorised by special resolution at the 2020 AGM and is set out on page 149 of the Notice of AGM.

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 OF THE 2021 REMUNERATION POLICY

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 2021.

FINANCIAL INFORMATION

The financial details relating to the directors and prescribed officers' emoluments and interests are disclosed on pages 130 to 135.

CASH PACKAGE ADJUSTMENTS FOR 2021/22

The Committee approved an average 3.5% increase on cash pay for Exco and senior management in South Africa guided by the February inflation and affordability. A 2.5% increase for Botswana and 4.0% for Mozambique was approved also guided by the February inflation and affordability. An average increase of 3.5% (in US dollar terms) was approved for our Zimbabwean operations. The increases were not differentiated for non-bargaining unit employees based on level. Differentiation in increase awards are based on individual performance.

TURNAROUND INCENTIVES FOR 2021

The Turnaround Incentives comprising of Part A (Debt reduction) and Part B (Operational enhancement and cash flow improvements) are measured over two performance periods, 1 April 2019 to 31 March 2020 and 1 April 2020 to 31 March 2021.

The measures used in Part A are milestones with the first milestone paid in the prior financial year, and the second milestone paid in the current financial year. Shareholders are referred to the table below for the details of the second milestone payment.

The Committee considered the potential impact of the sugar loss and were of the view that it would not be appropriate to effect payment of where the company's actual financial position in relation to the sugar loss is still subject to final determination. Any decision by the Committee to make payment has therefore been postponed until the interim financial statements of the company have been released in November 2021 and it has been determined whether the organisation has been able to recoup some of its losses.

Therefore:

- Turnaround Incentive Part A: Milestone 3 was not awarded as a consequence of the sugar loss.
- Turnaround Incentive Part B have not been awarded to employees of Tongaat Hulett, excluding employees of the former starch and African operations. The awards will be reviewed in November after the FY2022 Interim Financials.

INCENTIVE TWO (2021 STI)

Corporate and operating company performance conditions[1 3]

Similar to the Turnaround Incentive, the Committee considered the potential impact of the sugar loss and were of the view that it would not be appropriate to effect payment where the company's actual financial position in relation to the sugar loss is still subject to final determination. Any decision to make payment has therefore been postponed until the interim financial statements of the company have been released in November 2021. The Committee will consider whether the organisation has been able to recover some of the losses and whether it is in a position to reward employees accordingly.

The FY2021 STIs have not been awarded to employees of Tongaat Hulett, excluding employees of the former starch and African operations. However, the FY2021 STI amounts due to starch, Eswatini, Zimbabwe, Mozambique and Botswana, have been reduced by any applicable Tongaat Hulett element.

The non-payment of the FY2021 STI also means that affected employees will not receive awards of bonus shares under the CSP.

LONG-TERM INCENTIVES

Awards made in 2021

No LTI awards were made during 2021.

Historic SAR and LTIP awards (performance period ending on 31 March 2021)

Former and current executive directors and prescribed officers held SAR and LTIP awards under the previous LTIs.

The SARS and LTIP awards made during FY2019 (20 September 2018) with a performance period that ended on 31 March 2021 have been cancelled due to the fact that the performance conditions were made on incorrect information at the time of making the awards. This was the final tranche of SAR and LTIP awarded under the previous LTIs.

DBP

Please refer to the schedule of vested and unvested awards for awards that have vested and have been cancelled respectively.

RLTIP

The 2017 RLTIP allocation vested during the year. Please refer to the schedule of unvested awards.

OUTCOMES OF THE TURNAROUND INCENTIVE PART B: MILESTONE 2

Payment summary	Part A, Milestone 2	Actual % of TGP	Maximum % per the policy
Executive Director			
JG Hudson	**1 973 400**	**25**	**25**
RD Aitken	**1 309 620**	**25**	**25**
D Marokane	**1 368 790**	**25**	**25**
Prescribed Officer			
G Macpherson	**1 302 408**	**25**	**25**
B R Gumede	**769 419**	**25**	**25**
S Harvey	**1 442 100**	**25**	**25**

G MACPHERSON STI SCORECARD AND AWARD

Item	Item	Description	Sub-weighting	Threshold (R million) 50% of award
Adjusted EBITDA				274
Cash Flow (Incentive FCF per definition)				(31)
Non-Financial Measures – (SHE, Risk, People and Governance)	LTI Days Lost – total lost time injury days[3]		25%	800
	Employment Equity [5]	SA Sugar/Starch/Property/Tongaat Hulett	35%	Management Trainee Programme Implemented
		Zimbabwe (Female employee management representation (UD and above grades as a collective group))		10%
		Mozambique (Reduction in the number of expatriate employees)		50
		Botswana/Eswatini	0%	none
	Internal control assessment and framework across Tongaat Hulett		20%	March 2021
	Enterprise Risk Management programme implemented across the business		20%	March 2021

Opco	Financial measures		Non-financial measures	Weighted vesting %
	Adjusted EBITDA	Incentive FCF		
Starch	150%	150%	112.5%	144%

PAYMENT SUMMARY

Executive Director	Business score based on Corporate outcomes	Personal score	On-target percentage	Total STI = total GP x on-target % x business score x personal score Rands
G Macpherson	101%	125%	50%	1 919 526

G Macpherson's STI has been pro-rated up to the termination date of 31 October 2020 due to the sale of the starch business (the employment period was seven months of the financial year).

The business score was determined as follows: 144.4% outcome for the Opco score at a 70% weighting and 0% group score at a 30% weighting.

The group score was included at zero as the Committee considered the potential impact of the sugar loss and were of the view that it would not be appropriate to effect payment where the company's actual financial position in relation to the sugar loss is still subject to final determination. The decision was made to defer the payment of the STI until the interim financial statements of the company have been released in November 2021. G Macpherson will therefore not take part in the corporate portion (group score) of the bonus as he is no longer employed by Tongaat Hulett.

<table>
<tr><th></th><th>Target
(R million)
100% of award</th><th>Stretch
(R million)
150% of award</th><th>Weighting</th><th>Actual results</th><th colspan="2">Weighted outcome %</th></tr>
<tr><td></td><td>298</td><td>315</td><td>45%</td><td>357</td><td colspan="2">150%</td></tr>
<tr><td></td><td>(29)</td><td>(27)</td><td>40%</td><td>158</td><td colspan="2">150%</td></tr>
<tr><td></td><td>750</td><td>700</td><td rowspan="7">15%</td><td>887</td><td>0.0%</td><td rowspan="7">112.5%</td></tr>
<tr><td></td><td>Recruitment of
4 x AM and 4 x AF
Middle Management
Supernumeraries</td><td>Recruitment of
1 x AM and 2 x AF
Senior Management
Supernumeraries</td><td>Recruitment of
1 x AM and 2 x AF
Senior Management
Supernumeraries</td><td>150%</td></tr>
<tr><td></td><td>13%</td><td>16%</td><td>15%</td><td>100%</td></tr>
<tr><td></td><td>45</td><td>40</td><td>37</td><td>150%</td></tr>
<tr><td></td><td colspan="2">none</td><td></td><td>–</td></tr>
<tr><td></td><td>December 2020</td><td>October 2020</td><td>October 2020</td><td>150%</td></tr>
<tr><td></td><td>January 2021</td><td>November 2020</td><td>November 2020</td><td>150%</td></tr>
</table>

Fatality adjustment	Weighted outcome
0%	144%

Total STI as a % of TGP
63%

SCHEDULE OF VESTED AND UNVESTED LTI AWARDS

	2020						
Incentive scheme	Opening number on 1 April 2019 (Number of awards)	Granted during 2020[1] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[2] (ZAR)
Executive directors*							
Former executive directors							
PH Staude[3]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	111 172	–	(111 172)	–	–	–	–
29 May 2017[7]	106 763	–	–	–	106 763	–	–
Long-term incentive plan[6]							
6 June 2016[5]	47 766	–	(47 766)	–	–	–	–
29 May 2017[7]	52 041	–	–	–	52 041	–	–
Deferred Bonus Plan[6]							
30 May 2016[8]	9 301	–	–	–	9 301	–	25 764
29 May 2017[7]	19 883	–	–	–	19 883	–	55 076
						–	**80 840**
Current executive directors							
RD Aitken							
Share Appreciation Right Scheme[4]							
20 September 2018[15]	19 418	–	–	–	19 418	–	–
Long-term incentive plan[6]							
20 September 2018[15]	12 011	–	–	–	12 011	–	–
Long-term incentive plan: Retention Awards[9]							
2 January 2018	15 000	–	–	–	15 000	–	39 678
20 September 2018[15]	5 000	–	–	–	5 000	–	12 996
						–	**5 000**
DL Marokane[14]							
Share Appreciation Right Scheme[4]							
20 September 2018[15]	38 619	–	–	–	38 619	–	–
Long-term incentive plan[6]							
20 September 2018[15]	21 319	–	–	–	21 319	–	–
Long-term incentive plan: Retention Awards[9]							
2 January 2018	15 000	–	–	–	15 000	–	39 678
Management share ownership plan[10]							
2 January 2018	35 000	–	–	–	35 000	–	92 582
						–	**132 260**
Former prescribed officers							
SD Mtsambiwa[3]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	38 294	–	(38 294)	–	–	–	–
29 May 2017[7]	40 372	–	–	–	40 372	–	–
20 September 2018[15]	22 713	–	–	–	22 713	–	–
Long-term incentive plan[6]							
6 June 2016[5]	15 806	–	(15 806)	–	–	–	–
29 May 2017[7]	19 679	–	–	–	19 679	–	–
20 September 2018[15]	11 188	–	–	–	11 188	–	–
Deferred Bonus Plan[6]							
30 May 2016[8]	3 054	–	–	–	3 054		8 460
							8 460

* No LTI awards have been made to JG Hudson and S Harvey since their appointment on 1 February 2019 and 1 April 2019 respectively.

Incentive scheme	Granted during 2021[1] (Number of awards)	Forfeited/ lapsed during 2021 (Number of awards)	Exercised/ settled during 2021 (Number of awards)	Closing Number on 31 March 2021 (Number of awards)	Cash value on settlement during 2021 (ZAR)	Closing estimated fair value at 31 March 2021[2] (ZAR)
	2021					
Executive directors*						
Former executive directors						
PH Staude[3]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(106 763)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(52 041)	–	–	–	–
Deferred Bonus Plan[6]						
30 May 2016[8]	–	(9 301)	–	–	–	–
29 May 2017[7]	–	(19 883)	–	–	–	–
				–	**–**	
Current executive directors						
RD Aitken						
Share Appreciation Right Scheme[4]						
20 September 2018[15]	–	(19 418)	–	–	–	–
Long-term incentive plan[6]						
20 September 2018[15]	–	(12 011)	–	–	–	–
Long-term incentive plan: Retention Awards[9]						
2 January 2018	–	–	–	15 000	–	156 183
20 September 2018[15]	–	–	–	5 000	–	51 155
					–	**207 338**
DL Marokane[14]						
Share Appreciation Right Scheme[4]						
20 September 2018[15]	–	(38 619)	–	–	–	–
Long-term incentive plan[6]						
20 September 2018[15]	–	(21 319)	–	–	–	–
Long-term incentive plan: Retention Awards[9]						
2 January 2018	–	–	–	15 000	–	156 183
Management share ownership plan[10]						
2 January 2018	–	–	–	35 000	–	364 428
					–	**520 611**
Former prescribed officers						
SD Mtsambiwa[3]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(40 372)	–	–	–	–
20 September 2018[15]	–	(22 713)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(19 679)	–	–	–	–
20 September 2018[15]	–	(11 188)	–	–	–	–
Deferred Bonus Plan[6]						
30 May 2016[8]	–	(3 054)	–	–	–	–
					–	**–**

SCHEDULE OF VESTED AND UNVESTED LTI AWARDS CONTINUED

	2020						
Incentive scheme	Opening number on 1 April 2019 (Number of awards)	Granted during 2020[1] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[2] (ZAR)
Former prescribed officers							
RDSS Cumbi[3]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	26 793	–	(26 793)	–	–	–	–
29 May 2017[7]	30 614	–	–	–	30 614	–	–
20 September 2018[15]	35 932	–	–	–	35 932	–	–
Long-term incentive plan[6]							
6 June 2016[5]	11 059	–	(11 059)	–	–	–	–
29 May 2017	14 923	–	–	–	14 923	–	–
20 September 2018[15]	19 836	–	–	–	19 836	–	–
Deferred Bonus Plan[6]							
30 May 2016[8]	1 801	–	–	–	1 801	–	4 989
29 May 2017[7]	5 073	–	–	–	5 073	–	14 052
						–	**19 041**
MN Mohale[3]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	31 025	–	(31 025)	–	–	–	–
29 May 2017[7]	34 671	–	–	–	34 671	–	–
20 September 2018[15]	40 314	–	–	–	40 314	–	–
Long-term incentive plan[6]							
6 June 2016[5]	12 806	–	(12 806)	–	–	–	–
29 May 2017[7]	16 900			–	16 900	–	–
20 September 2018[15]	22 255			–	22 255	–	–
Deferred Bonus Plan[6]							
30 May 2016[8]	2 153	–	–	(2 153)	–	6 569	–
29 May 2017[7]	5 011	–	–		5 011	–	13 880
						6 569	**13 880**
ME Deighton[11]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	29 038	–	(29 038)	–	–	–	–
29 May 2017[7]	32 757	–	(32 757)	–	–	–	–
20 September 2018[15]	38 806	–	(38 806)	–	–	–	–
Long-term incentive plan[6]							
6 June 2016[5]	11 986	–	(11 986)	–	–	–	–
29 May 2017[7]	15 967	–	(15 967)	–	–	–	–
20 September 2018[15]	21 422	–	(21 422)	–	–	–	–
Long-term incentive plan: Retention Awards[9]							
28 May 2015[12]	10 000	–	–	–	10 000	–	27 700
Deferred Bonus Plan[6]							
30 May 2016[8]	2 991	–	(2 991)	–	–	–	–
29 May 2017[7]	4 339	–	(4 339)	–	–	–	–
						–	**27 700**

	2021					
Incentive scheme	Granted during 2021[1] (Number of awards)	Forfeited/ lapsed during 2021 (Number of awards)	Exercised/ settled during 2021 (Number of awards)	Closing Number on 31 March 2021 (Number of awards)	Cash value on settlement during 2021 (ZAR)	Closing estimated fair value at 31 March 2021[2] (ZAR)
Former prescribed officers						
RDSS Cumbi[3]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(30 614)	–	–	–	–
20 September 2018[15]	–	(35 932)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017	–	(14 923)				
20 September 2018[15]	–	(19 836)	–	–	–	–
Deferred Bonus Plan[6]						
30 May 2016[8]	–	(1 801)	–	–	–	–
29 May 2017[7]	–	(5 073)	–	–	–	–
					–	**–**
MN Mohale[3]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(34 671)	–	–	–	–
20 September 2018[15]	–	(40 314)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(16 900)	–	–	–	–
20 September 2018[15]	–	(22 255)	–	–	–	–
Deferred Bonus Plan[6]						
30 May 2016	–	–	–	–	–	–
29 May 2017	–	–	(5 011)	–	30 399	–
					30 399	**–**
ME Deighton[11]						
Share Appreciation Right Scheme[4]						
6 June 2016	–	–	–	–	–	–
29 May 2017	–	–	–	–	–	–
20 September 2018[15]	–	–	–	–	–	–
Long-term incentive plan[6]						
6 June 2016	–	–	–	–	–	–
29 May 2017	–	–	–	–	–	–
20 September 2018[15]	–	–	–	–	–	–
Long-term incentive plan: Retention Awards[9]						
28 May 2015[12]	–	(10 000)				
Deferred Bonus Plan[6]						
30 May 2016	–	–	–	–	–	–
29 May 2017	–	–	–	–	–	–
					–	**–**

SCHEDULE OF VESTED AND UNVESTED LTI AWARDS CONTINUED

	2020						
Incentive scheme	Opening number on 1 April 2019 (Number of awards)	Granted during 2020[1] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[2] (ZAR)
Current prescribed officers							
G Macpherson[13]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	27 749	–	(27 749)	–	–	–	–
29 May 2017[7]	31 157	–	–	–	31 157	–	–
20 September 2018[15]	36 569	–	–	–	36 569	–	–
Long-term incentive plan[6]							
6 June 2016[5]	11 454	–	(11 454)	–	–	–	–
29 May 2017[7]	15 187	–	–	–	15 187	–	–
20 September 2018[15]	20 188	–	–	–	20 188	–	–
Long-term incentive plan: Retention Awards[9]							
28 May 2015	10 000	–	–	(10 000)	–	30 342	–
Deferred Bonus Plan[6]							
30 May 2016[8]	3 220	–	–	(3 220)	–	9 660	–
29 May 2017[7]	5 259	–	–	–	5 259	–	14 567
						40 003	**14 567**
BR Gumede[14]							
Share Appreciation Right Scheme[4]							
6 June 2016[5]	12 240	–	(12 240)	–	–	–	–
29 May 2017[7]	12 190	–	–	–	12 190	–	–
20 September 2018[15]	14 153	–	–	–	14 153	–	–
Long-term incentive plan[6]							
6 June 2016[5]	5 052	–	(5 052)	–	–		
29 May 2017[7]	5 942	–	–	–	5 942	–	–
20 September 2018[15]	7 813	–	–	–	7 813	–	–
Deferred Bonus Plan[6]							
29 May 2017[7]	1 444	–	–	–	1 444	–	4 000
						–	**4 000**

Incentive scheme	Granted during 2021[1] (Number of awards)	Forfeited/ lapsed during 2021 (Number of awards)	Exercised/ settled during 2021 (Number of awards)	Closing Number on 31 March 2021 (Number of awards)	Cash value on settlement during 2021 (ZAR)	Closing estimated fair value at 31 March 2021[2] (ZAR)
			2021			
Current prescribed officers						
G Macpherson[13]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(31 157)	–	–	–	–
20 September 2018[15]	–	(36 569)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(15 187)	–	–	–	–
20 September 2018[15]	–	(20 188)	–	–	–	–
Long-term incentive plan: Retention Awards[9]						
28 May 2015	–	–	–	–	–	–
Deferred Bonus Plan[6]						
30 May 2016[8]	–	–	–	–	–	–
29 May 2017[7]	–	–	(5 259)	–	31 903	–
	–	**–**	**–**	**–**	**31 903**	**–**
BR Gumede[14]						
Share Appreciation Right Scheme[4]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(12 190)	–	–	–	–
20 September 2018[15]	–	(14 153)	–	–	–	–
Long-term incentive plan[6]						
6 June 2016[5]	–	–	–	–	–	–
29 May 2017[7]	–	(5 942)	–	–	–	–
20 September 2018[15]	–	(7 813)	–	–	–	–
Deferred Bonus Plan[6]						
29 May 2017[7]	–	–	(1 444)	–	8 659	–
					8 659	**–**

1. The historic SARS, LTIP, RLTIP and DBP are no longer used and no awards where therefore made under these plans during FY2020 and FY2021.
2. Depending on the vesting date, awards are included at the intrinsic value or an indicative fair value as at 31 March 2020 and 31 March 2021. These take into account the 20-day VWAP as at the relevant year end and the estimated achievement of performance conditions.
3. Awards held by former executives (PH Staude, (former CEO); RDSS Cumbi; SD Mtsambiwa) have been cancelled during the year. MN Mohale's DBP awards have vested while the SAR and LTIP awards have lapsed or been cancelled.
4. SARS awards vest on the third anniversary of the grant date and lapse on the seventh anniversary of the grant date.
5. SARS and LTIPs awarded on 6 June 2016 vested on 6 June 2019. All the allocated SARS and LTIP awards were forfeited as the performance conditions not being met.
6. LTIP and DBP awards vest on the third anniversary of the grant date.
7. SARS and LTIPs awarded on 29 May 2017 vested on 29 May 2020. All the allocated SARS and LTIP awards were forfeited as the performance conditions not being met.
8. DBP awards made on 30 May 2016 to PH Staude, RDSS Cumbi and SD Mtsambiwa were previously withheld pending litigation and have subsequently been forfeited during FY2021.
9. LTIP Retention awards vest on the fourth anniversary of the grant date.
10. Awards made under the Management share ownership plan Management Share Ownership Plan (MSOP) are not subject to performance conditions and vest on their fifth anniversary from grant date.
11. ME Deighton resigned with effect 31 May 2019, therefore will not participate in the LTI schemes as this is a fault termination. As such 100% of their outstanding LTIs (SARS/LTIP/DBP) have been forfeited.
12. The RLTIP awards made on 28 May 2015 for ME Deighton were held back pending litigation. The fair values of these awards have been disclosed and the vesting outcome of these awards will be determined when the litigation process has been finalised.
13. G Macpherson's employment was terminated on 31 October 2020 due to the sale of the starch business.
14. BR Gumede and DL Marokane were appointed as a prescribed officer and executive director on 1 April 2019, therefore the awards disclosed as granted during the 2020 financial year end represent opening balances.
15. SARS and LTIP awarded on 20 September 2018 vests on 20 September 2021. All the allocated SARS and LTIP awards were cancelled as these awards were made using targets derived from false information.

REMUNERATION REPORT CONTINUED

SINGLE FIGURE OF REMUNERATION

	Cash package R'000	Retirement and medical aid R'000	2020 Cash bonus Turnaround incentive[1] R'000	STI[2] R'000	Other allowances R'000	LTI reflected[3, 4] R'000	Total single figure remuneration R'000
Current executive directors							
JG Hudson	6 600	946	8 475	9 360	36	–	25 417
RD Aitken[8]	4 205	681	5 400	4 057	1 000	–	15 342
DL Marokane[9]	4 600	766	5 907	4 438	1 000	–	16 711
	15 405	**2 393**	**19 781**	**17 854**	**2 036**	**–**	**57 470**
Former prescribed officers							
ME Deighton[10]	770	117	–	–	1 088	–	1 975
	770	**117**	**–**	**–**	**1 088**	**–**	**1 975**
Current prescribed officers							
G Macpherson[11, 12]	4 356	611	5 593	4 470	–	–	15 030
BR Gumede[13]	2 331	522	2 993	1 521	–	–	7 368
S Harvey[14]	4 800	743	6 164	5 285	750	–	17 742
	11 487	**1 876**	**14 750**	**11 277**	**750**	**–**	**40 140**

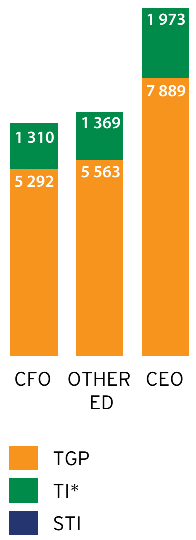
SINGLE FIGURE OF REMUNERATION CONTINUED

	2021						
			Cash bonus				
	Cash package R'000	Retirement and medical aid R'000	Turnaround iIncentive[5] R'000	STI[5,6] R'000	Other allowances R'000	LTI reflected[7] R'000	Total single figure remuneration R'000
Current executive directors							
JG Hudson	6 864	1 025	1 973			–	9 863
RD Aitken[8]	4 555	737	1 310			–	6 602
DL Marokane[9]	4 761	802	1 369			–	6 932
	16 180	**2 564**	**4 652**	**–**	**–**	**–**	**23 396**
Former prescribed officers							
ME Deighton[10]						–	–
	–	**–**	**–**	**–**	**–**	**–**	**–**
Current prescribed officers							
G Macpherson[11, 12]	2 643	372	1 302	1 920		–	6 237
BR Gumede[13]	2 676	584	769			–	4 030
S Harvey[14]	5 016	795	1 442			–	7 253
	10 335	**1 750**	**3 514**	**1 920**	**–**	**–**	**17 519**

1. The Turnaround Incentive was introduced at the beginning of the FY2020 financial period, where the company has to perform against set milestones over a two year performance period. The values included in the single figure table relate to the 31 March 2020 performance period.
2. The STI plan was introduced at the beginning of the FY2020 financial period. The bonuses relate to the 31 March 2020 performance period.
3. The value of the SARS and LTIP awards made on 29 May 2017 with a performance period ending on 31 March 2020 is reflected in the 2020 single figure of remuneration. As the SARS and LTIP performance conditions were not met, it is reflected at zero.
4. There were no DBP awards made in 2020 and as such these have not been reflected in the single figure of remuneration.
5. The value included in FY2021 relates to Turnaround Incentive Part A, Milestone 2, with a measurement date of September 2020. This milestone relates to the sale of starch as announced to the market in February 2020 and concluded in FY2021. Milestone 2 was achieved in full which resulted in the participants receiving 25% of their TGP. With regards to the milestones set for FY2021, the Committee considered the potential impact of the sugar loss and were of the view that it would not be appropriate to effect payment of the incentives in circumstances where the company's actual financial position in relation to the sugar loss is still subject to final determination. Any decision to make payment has therefore been deferred until the interim financial statements of the company have been released in November 2021. To this end, the Turnaround Incentive Milestones 3 has not been awarded to employees, excluding employees of the former starch operations.
6. The STI relates to the 31 March 2021 performance period. The FY2021 STI have not been awarded to employees of Tongaat Hulett, excluding employees of the former starch and African operations.
7. The SARS and LTIP awarded on 20 September 2018, with a performance period ending on 31 March 2021, vests on 20 September 2021. All the allocated SARS and LTIP awards were cancelled as these awards were made using targets derived from false information.
8. Included in other allowances for RD Aitken for the 2020 financial year is an ex gratia payment of R1 million for the completion of two years service.
9. DL Marokane's other allowance is an ex gratia payment of R1 million for the completion of two years service.
10. ME Deighton resigned with effect 31 May 2019.The other allowance of R1.08 million relates to his leave pay.
11. Included in G Macpherson's STI (FY2020) is a bonus of R174 000 that has been paid to him. The bonus payment relates to Tongaat Hulett starch's performance for the 31 March 2019 financial period. G Macpherson's employment was terminated on 31 October 2020 due to the sale of the starch business.
12. Included in G Macpherson FY2021 remuneration is an STI of R1.92m which was calculated as follows: TGP x (144.4% Opco score x 70% weighting)+ (0% Group score x 30% weighting) x 125% personal score] and has been pro-rated up to the termination date. G Macpherson's employment was terminated on 31 October 2020 due to the sale of the starch business.
13. BR Gumede was appointed acting MD for Tongaat Hulett Developments in April 2019 and was permanently appointed into the position in November 2019. His remuneration is for the period 1 April 2019 to 31 March 2020.
14. S Harvey was appointed on 1 April 2019. His other allowance of R750 000 relate to a sign on bonus.

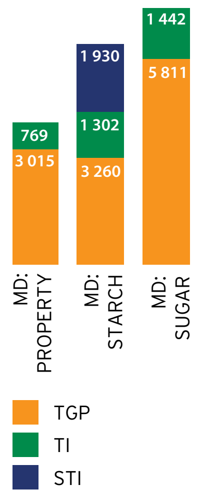
ACTUAL PACKAGE PAY MIX

EXECUTIVE DIRECTORS (R'000)



* Turnaround incentive

PRESCRIBED OFFICERS (R'000)



* The MD: Starch' employment was terminated on 31 October 2020 due to the sale of the starch business.

NON-EXECUTIVE DIRECTOR FEES

The details relating to the non-executive directors' fees for the year ending 31 March 2021 are disclosed below.

An independent benchmarking exercise was performed against the new comparator groups.

The proposed fees are as follows:

EXISTING AND PROPOSED DIRECTORS' FEES

Plans to achieve the repayment milestones	Current fee	Proposed increase %	Proposed increase amount	Proposed 2021 fee
Chairman*	1 300 000	**0**	**0**	**1 300 000**
Board Members (non-executives)	372 800	**3**	**11 200**	**384 000**
Audit and Compliance Committee				
Chairman	334 700	**3**	**10 100**	**344 800**
Members	167 600	**3**	**5 100**	**172 700**
Remuneration Committee				
Chairman	205 000	**3**	**6 200**	**211 200**
Members	106 400	**3**	**3 200**	**109 600**
Risk, Capital and Investment Committee				
Chairman	233 500	**3**	**7 100**	**240 600**
Members who are non-executive directors	122 300	**3**	**3 700**	**126 000**
Nomination and Directors Affairs Committee				
Chairman**	137 700	**8**	**11 100**	**148 800**
Members	92 700	**3**	**2 800**	**95 500**
Social, Ethics, Health and Safety Committee				
Chairman	188 400	**3**	**5 700**	**194 100**
Members who are non-executive directors	104 600	**3**	**3 200**	**107 800**
Strategy, Transformation and Operations Committee				
Chairman	205 000	**3**	**6 200**	**211 200**
Members who are non-executive directors	106 400	**3**	**3 200**	**109 600**
Legal and Regulatory Committee				
Chairman (per hour)	3 000	**3**	**100**	**3 100**
Members who are non-executive directors (per hour)	3 000	**3**	**100**	**3 100**
Ad hoc Committees				
Chairman				
Members who are non-executive directors				
Ad hoc engagements				
Day rate***	18 000	**3**	**500**	**18 500**

* The role and responsibility of the Board Chairman extends beyond the preparation for and attendance at meetings, and has increased with the additional Committees. In keeping with the practice with other non-executive directors, the Board Chairman's fees are structured on an all-inclusive fee basis, amounting to R1.3 million (excluding VAT). The Chairman's fees remain unchanged by reason of his decision to not accept an increase.

** The Nomination and Directors Affairs Committee Chairman's fees have been increased by 8% to approximately 80% of the benchmarked market rate, after inflation. Most of the other policy fees are comfortably within the usual tolerance range of 80% to 120% of the market median.

*** The day rate is payable where a non-executive director is engaged for a day, for example, for strategic sessions and operations visits.

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 22 July 2021.

SHAREHOLDER INFORMATION

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SHARE OWNERSHIP ANALYSIS

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 MARCH 2021

Shareholder spread (no of shares)	Number of shareholdings	% of total shareholdings	Number of shares	% of the issued capital
1 – 1 000	9 057	74.98	1 727 492	1.28
1 001 – 10 000	2 345	19.41	8 580 449	6.35
10 001 – 100 000	578	4.79	16 999 942	12.58
100 001 – 1 000 000	80	0.66	24 658 985	18.25
Over 1 000 000	19	0.16	83 145 638	61.54
Total	**12 079**	**100.00**	**135 112 506**	**100.00**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of the issued capital
Assurance companies	3	0.02	51 045	0.04
Close corporations	46	0.38	189 584	0.14
Collective investment schemes	63	0.52	29 336 985	21.71
Custodians	30	0.25	536 561	0.40
Foundations and charitable funds	38	0.31	867 086	0.64
Hedge funds	11	0.09	3 073 026	2.27
Insurance companies	3	0.02	935 493	0.69
Investment partnerships	28	0.23	82 817	0.06
Managed funds	24	0.20	700 920	0.52
Medical aid funds	2	0.02	18 827	0.01
Organs of state	9	0.07	22 871 906	16.93
Private companies	204	1.69	28 216 979	20.88
Retail shareholders	11 107	91.95	28 903 289	21.39
Retirement benefit Funds	83	0.69	12 197 835	9.03
Scrip lending	7	0.06	1 307 018	0.97
Stockbrokers and nominees	41	0.34	1 579 981	1.17
Tongaat Hulett Share Schemes	7	0.06	522 099	0.39
Trusts	352	2.91	3 092 455	2.29
Unclaimed scrip	13	0.11	26 456	0.02
Other	8	0.07	602 144	0.45
Total	**12 079**	**100.00**	**135 112 506**	**100.00**

* In terms of section 56(3)(a) and (b) and section 56(5)(a)(b) and (c) of the South African Companies Act, 2008 (Act No. 71 of 2008) foreign disclosures have been incorporated into this analysis

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of the issued capital
Non-public shareholders	**17**	**0.14**	**22 797 634**	**16.87**
Directors and Prescribed Officers	2	0.02	218 959	0.16
Tongaat Hulett Pension Funds	4	0.03	30 307	0.02
Tongaat Hulett Share Schemes	7	0.06	522 099	0.39
Government Employees Pension Fund	4	0.03	22 026 269	16.30
Public Shareholders	**12 062**	**99.86**	**112 314 872**	**83.13**
Total	**12 079**	**100.00**	**135 112 506**	**100.00**

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of the issued capital
Government Employees Pension Fund	22 026 269	16.30
PSG Asset Management Proprietary Limited	20 314 955	15.04
Braemar Trading Limited	13 485 584	9.98
Artemis Investments Proprietary Ltd	10 600 000	7.85
Metal and Engineering Industries Benefit Funds	7 030 783	5.20
Sanlam Group	4 233 013	3.13
Total	**77 690 604**	**57.50**

SHARE PRICE PERFORMANCE

Opening price 1 April 2020	**R2.16**
Closing price 31 March 2021	**R10.21**
Volume weighted average price	**R7.38**
Closing high for the period	**R12.20**
Closing low for the period	**R2.01**

SHAREHOLDER CALENDAR

Annual financial results release SENS announcement Annual financial statements Results presentation (webcast)	**June 2021**
Publication of Integrated Annual Report	**July 2021**
Annual General Meeting	**September 2021**
Interim financial results release SENS announcement Interim financial statements Results presentation (webcast)	**December 2021**

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration number: 1892/000610/06
JSE share code: TON
ISIN: ZAE 000096541

Company Secretary
J van Rooyen

Registered address
Amanzimnyama Hill Road
Tongaat
KZN

Postal address
PO Box 3
Tongaat 4400

Contact details
Tel: +27 32 439 4019
Fax: +27 31 570 1055
Website: www.tongaat.com
Email: info@tongaat.com

Attorneys
Bowman Gilfillan
Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Independent External Auditor
Deloitte & Touche (2021)
Ernst & Young Inc. (2022)

Internal Auditor
KPMG

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

Transfer Secretaries
South Africa:
Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000
Saxonwold, 2132

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of Tongaat Hulett Limited (the company) to be conducted entirely by electronic communication (as permitted by the Companies Act, No. 71 of 2008, as amended (the Act) and by the company's memorandum of incorporation (the MOI)) at 9:30 (South African Standard Time) on Friday, 10 September 2021. This annual general meeting, and any adjournment or postponement thereof, is referred to hereinafter as the AGM.

The AGM will be conducted entirely by electronic communication as contemplated in section 63(2)(a) of the Act and shareholders will accordingly, only be able to access the AGM electronically via an electronic platform. More information in this regard is provided near the end of this notice of AGM.

RECORD DATES

The Board of directors of the company (the 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 that the AGM is on Friday, 23 July 2021; and
- participate and vote in the AGM on Friday, 3 September 2021.

ORDER OF BUSINESS

1. To present the audited consolidated annual financial statements of the company for the financial year ended 31 March 2021, including the reports of the auditors, the Board, the Social, Ethics, Health and Safety Committee and the Audit and Compliance Committee (the Audit Committee), such annual financial statements having been approved by the Board as required by section 30(3)(c) of the Act. These financial statements are available on the company's website
2. To present the 2021 Integrated Annual Report (the Integrated Report), containing the disclosures required as per the JSE Listings Requirements. The Integrated 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:

Approval thresholds

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

Appointment of auditor

"Resolved that, as required by section 90(1) of the Act, and as recommended by the Audit Committee, EY be and is hereby appointed as external auditors of the company for the financial year ending 31 March 2022 (with Merisha Kassie as individual designated auditor)."

Reason for and effect of Ordinary Resolution Number 1

In compliance with section 90(1) of the Companies Act, a public company must each year, at its AGM, appoint an external auditor. The Audit Committee has recommended the appointment of EY to replace Deloitte as external auditor of the company. The effect of the passing of this resolution will be to appoint EY as the Company's external auditor for the financial year ending 31 March 2022.

Ordinary Resolution Number 2

Re-election of director: J Nel

"Resolved that J Nel, 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 J Nel, and the Nomination Committee and Board unanimously recommend his re-election. Details of J Nel are set out on page 20 of the Integrated Report.

Ordinary Resolution Number 3

Re-election of director: A Sangqu

"Resolved that A Sangqu, 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 A Sangqu, and the Nomination Committee and Board unanimously recommend his re-election. Details of A Sangqu are set out on page 21 of the Integrated Report.

Ordinary Resolution Number 4

Re-election of director: R Goetzsche

"Resolved that R Goetzsche, 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 R Goetzsche and the Nomination Committee and the Board unanimously recommend his re-election. Details of are set out on page 20 of the Integrated Report.

Reason for and effect of Ordinary Resolutions Numbers 2, 3 and 4

As per the MOI, at the AGM held each year, one-third of the non-executive directors or if their number is not a multiple of 3 (three), then the number nearest to, but not less than one-third, must retire from office; provided that retiring directors can be re-elected.

All retiring directors are eligible and offer themselves for re-election as directors of Tongaat Hulett in accordance with the provisions of the MOI and in terms of section 61(8)(b) of the Companies Act.

All of Tongaat Hulett's non-executive directors are independent. The Board applied the test of independence contained in the King IV™ Code, and the Nominations Committee followed a robust process to determine if directors met this test.

The company is satisfied that the composition of the Board reflects the appropriate balance of knowledge, skills, experience, competencies in industries and fields relevant to the group's business operations, diversity, and independence to execute its roles and responsibilities effectively.

The Nomination Committee and the Board accordingly recommend the re-election of the directors referred to in Ordinary Resolutions Numbers 2, 3 and 4.

Key criteria which the Board considers in making such a decision include, inter alia, the following:

- in-depth knowledge of the nature of the industry in which the group operates;
- an understanding of the complexity of the group's business;
- support provided to new executives and directors;
- past performance and contributions made;
- experience in the fast-changing global and competitive environment; and
- the need for continuity.

Ordinary Resolution Number 5

Appointment to the Audit Committee: L de Beer

"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 20 of the Integrated Report.

Ordinary Resolution Number 6

Appointment to the Audit Committee: R Goetzsche

"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's election. Details of R Goetzsche are set out on page 20 of the Integrated Report.

Ordinary Resolution Number 7

Appointment to the Audit Committee: J Nel

"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 20 of the Integrated Report.

Ordinary Resolution Number 8

Appointment to the Audit Committee: D Noko

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

The Board unanimously recommends D Noko's election. Details of D Noko are set out on page 20 of the Integrated Report.

Reason for and effect of Ordinary Resolutions Numbers 5, 6, 7 and 8

Section 94(2) of the Companies Act requires a public company, at each AGM, to elect an Audit Committee comprising at least three members unless (i) the company concerned is a subsidiary of another company which has an Audit Committee and (ii) the Audit Committee of that other company will perform the functions required under section 94 on behalf of the subsidiary company. Section 94(4)(a) of the Companies Act effectively requires that each member of the Audit Committee must be an independent non-executive director of the company concerned.

The Board has considered and is satisfied that the directors recommended for election as members of the Audit Committee meet the requirements of section 94(4) of the Companies Act as well as the recommendations of the King IV™ Code.

Ordinary Resolution Number 9

Authority to issue unissued shares

"Resolved that, subject to the approval of at least a 75% majority of the total number of votes exercised on this resolution, the Board be and is hereby authorised and empowered, subject to compliance with the provisions of the Act and the JSE Listings Requirements, to issue unissued ordinary shares from time to time (including, without limitation, pursuant to any options/convertible securities which the Board resolves from time to time to issue or create which are convertible or exercisable into, or will become, ordinary shares) for cash, on such terms and conditions and in such amounts as the Board may determine; provided that:

a. Any such issue will be to "public shareholders" as defined in the JSE Listings Requirements and not to "related parties";
b. this authority will be valid until the company's next annual general meeting or for 15 months from the date on which this resolution is passed, whichever period is shorter;
c. the total number of ordinary shares issued under this resolution will not exceed 6 755 625 ordinary shares, being 5% of the number of ordinary shares in issue on the date which this resolution is passed. In the event of a sub-division or consolidation of ordinary shares, the aforementioned number will be adjusted on a pro rata basis;
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 will be 10% of the weighted average traded price of the ordinary shares on the JSE over the 30 business days prior to the date on which the price of the issue is agreed between the Company and the person subscribing for the shares. 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 authority granted in this Ordinary Resolution Number 9. This limit will continue to apply to such authority throughout the period over which such authority is in place. That limit to which such authority is subject will accordingly not increase merely by reason of a resolution (if any) increasing the number of authorised shares being proposed and approved at a subsequent general meeting of the company. If shareholders are requested at a subsequent general meeting 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.

Reason for and effect of Ordinary Resolution Number 9

In terms of the JSE Listings Requirements, a company can obtain from its shareholders a general authority to issue shares for cash, and can thereafter issue shares under that authority subject to compliance with the relevant provisions of the JSE Listings Requirements. Shares can be issued under a general authority without the need for them to first be offered (pro rata or otherwise) to shareholders. The reason for Ordinary Resolution Number 9 is to enable the company to issue or utilise up to 6 755 625 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.

Ordinary Resolution Number 10

Authorisation to sign documents giving effect to resolutions

"Resolved that each director and the Company Secretary of the company (each being entitled to act individually) 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 total number of ordinary shares acquired by the company and its subsidiaries under this resolution will not exceed 6 755 625, being 5% of the number of ordinary shares in issue on the date on which this resolution is passed. In the event of a sub-division or consolidation of ordinary shares, the aforementioned number will be adjusted on a pro rata basis;
   a. such general approval will be valid only until the next annual general meeting of the company or for 15 months from the date on which this resolution is passed, whichever period is shorter
2. 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 five business day period;
3. the acquisitions will be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
4. the company will appoint, at any point in time, only one agent to effect any acquisition/s on the company's and its subsidiaries' behalf;
5. 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
6. when the Company and/or its subsidiaries have cumulatively acquired 3% of 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 Integrated Report on the following pages:

a. major shareholders: from page 142; and

b. share capital: from page 142.

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 Integrated Report and this notice of AGM 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 Integrated Report, 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 for and effect of Special Resolution Number 1:

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 up to 6 755 625 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 AGM 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 that the remuneration, as set out in the "Proposed 2021 Fee" column of the table below, to directors for their service as directors of the company from 1 October 2021 until the next AGM, as recommended by the Remuneration and Human Resources Committee and the Board, be and is hereby approved and ratified."

Directors' fees

Plans to achieve the repayment milestones	Current fee	Proposed increase %	Proposed increase amount	Proposed 2021 fee
Chairman*	1 300 000	**0**	**0**	**1 300 000**
Board Members (non-executives)	372 800	**3**	**11 200**	**384 000**
Audit and Compliance Committee				
Chairman	334 700	**3**	**10 100**	**344 800**
Members	167 600	**3**	**5 100**	**172 700**
Remuneration Committee				
Chairman	205 000	**3**	**6 200**	**211 200**
Members	106 400	**3**	**3 200**	**109 600**
Risk, Capital and Investment Committee				
Chairman	233 500	**3**	**7 100**	**240 600**
Members who are non-executive directors	122 300	**3**	**3 700**	**126 000**
Nomination and Directors Affairs Committee				
Chairman**	137 700	**8**	**11 100**	**148 800**
Members	92 700	**3**	**2 800**	**95 500**
Social, Ethics, Health and Safety Committee				
Chairman	188 400	**3**	**5 700**	**194 100**
Members who are non-executive directors	104 600	**3**	**3 200**	**107 800**
Strategy, Transformation and Operations Committee				
Chairman	205 000	**3**	**6 200**	**211 200**
Members who are non-executive directors	106 400	**3**	**3 200**	**109 600**
Legal and Regulatory Committee				
Chairman (per hour)	3 000	**3**	**100**	**3 100**
Members who are non-executive directors (per hour)	3 000	**3**	**100**	**3 100**
Ad hoc Committees				
Chairman				
Members who are non-executive directors				
Ad hoc engagements				
Day rate***	18 000	**3**	**500**	**18 500**

* The role and responsibility of the Board Chairman extends beyond the preparation for and attendance at meetings, and has increased with the additional Committees. In keeping with the practice with other non-executive directors, the Board Chairman's fees are structured on an all-inclusive fee basis, amounting to R1.3 million (excluding VAT). The Chairman's fees remain unchanged by reason of his decision to not accept an increase.

** The Nomination and Directors Affairs Committee Chairman's fees have been increased by 8% to approximately 80% of the benchmarked market rate, after inflation.

*** The day rate is payable where a non-executive director is engaged for a day, for example, for strategic sessions and operations visits.

Reason for and effect of Special Resolution Number 2:

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 "Proposed 2021 fee" column of the table on the previous page effective 1 October 2021 until the next AGM.

Special Resolution Number 3

Financial assistance in terms of section 45 of the Act

"Resolved that the Board be and is hereby granted the authority, subject to and as required in terms of the provisions of section 45 of the Act, to authorise the Company to provide direct or indirect financial assistance (as contemplated in section 45) which the directors may deem fit to any related or inter-related company or corporation of the Company, or to a person related to any such company or corporation, on such terms and conditions and in such amounts as the Board may determine."

Reason for and effect of Special Resolution Number 3:

The Company acts, inter alia, as treasury manager to its subsidiary and associate companies providing financial assistance, including in the form of inter-company loans and the guaranteeing of their debts, as and when appropriate in the course of business.

The above Special Resolution Number 3 grants the Board the authority (in place for a period of two years from the date of its adoption) required by the Act to authorise the Company to provide financial assistance for purposes of group activities. It does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

In order for Special Resolution Number 3 to be adopted, the support of at least 75% of the voting rights exercised on the resolution is required.

Solvency and liquidity statement

Subject to compliance with the JSE Listings Requirements, the Board confirms that the Company will not enter into a transaction in terms of Special Resolution Number 3 unless it is satisfied that:

- Tongaat will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date on which the test is considered; and
- the assets of the group, fairly valued, will equal or exceed the liabilities of the group, as fairly valued, immediately after providing the financial assistance.

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

4.1 Non-binding advisory vote number 1 – 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 116 of the Integrated Report."

4.2 Non-binding advisory vote number 2 – 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 page 127 of the Integrated 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 2022 Integrated Report.

Reason for and effect of non-binding advisory votes numbers 4.1 and 4.2

These resolutions are tabled in accordance with the JSE Listings Requirements and the King IV™ recommendation that a company obtain a non-binding advisory vote by shareholders, at its AGM, on the Remuneration Policy and the remuneration implementation report. Failure to pass these resolutions will not have a legal impact on existing arrangements. Nonetheless, should 25% or more of the voting rights exercised on either or both resolutions be exercised against that or those resolutions, the Company will, in the voting results announcement, invite dissenting shareholders to engage with the Company with a view to the Company understanding their concerns regarding the remuneration policy and/or implementation report. The Remuneration Policy and implementation report are contained in the Integrated Report.

5. Other matters

To transact such other business as may be transacted at an AGM.

Identification

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

Voting

Certificated shareholders and own-name dematerialised shareholders are entitled to appoint a proxy to participate in and vote in the AGM in their stead. A proxy need not be a shareholder. It is requested, for administrative reasons, that Forms of Proxy be emailed, posted or delivered to the transfer secretaries so as to be received by the transfer secretaries by no later than 09:30 (South African Standard Time) on Wednesday, 8 September 2021. If certificated shareholders or own-name dematerialised shareholders do not email, post or deliver Forms of Proxy to the transfer secretaries to reach the transfer secretaries by the time stipulated above, such shareholders will nevertheless be entitled to email, post or deliver the Form of Proxy to the Transfer Secretaries to be received prior to the commencement of the AGM.

Beneficial owners of dematerialised shares without own-name registration must not complete the Form of Proxy. Instead they must provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the AGM themselves, they may request their CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and their CSDP or broker.

Electronic participation

The Company will offer shareholders (or their representatives or proxies) reasonable access through electronic facilities and a virtual meeting platform to participate in the AGM. A shareholder (or its representative or proxy) will, if (and only if) the shareholder requests that access be granted to it (or to its representative or proxy), be able to:

- Listen in to, and participate in, the AGM through electronic facilities; and
- vote in the AGM through a virtual meeting platform.

Shareholders are invited to request such access by sending an email (Participation Request) to the Transfer Secretaries at proxy@computershare.co.za or by registering on the Smart AGM portal at www.smartagm.co.za. Following receipt of a Participation Request, the Transfer Secretaries will email the relevant contact link and logon details to the shareholder concerned to enable it (or its representative or proxy) to listen in to, participate in, and vote in, the AGM (Connection Details Notice).

The Participation Request must specify:

- The name of the shareholder (and, if applicable, of the representative or proxy); and
- an email address at which the shareholder (and, if applicable, the representative or proxy), can be contacted.

Reasonably satisfactory identification, as contemplated above (and a letter of representation or a duly completed Form of Proxy, if applicable) must be attached to the Participation Request.

It is requested, for administrative reasons, that a Participation Request, complying with the above requirements, be emailed to the Transfer Secretaries, to be received by no later than 9:30 (South African Standard Time) on Wednesday, 8 September 2021. If a shareholder does not email the Participation Request complying with the above requirement to reach the Transfer Secretaries by that time, that shareholder will nevertheless be entitled to email the Participation Request complying with the above requirements to the Transfer Secretaries, to be received prior to the commencement of the AGM. Shareholders should nevertheless be aware that if they send the Participation Request near to the time of commencement of the AGM, there is a risk, and they accept the risk, that (i) the Participation Request will not reach the Transfer Secretaries prior to the commencement of the AGM; (ii) the Transfer Secretaries will not have sufficient time to send the Connection Details Notice, or (iii) the Connection Details Notice will not reach the shareholder prior to the commencement of the AGM.

In relation to a Participation Request received by the Transfer Secretaries:

- by 9:30 (South African Standard Time) on Wednesday, 8 September 2021, the Transfer Secretaries will use reasonable endeavours to email the Connection Details Notice by no later than 17:00 (South African Standard Time) on Thursday, 9 September 2021; or
- after 9:30 (South African Standard Time) on Wednesday, 8 September 2021, but prior to the commencement of the AGM, the Transfer Secretaries will use reasonable endeavours to email the Connection Details Notice as soon as reasonably practicable after receipt of the Participation Request.

For information purposes only, a guide for electronic shareholders meetings will be available on the Company's website (www.tongaat.com) and can also be obtained from the Transfer Secretaries and will be available on the SmartAGM portal at www.smartagm.co.za. Should you have any further questions, please send an email to proxy@computershare.co.za.

The directors and executive management will be available during the AGM, through the electronic facilities, to address any matters which are raised, through the electronic platform, relating to the resolutions to be tabled in the AGM.

The Company will make the facilities available at no cost to the user. However, any third-party costs relating to the use of, or access to, the platform will be for the user's account.

The Company does not accept responsibility, and will not be held liable, under any applicable law or otherwise, for:

- Any action of, or omission by, the Transfer Secretaries; or
- any loss arising in any way from the use of the platform or electronic facilities including, without limitation, any malfunctioning or other failure of the platform or facilities, or any failure of any email to reach, or delay in any email reaching, its intended destination, in the case of all of the aforementioned whether or not as a result of any act or omission on the part of the Company or anyone else.

By order of the Board

Johann van Rooyen
Company Secretary

Amanzimnyama Hill Road
Tongaat
KZN
30 July 2021

Transfer Secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000
Saxonwold, 2132
Email: proxy@computershare.co.za

FORM OF PROXY

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS IN THE AGM OF THE COMPANY TO BE HELD ELECTRONICALLY AT 9:30 (SOUTH AFRICAN STANDARD TIME) ON FRIDAY, 10 SEPTEMBER 2021 OR IN ANY ADJOURNED OR POSTPONED MEETING (Annual General Meeting).

For completion by certificated shareholders and own-name dematerialised shareholders who are unable to listen in to, participate in, and vote in, the AGM.

Beneficial owners of dematerialised shares without own-name registration must not complete this Form of Proxy. Instead they must provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the AGM 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.

Each certificated shareholder and own-name dematerialised shareholder is entitled to appoint a proxy (who need not be a shareholder) to listen in to, participate in, and vote in place of that shareholder in the AGM. Please read the notes to this Form of Proxy below.

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, or also failing him, any other director of the company as my/our proxy to vote for me/us on my/our behalf at the AGM of the company to be held at 9:30 on Friday, 10 September 2021 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat 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: Appointment of Ernst & Young Inc. as auditors (with Mrs M Kassie as designated auditor)			
Re-election of directors:			
Ordinary Resolution Number 2: Re-election of J Nel as director			
Ordinary Resolution Number 3: Re-election of A Sangqu as director			
Ordinary Resolution Number 4: Re-election of R Goetzsche as director			
Election of Audit and Compliance Committee			
Ordinary Resolution Number 5: Election of L de Beer as a member			
Ordinary Resolution Number 6: Election of R Goetzsche as a member			
Ordinary Resolution Number 7: Election of J Nel as a member			
Ordinary Resolution Number 8: Election of D Noko as a member			
Ordinary Resolution Number 9: Authorising directors to issue shares for cash			
Ordinary Resolution Number 10: Authorising directors and Company Secretary to give effect to the resolutions			
Special Resolution Number 1: Authorising the repurchase of issued shares			
Special Resolution Number 2: Approval of directors' fees Company			
Special Resolution Number 3: Financial assistance in terms of section 45 of the Act			
Non-binding advisory vote number 1 Endorsing the Company's Remuneration Policy			
Non-binding advisory vote number 2 Endorsing the Company's remuneration implementation report			

Signed this day of 2021

Signature

For administrative purposes, completed Forms of Proxy should be emailed, posted or delivered so as to reach the Transfer Secretaries of the company, at their addresses below, by no later than 9:30 (South African Standard Time) on Wednesday, 8 September 2021. If a shareholder does not email, post or deliver the completed Form of Proxy, in accordance with the above instruction, to reach the Transfer Secretaries by the relevant time, that shareholder will nevertheless be entitled to email, post or deliver this Form of Proxy to the Transfer Secretaries to be received prior to the commencement of the AGM. Forms of Proxy must accompany Participation Requests, as provided in the Notice of AGM.

Transfer Secretaries:
Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132).
Email: proxy@computershare.co.za

NOTES TO THE FORM OF PROXY

1. A Form of Proxy is only to be completed by certificated shareholders and own-name dematerialised shareholders.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided. The person whose name stands first on the Form of Proxy and who is participating in the AGM will be entitled to act to the exclusion of those whose names follow.
3. Voting will be by way of a poll. On a poll, a shareholder who is participating itself or by proxy or representative will be entitled to 1 (one) vote per share.
4. A shareholder or proxy is not obliged to use all the votes exercisable by that shareholder or proxy, but the total number of votes cast and in respect of which abstention is recorded may not exceed the total number of votes exercisable by the shareholder or proxy.
5. Forms of Proxy must be dated and signed by the shareholder appointing a proxy. For administrative reasons, Forms of Proxy should be emailed, posted or delivered to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at the addresses set out on the Form of Proxy so as to be received by no later than **9:30 (South African Standard Time) on Wednesday, 8 September 2021.** If a shareholder does not email, post or deliver the completed Form of Proxy to reach the Transfer Secretaries by the relevant time, that shareholder will nevertheless be entitled to email, post or deliver this Form of Proxy to the Transfer Secretaries to be received prior to the commencement of the AGM.
6. Completing and lodging this Form of Proxy will not preclude the relevant shareholder from participating in the AGM and voting to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity or other legal capacity must be attached to this Form of Proxy, unless previously recorded by the Transfer Secretaries or waived by the chairman of the AGM.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
9. If any shares are jointly held, all joint shareholders must sign this Form of Proxy. If more than one of those shareholders is participating in the AGM either itself or by proxy or representative, the person whose name appears first in the securities register will be entitled to vote.
10. Despite the aforegoing, the Chairman of the AGM may waive any formalities that would otherwise be a prerequisite for a valid Form of Proxy.

GLOSSARY OF TERMS

Adjusted EBITDA	(a non-IFRS measure) is defined as operating profit adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof) of non-financial assets, any other non-trading or non-recurring items, as well as fair value adjustments relating to biological assets.
AF	African female
AM	African male
B-BBEE	Broad-based black economic empowerment
CAPEX	Capital expenditure
CSDP	Central securities depository participant
CSP	Conditional share plan
DBP	Deferred bonus plan
Developable hectares	The area of a land holding left over after deducting areas not available for development, such as very steep, geologically unstable or environmentally sensitive land. These hectares will carry both sites that can be sold as well as roads, parks and other amenities.
EIA	Environmental impact assessment
ESG	Environmental, social and governance
Ethanol	Pure alcohol, produced through the fermentation of sugar.
FarmCo	As Tongaat Hulett optimises its direct farming activities, this initiative provides opportunities for third-parties to lease Tongaat Hulett farmland and farm it for their own benefit. This secures sugarcane supply and ensures that land targeted for future property development remains productive under sugarcane, while providing opportunities for transformation.
FCF	Free cash flow
GRC	Governance, risk and compliance
KZN	KwaZulu-Natal, South Africa
LTI	Long-term incentive
LTIP	Long-term incentive plan
RLTIP	Retention long-term incentive plan
LTIFR	Lost time injury frequency rate
MWh	Megawatt-hour
Molasses	A viscous co-product of the process of refining sugarcane.
MillCo	An initiative whereby sugar industry participants and investors with an industrial or agricultural focus can subscribe for a non-controlling equity interest in Tongaat Hulett's South African sugar milling and associated assets. The empowered sugar business will mill, refine and sell sugar and associated products.
MZN	Mozambican Metical
PropCo	An initiative to attract long-term equity investors to partner with Tongaat Hulett in developing its landholdings and realise long-term value through structured property transactions (e.g. through annuity income, lease structures and participating in top structure development).
Project Kilimanjaro	A farming partnership with the Zimbabwean government to develop 4 000 hectares of new land for sugarcane farming, for the benefit of 200 private farmers.
Renewable energy	Energy that comes from natural resources which are organically replenished, such as bagasse.
SACU	Southern African Customs Union, whose membership includes Botswana, Lesotho, Namibia, South Africa and Eswatini.
SADC	Southern African Development Community
SARS	Share appreciation rights scheme
SDG	The United Nations Sustainable Development Goals
SED	Socio-economic development
STI	Short-term incentive
TCFD	Task Force on Climate-Related Financial Disclosures
TGP	Total guaranteed package
TSR	Total shareholder return
VWAP	Volume-weighted average price (share price)
ZAR	South African Rand
ZWL	Zimbabwean Dollar

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