



MANY SUCCESSES

- Hippo Valley Estate - Gold Award for Safety
- Xinavane Mill - leader in the fight against HIV & AIDS
- Inclusion in the JSE SRI index
- Level 2 B-BBEE Rating
- Finalist in the Climate Change Leadership Awards

CONTINUING OPPORTUNITIES

- Renewable energy
- Participation in the Investor Carbon Disclosure Project (CDP)
- Participation in the CDP Water Disclosure Project
- Continued focus on safety improvement
- Continued focus on food safety

STRATEGY AND ANALYSIS

INTRODUCTION

As a key player in agriculture and agri-processing, Tongaat Hulett has a responsibility to operate with a long-term view that takes into account how decisions and actions impact its on-going performance and affect the people, habitat, planet and resources associated with company operations. Sustainability is integrated within all facets of the business and is aligned to the organisation's overall objectives. This has direct benefit to the company and its stakeholders as there is an improvement in management's performance and operational efficiency that enables it to reduce the risk that could affect the realisation of strategic goals.

The company considers the management of its opportunities and risks in the environmental, social and economic spheres as fundamental to its future success. This commitment has been reinforced through continued improvement in the company's engagement with all stakeholders.

With a significant number of the business operations being located in rural communities including Mozambique, Zimbabwe and the North Coast of KwaZulu Natal, there is a strong commitment to facilitate successful indigenous farmers around these areas. In keeping with this commitment, management has already seen the benefit of partnering with the KZN Department of Economic Development and Tourism (KZN DED&T) in developing black sugar cane farmers through its Operation Vuselela project (vuselela means 'revival' in Zulu).

Tongaat Hulett will continue to identify how best it can partner with governments and the people surrounding its operations in order to contribute to creating successful rural communities. Creating successful rural communities around company operations includes having an understanding of the socio-economic development

agenda of the region and aligning this to the strategic objectives of the organisation.

The protection of the environment is also key to Tongaat Hulett's operational principles and therefore the company seeks to go beyond compliance with environmental regulations and strives to meet internationally accepted best practice.

At Tongaat Hulett, the development of people and the enforcing of operational safety standards are of significant importance. The company has planned and implemented a number of initiatives over the years that are focused on occupational safety, talent management and environmental stewardship. Tongaat Hulett believes that all incidents are preventable and therefore has a goal of zero injuries across all operations. Safety is high priority and therefore, the company has undertaken a shared commitment to understand and apply the lessons learnt from every reported incident. Tongaat Hulett has made strong progress in recent years to enhance safety performance. Total recordable lost time injuries frequency rate (LTIFR), a key industry measure of the number of injuries recorded per 200 000 hours worked has fallen by more than half since 2005. It remains an unacceptable fact that people are still being injured and it is with regret that the company reports the death of four employees.

In the context of operating in an increasingly dynamic world, where issues such as climate change adaptation and mitigation are taking on greater relevance, stakeholders continue to expect that Tongaat Hulett will act in a fair and responsible manner. Meeting this expectation is core to business sustainability and Tongaat Hulett is pleased that the company is recognised as a leading performer in reporting its progress in these areas. The company recognises its responsibility to contribute to the health and safety of employees and the principles of fairness, integrity and respect is core to dealing with employees, in

as much as the company is committed to minimising the impact on the environment. Regular reviews of existing initiatives and measurements of performance are the norm.

In response to challenges associated with climate change, the conference of the parties (COP), the governing body of the United Nations Framework Convention on Climate Change (UNFCCC), advances implementation of the Convention through the decisions it takes at its annual meetings. South Africa, particularly KwaZulu-Natal, has been honoured to host the event known as COP17 at the end of 2011. Tongaat Hulett will support the government through its association with the National Business Initiative (NBI) and Business Unity South Africa (BUSA).

The company is in its second year of focusing on the following key strategic parameters:

- Contributing to the development of successful rural communities, including indigenous farmers of sugar cane and other staple crops, in the areas that surround our operations.
- Ensuring that management continues to be empowered to address sustainability in all facets of the business.
- Further improving the disclosure of relevant information.
- Effectively managing the opportunities and risks created by Climate Change and responsible Carbon Management.
- Responsible management of water resources.
- Playing an active role in the renewable energy sector in the region.

The company is on an exciting journey to play a role in transforming the region and meeting future growth opportunities in a sustainable manner. To this end, Tongaat Hulett has created 10 098 job opportunities since 2006 (39 314 employees as at 31 March 2011, 29 216 as at 31 December 2006).

KEY IMPACTS, RISKS AND OPPORTUNITIES

The current business environment is acknowledged as having many changing and challenging elements, especially in the context of the global economy and evolving environmental and social dynamics. Maximising the emerging opportunities from these risks is possible once the appropriate risk mitigation strategies and processes have been developed and implemented.

REPORTING BOUNDARIES

Following the most recent report, published for the period of 1 January 2009 to 31 March 2010, this report covers all of Tongaat Hulett's operations in Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe for the 12 months ended 31 March 2011. Tongaat Hulett's geographical presence is contained on page 7 of this integrated annual report.

Wherever possible, quantitative performance data for key sustainability indicators is provided for the reporting period. Due to the shift from a 15-month reporting period in our last report to a 12-month period this year, it has been decided that the 2011 data will become the baseline for comparability. In some cases, such as with respect to employee figures, data is already comparable and therefore is reported using year-on-year trends.

KEY IMPACTS	RISKS	OPPORTUNITIES
Food Safety	Product recalls linked to bad manufacturing practices or using contaminated ingredients may result in financial and reputational loss.	By embarking on third party certification such as HACCP/ GMP and influencing supply chain to do the same, risk of recalls is minimised.
Skills Development	In a competitive job market, staff may be lost to external opportunities.	Investing in talent management and people development is a key priority to retain skills.
Workplace Safety	Unsafe working environments and inadequate safety awareness can lead to high injury rate.	Continuously improving safety performance and instilling a safety-focused culture.
Climate Change	Physical, regulatory and reputational risks associated with climate change present risk to our operations. Changing weather patterns may affect crop yields.	Improving value chain efficiencies such as energy, production and transportation can reduce operating costs and limit the potential financial impact.
Water Resources	As an agri-processing business the industry relies on quality water resources to grow sugar and process finished products.	Water use reduction will improve the operating efficiency and reduce company exposure to water related risks.

This report has been prepared in accordance with the Global Reporting Initiative (GRI), and meets the requirements of their B+ reporting level and has been independently assured by SustainabilityServices. Sustainable development aims to meet the needs of the present without compromising the ability of future generations and Tongaat Hulett is firmly committed to advancing these principles.

ORGANISATIONAL PROFILE

Tongaat Hulett is an independent agricultural and agri-processing business, which includes integrated components of land management and property development. With its established and growing operations, it has considerable expertise in downstream agricultural products, biofuel production and electricity generation. The energy-food-water nexus is an evolving dynamic presenting both opportunities and risks. Tongaat Hulett is well positioned to benefit from the changing world of agriculture and agri-processing.

Tongaat Hulett Limited, previously known as The Tongaat-Hulett Group Limited, was formed when the Tongaat Group Limited merged with the Huletts Corporation Limited. The Tongaat Group Limited evolved from a partnership between Edward Saunders and W J Mirreles, which dates back to 1875, while the Huletts Corporation has its beginnings in the 1850's. Tongaat Hulett has a primary listing on the Johannesburg Stock Exchange, which dates back to 1952, and a secondary listing on the London Stock Exchange, which dates back to 1939.

Tongaat Hulett's key focus areas of sustainability include safety, health, environment, developing successful indigenous farmers, broad based black economic empowerment, human resources and skills development, talent management, employment equity, socio-economic development, stakeholder engagement and corporate governance.

As at 31 March 2011, Tongaat Hulett employed 39 314 people. Despite the company's continued commitment to safety, tragically there were four fatalities for the year ended 31 March 2011. The company continues to roll out

where we operate

Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe

leading brands

Some of Tongaat Hulett's most popular brands are Amyral maize starch, Voermol, Hyclear glucose syrup, Zimbali, Izinga, Huletts, Equisweet, SUGAlite and Sugar Joule.



value chain

Raw materials and Production

Natural ingredients such as sugar cane and maize are grown or sourced to produce products.



Packaging and Distribution

The products are then packaged and shipped through various distribution channels to customers



Consumers

Customers purchase brands from a variety of retail outlets



its safety plans, which focus on high risk areas, including the identification of high risk activities and additional interventions in order to minimise a recurrence of these types of incidents.

OUR PERFORMANCE

EXTERNAL RECOGNITION

- In 2010, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) index for the seventh year in a row, was ranked among the twenty-three best performers and was noted as one of eight consistent best performers for the past four years.
- The company ranked first in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies 2010, for the third year in a row.
- The Investment Analysts Society of Southern Africa voted Tongaat Hulett as the winner of the Best Reporting and Communication Award in the Consumer Products category in 2010, for the third consecutive year running.
- Hippo Valley Estate was awarded the Zimbabwe Occupational Health Council Gold Award for Safety in Masvingo Province and the Gold Award for Safety in the Agricultural sector at National level.
- Xinavane Mill in Mozambique won the second prize on businesses with excellent and leading initiatives in the fight against HIV and AIDS.
- The Institute of Waste Management of South Africa awarded the Refinery a Gold award for innovation and good waste management practices.

SUSTAINABILITY INDICATORS

INDICATOR	2008 (12 months)	2009/10 (15 months)	2010/11 (12 months)
Revenue	R7,106 bn	R11,136 bn	R9,681 bn
Annual Dividend per share (cents)	310	275	250
Number of employees at year end	40 132	40 824	39 314
Skills Development Score	4,39	5,96	10,19
Employment Equity Score	9,78	10,18	11,54
Socio-economic Development Score	5,00	5,00	5,00
Fatalities	7	11	4
LTI's	50	65	50
Water used in manufacturing	-	23 222 688 m ³	26 803 489 m ³
Carbon footprint (total tons of CO ₂)	-	1 307 091	1 120 634

ENVIRONMENTAL STEWARDSHIP

MANAGEMENT APPROACH

Tongaat Hulett has a responsibility to manage the earth's finite resources as it runs its operations. Similarly, it recognises its obligation to limit its carbon footprint, by reducing its emissions through appropriate energy efficiency measures, shifting to fuels with lower carbon emissions and increasing its reliance on renewable energy. Research is regularly undertaken to measure and monitor the impact of operations on the environment and implement systems to ensure that resources are used in a sustainable manner.

Policies and practices are in place in Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe to ensure that operations are managed within the relevant statutory and legal parameters and Tongaat Hulett's self-defined best practice requirements.

Key environmental risks continue to be identified and appropriate action is taken to either eliminate or minimise these risks. Environmental incidents and complaints received are monitored and appropriate corrective action. Significant progress has been made during the reporting period with the recording of environmental data on emissions, energy consumption, waste quantification and resource conservation. Specific targets have been set at each operation and are being aligned to the ISO 14001, OHSAS 18001 and NOSA requirements. Objectives and targets will facilitate meaningful progress with regard to best practice in sustainable development. Accredited auditors monitor the achievement of objectives and operational targets have been set in respect of primary water use, energy use, air quality (sulphur dioxide emissions), land use and bio-diversity.

Tongaat Hulett's approach to property development is conceptualised and implemented around a sustainable development philosophy, which at its core, is aimed at achieving an appropriate combination between economic development, environmental enhancement and social upliftment development. Actions continue to be taken to identify ways to address social development objectives such as affordable and quality housing, appropriate densification and public transport, as well as environmental sustainability measures such as green buildings, reducing energy and water usage and developing ecological corridors and indigenous carbon sinks.

Environmental Impact Assessments (EIA's) and the implementation of the respective Environmental Management Plans (EMP's) are entrenched and all operations strive to conduct themselves in an environmentally responsible manner.

Tongaat Hulett is continuing to evaluate its carbon and water footprint and developing new approaches to understand and deal with potential opportunities and consequences of both climate change and constrained water supplies in the future.

CLIMATE CHANGE, CARBON MANAGEMENT AND ENERGY

In 2010, the Department of Science and Technology released South Africa's first Risk and Vulnerability Atlas, a publication that provides a condensed overview of the map of areas sensitive and vulnerable to various kinds of risks, disasters and climate-related impacts. The company engages with the Department and uses this information to support improved strategic development in the areas of risk and vulnerability decision-making.

Tongaat Hulett participated in the Carbon Disclosure Project (CDP), an independent initiative encouraging transparency on all climate change related issues and providing details of emissions performance. As part of the CDP process Tongaat Hulett conducted its second



carbon footprint analysis. The analysis was conducted according to the Greenhouse Gas Protocol, a widely used international accounting tool. Details of the company's actions are provided in the public response to the Carbon Disclosure Project (www.cdproject.net). The company tracks and monitors its greenhouse gas emissions and will continue to improve the accuracy and reporting of its greenhouse gas footprint.

Direct or Scope 1 emissions are those arising directly from owned or company controlled sources. These include, for example emissions from combustion in owned or controlled boilers, furnaces, vehicles and emissions from chemical production in owned or controlled process equipment. During the year, business operations emitted 710 379 metric tons CO₂ (Scope 1 emission). Indirect or Scope 2 emissions are those emissions from the generation of purchased electricity consumed by Tongaat Hulett. The company purchased electricity that emitted 409 447 metric tons of CO₂. Scope 3 covers all other indirect emissions that arise as a consequence of the organisation's activities. In the reporting period employees booked nearly 2 375 business trips, flying more than 4,3 million kilometres resulting in 808 metric tons CO₂ emitted from business travel.

The total CO₂ for the period under review was 1 120 634 metric tons equivalent and the turnover was R9,681 billion, which equates to 116 grams of CO₂ emitted per rand generated.

CARBON FOOTPRINT ● 2010 ● 2011



Sugar cane is a highly effective convertor of sunlight into biomass, and globally is the key raw material for a rapidly growing industry in bio-fuel and renewable electricity generation. Tongaat Hulett's mills have produced renewable electricity for the supply of power to run the mills for many years and have routinely supplied electricity into the grid albeit on a small scale. In line with global trends, the focus is now on upgrading the generation of renewable electricity using highly efficient technology to produce substantially more electrical power from the same amount of fibre, thereby increasing the quantity of renewable electricity available to the national grid.

The central sugar refinery uses coal while the starch operation uses coal and gas, to generate steam used in production processes. Electricity is either purchased or generated for use in initiating production purposes and to supply power to offices and other support services.

Tongaat Hulett is in the process of assessing the opportunities to reduce the energy and water footprints in each of its operations, starting with factory operations. The impact of the agricultural operations is still to be assessed. Provided that an enabling regulatory framework and co-generation feed-in tariff (COFIT) are in place, Tongaat Hulett will expand the operations' ability to generate electricity from bagasse, a renewable resource produced as a co-product with sugar. As an integral part of these projects, the energy efficiency of the sugar mill which supplies the fuel to the electricity generating plant is targeted to be improved by 30 percent. This energy efficiency improvement will be critical to enable full utilization of the bagasse for power generation. These projects will require substantial capital investment and are expected to take place in the mills on a phased basis.

Over the same 5-year period, Tongaat Hulett intends to establish a water efficiency improvement target for water consumption per ton of product produced. This will be done as a means of not only improving the company's water footprint, but of reducing the company's reliance on water sources that might affect local communities. It should be noted that the sugar milling operations are net producers of water, as the water which comes in with the cane is in excess of the water required to extract the sugar from the cane.

For the period to 31 March 2011, Tongaat Hulett used 418 210 MWh of electricity in all its operations and offices. It generated 322 245 MWh from its sugar mills predominantly from bagasse. In the previous reporting period ended 31 March 2010, Tongaat Hulett used 483 346 MWh of electricity and generated 360 142 MWh. Other

sources of fuel that are used include coal, diesel, petrol, gas and wood.

AIR QUALITY

Since sugar mills burn bagasse as a fuel, the flue gases from the boilers do not contain harmful levels of contaminants. Wet scrubbing technology is used to remove fly-ash from the flue gas to ensure that emissions meet the required standard. The recent legislative changes to air quality standards are far more stringent and present a challenge for the sugar industry as a whole and an appropriate action plan to ensure compliance with new standards has been implemented.

The central sugar refinery in the Durban South Industrial Basin burns coal as a boiler fuel and therefore has a greater challenge in terms of emission reduction, as required by the recent legislative amendments. Currently emissions levels continue to remain well within the permitted requirements and alternative steam and power technology options are being evaluated to ensure the refinery is compliant with new air quality standards.

At present, air quality is monitored on a daily basis at the refineries due to the significance of the emissions generated (sulphur dioxide (SO₂) and particulates), with all relevant stakeholders receiving access to regular performance reports, as well as an annual emissions report. To date, the refinery has not breached the emissions limits set out within air quality permits. At the mills, where emissions are of a less material concern, emissions are measured on an annual basis, and no concerns have thus far been raised.

BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett owns over 20 000 gross hectares of land in South Africa of which 13 654 gross hectares have real potential for conversion from agriculture to alternative usages on a managed, phased basis at the appropriate time. At the same time, given the importance of agriculture, Tongaat Hulett is proactively seeking new land to rehabilitate from its current unproductive state and so fulfil its rural development objectives and increase the supply of sugar cane to its mills.

Tongaat Hulett continues to implement strategies and actions which are aimed at sustainability and the pursuit of sustainable development via the conservation of high value natural habitat, enabling of significant new socio-economic benefits for surrounding communities and facilitation of new investment and economic growth. Approximately 5 000 hectares of land will be brought

under formal and sustainable conservation management as part of the transition of the agricultural land assets to new development. The primary objectives of this new conservation are around the protection, enhancement, creation and management of biodiversity for the region in a manner which adds value to the surrounding habitats and communities.

WATER

Together with climate change, the management of water resources is an area of emerging importance that will grow in prominence as societal water demand increases. Tongaat Hulett operations continue to improve the level of understanding of the company’s water usage in order to ensure that this finite resource is managed in a responsible manner. The company has developed a Water Policy which documents its view on key elements including prioritising sustainable management and effective use of water resources, local water resource optimisation and protection. Tongaat Hulett acknowledges the role that initiatives such as the United Nations CEO Water Mandate have to play in ensuring the sustainability of water resources and targets to be a signatory within the next reporting period.

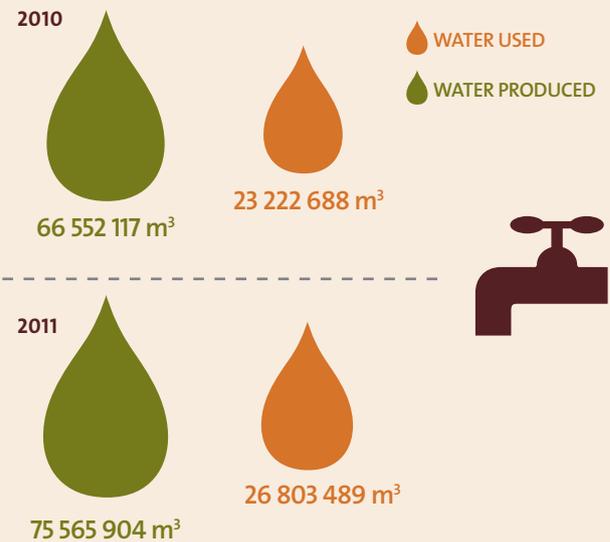
Tongaat Hulett’s sugar operations are in various locations within the SADC region and different water techniques are applied across operations and due to the fact that the sugar cane plant comprises approximately 70 percent water, sugar mills are net producers of water. Most of the sugar cane cultivated in South Africa is dependent on natural rainfall while operations in Mozambique, Swaziland and Zimbabwe, practise large-scale irrigation via purpose-built canal systems with water extracted from rivers. The management of these canals and irrigation systems is in keeping with the highest agronomy and safety standards.



At Tongaat Hulett Starch, water usage is monitored on a daily basis and optimised to run at relevant world standards for wet milling operations. Water quality is monitored on an ongoing basis and the operation continues to identify business risks and opportunities for water access, reuse or recycling, efficient use and responsible waste water disposal.

Tongaat Hulett reported its water usage in the product manufacturing process for the period under review as 26 803 489 m³, with a further 75 565 904 m³ being purified at various mills and supplied to local Municipalities as potable water. This metric, reported for the second time, provides a single, aggregated overview of water demand across the company operations. The company continued its engagement with the Council for Scientific and Industrial Research (CSIR) to identify future rainfall patterns and water scarcity due to the evolving impact of climate change. In the previous year ended 31 March 2010 it used 23 222 688m³ with a further 66 552 117m³ sold to municipalities as potable water.

WATER PRODUCED FROM SUGAR CANE & WATER USED IN PRODUCT MANUFACTURING



EFFLUENT

Subsequent to the “zero effluent” philosophy that has been adopted by several operations to minimise the quantity of liquid effluent leaving each mill or plant, the sugar mills recycle and re-use water within the factories, while the remaining effluent undergoes biological treatment (aerobic and anaerobic) to reduce its chemical oxygen demand to acceptable levels being discharged in accordance with the relevant environmental

requirements. Water that is produced as part of the sugar milling process is used for the irrigation of sugar cane on adjacent estates and effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment, and both the quantity and quality thereof is monitored to ensure compliance with the relevant specifications.

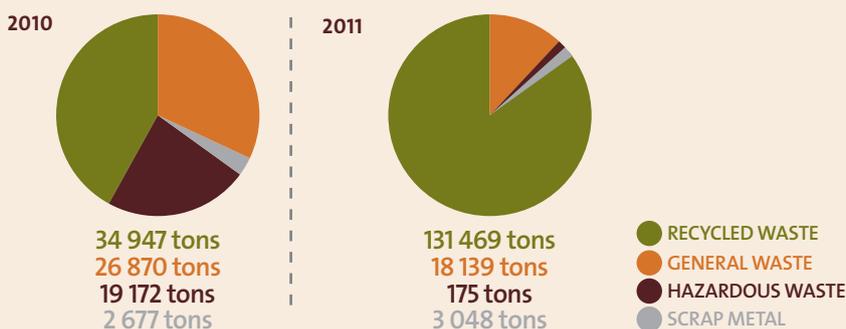
The starch operation's effluent is treated at local authority treatment plants, with effluent quality being constantly monitored.

WASTE

Some operations have re-engineered and refined services in order to reduce waste and increase resource productivity over the past few years and these initiatives have yielded significant savings offering new revenue streams from the sale, exchange and recycling of waste products. Specific projects in the period to 31 March 2011 included the quantification of waste streams and the establishment of waste recycling programmes.

During the reporting period, 18 139 tons of general waste, 3 048 tons of scrap metal waste, 175 tons of hazardous waste and 131 469 tons of recycled waste was generated and disposed of in accordance with applicable legislation. In the previous 15-month reporting period to 31 March 2010, 26 870 tons of general waste, 2 677 tons of scrap metal waste, 19 172 tons of hazardous waste and 34 947 tons of recycled. There has been a significant decrease in hazardous waste volume due to the implementation of full scale recycling of the refinery filter cake into the agricultural sector. This material has been reclassified and approved by KZN Department of Environmental Affairs as a "by-product". This project was recognized by the Institute of Waste Management of South Africa and the refinery was awarded both the innovation and Gold award for waste management practices.

WASTE GENERATED



CASE STUDY

ENVIRONMENTAL STEWARDSHIP BEGINS WITH INNOVATIVE WASTE MANAGEMENT

Waste management has long been an important sustainability measure in the area surrounding the Sugar Refinery in the Durban South Basin. Having been established in 1910 to refine raw sugar into white sugar, the Tongaat Hulett Sugar Refinery uses the carbonation process as its clarification process, with powdered lime as a key ingredient.

For further details: www.tongaathulett.co.za/2011/env_case.pdf

Recycled refinery filter cake, which is predominantly constituted of calcium carbonate, is distributed to vegetable and maize farms as a replacement for lime, which would normally have to be purchased as an input to operations. This material was previously classified as a 'hazardous material' and constituted more than 15 000 tons of waste shipped to landfills per annum. By redirecting the waste to farms, Tongaat Hulett is not only reducing the total volume of waste being shipped to landfills, but costs are reduced by having the farmers 'purchase' the filter cake material at a price set to cover the cost of transportation from the refinery to their farms.

FOOD SAFETY

Tongaathulett has over many decades developed a reputation as being a producer of high quality products. In order to ensure that this reputation is maintained, the company manages its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. The use of this system enables the company to meet the needs of its customers in the food industry. In addition, ongoing attention is paid to the requirements of ISO 9001, the Hazard Analysis Critical Control Point system (HACCP) and ISO 22000, in terms of quality and



food safety standards at all operations. These systems are in various stages of being certified by the South African Bureau of Standards (SABS).

ENVIRONMENTAL COMPLIANCE

There were no material incidents, fines or non-monetary sanctions for non-compliance with applicable environmental regulations during the year under review. The established community liaison forums between Tongaat Hulett and interested parties continue to address environmental related complaints. Level 1 environmental complaints are those that are deemed 'minor' and refers to the number of times the operations activities resulted in isolated public complaints. Although a response is triggered, Level 1 complaints do not require remediation plans. Level 2 complaints refers to numbers of times the operations activities resulted in widespread public complaints or attention from media. Both a response and remediation plan is triggered in the event of a Level 2 complaint.

During the reporting period, Tongaat Hulett experienced 13 Level 1 complaints and 2 Level 2 complaints. The two Level 2 complaints were from Maidstone related to fish dying in the Tongaat River, it was alleged that the mill effluent was contaminating the river. These complaints were thoroughly investigated by mill personnel and municipal authorities. It was confirmed that the root cause of the contamination was actually sewerage overflow into the river and not mill effluent. The municipality is looking into relevant corrective action.

THIRD PARTY CERTIFICATIONS

Tongaat Hulett operations have embarked on programmes to conduct third party audits and/or certifications. In this regard, targets have been set for third party audits and certifications associated with NOSA, OHSAS 18001, ISO 14001, ISO 9001 and HACCP/GMP. Operations located in South Africa have been certified under the ISO 14001 Environmental Management Systems. Tongaat Hulett Sugar operations were audited by NOSA on the integrated star rating system. The starch operations are ISO 9001 and ISO 14001 certified and Germiston mill and Kliprivier mill met the requirements for OHSAS 18001 certification. The remaining starch operations are working towards certification. Mozambique and Zimbabwe operations have completed stage 1 of the ISO 14001 certification, with the exception of Hippo Valley Estates, which is certified. The Swaziland operation is certified to ISO 14001, ISO 9001 and NOSA. Certain of the starch and sugar operations have embarked on HACCP/ISO 22000 food safety assessments.

Germiston, Kliprivier, Maidstone and Tongaat Hulett Sugar Refinery are HACCP/ISO 22 000 certified.

SOCIAL PERFORMANCE

MANAGEMENT APPROACH

Ethical integrity and social responsibility are core principles of the manner in which the company conducts its business. Tongaat Hulett views the achievements of targets in this area as central to the organisation's continued success. In light of this, executive directors' and management's annual bonuses are linked to, among other elements, the achievement of key business strategies and the company's safety targets. Performance on social dimensions continued on a positive trend, from the previous reporting period, with notable progress on all dimensions: safety, health, talent management and people development.

SAFETY

Tongaat Hulett has set as one of its key objectives, the creating of a workplace that is free from injuries and fatalities. The LTIFR for the period to 31 March 2011 was 0,10 (LTIFR 2010 0,097) and when viewed against an LTIFR of 1,27 in 2003, there has been a significant improvement in the company's safety performance. The significant improvement in the LTIFR since 2003 has been



Period	Actual 12 months to 31 December 2007		Actual 12 months to 31 December 2008		Actual 15 months to 31 March 2010		Actual 12 months to 31 March 2011		Target 12 months to 31 March 2012	
	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR
Sugar	62	0,13	53	0,10	51	0,09	42	0,08	40	0,08
Starch	9	0,66	4	0,28	4	0,27	8	0,53	5	0,66
Developments	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	71	0,14	57	0,11	55	0,097	50	0,10	45	0,09

achieved through various initiatives including increased management focus on this area; training and a significant amount of spend being incurred on personnel safety carriers.

The focus of the safety programmes throughout Tongaat Hulett over the reporting period has been on identifying the highest fatality risk incidents (HFRI) or “near misses” and managing them at the same level as if they had actually resulted in a disabling injury. This approach is designed to progressively lower the risk of a fatality or injury at each operating site.

Regrettably, four fatalities occurred during the reporting period. Three of the recorded fatalities occurred at the Triangle operation in Zimbabwe. In the first incident, an irrigation operator was struck by a goods train. In the second and third incidents employees were fatally injured in motor vehicle accidents. The fourth fatality occurred at the Xinavane mill in Mozambique when an employee was killed in a motor vehicle accident.

Executive SHE committees have been established in Mozambique, South Africa, Swaziland and Zimbabwe to ensure continued management of safety, health and environmental performance throughout the company’s operations. The committees meet quarterly to review progress of the Tongaat Hulett safety management programme. All operations continue to identify and re-evaluate their risks on an ongoing basis and have implemented active monitoring, measurement, control and reporting procedures.

Underpinning the Safety Improvement Plan, all operations have programmes in place related to visible felt leadership, hazard identification and risk assessments, internal audits, management reviews and third party audits. Golden rules, standard procedures and safety training are key components of the safety improvement drive. Senior employees in operational areas are expected to ensure compliance with safety laws and remain responsible for

taking steps considered to be practical to mitigate any potential hazards.

Benchmarking is used to measure standards against leading best practice. Relevant information and experience is shared across all operations and the Tongaat Hulett Risk and SHE committee meetings are used as one of the vehicles to promote the implementation of leading practices and shared learning. In addition, inter-operational site visits form an integral part of the shared learning process whereby management teams have the opportunity to gain first-hand information on SHE practices and access to innovative ideas. Incident learnings are also shared across the company. As part of its ongoing drive towards “zero harm” the company will be embarking upon a behaviour based program with a reputable expert in this complex field. The rollout of this programme is scheduled for 2011/12.

HEALTH

Operations comply with the requirements of the Occupational Health and Safety Act in South Africa, or the country equivalent for operations in Botswana, Namibia, Mozambique, Swaziland and Zimbabwe. Management in each of the operations is required to ensure that all legal requirements are complied with, and where legislation does not exist, leading practices identified and implemented. SHE audits are regularly conducted in order

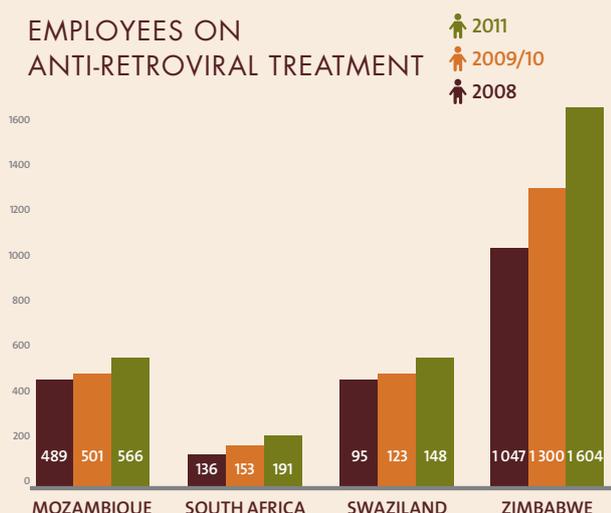


to ensure this compliance and the company is committed to exceeding the minimum requirements of legislation. Company clinics provide occupational and primary health-care programmes, and there is a high quality company hospital in Zimbabwe.

HIV AND AIDS

In recognition of its responsibility towards managing HIV and AIDS, a Board approved HIV and AIDS policy encourages training and education, voluntary counselling and testing, and ensures the fair, compassionate and non-discriminatory treatment of those who may be impacted by the disease.

Holistic and comprehensive HIV and AIDS management programmes are in place with the key elements being awareness, prevention, encouraging employees to know their status through Voluntary Counselling and Testing (VCT), treatment that includes Anti-retroviral Treatment (ART), care and support. Due to requirements of confidentiality and privacy, as well as medical and clinical expertise when treating HIV and AIDS patients, the company makes use of external service providers in certain operations to co-manage the workplace programmes. Where appropriate, successful wellness programmes are offered in various operations and include healthy lifestyle education and personal health assessment, including VCT.



Good progress is being made with the number of employees knowing their HIV status and 86 percent of the employees in South Africa, 97 percent in Swaziland, 78 percent in Mozambique and 82 percent in Zimbabwe know their status. In Mozambique, progress continues to be made in respect of HIV and AIDS programmes, including VCT in conjunction with the Government of

Mozambique. Strategies to ensure a further increase in the number of employees participating in VCT are in place, such as linking VCT to occupational medical surveillance programmes, general wellness programmes and HIV and AIDS commemorative events such as World AIDS Day. It is targeted, that by 2012 more than 86 percent of the employees in South Africa and 78 percent of the employees in the other countries will know their status.

The company's ART programme is progressing well with 2 509 employees (191 in South Africa, 566 in Mozambique, 148 in Swaziland and 1 604 in Zimbabwe) currently receiving ART.

OCCUPATIONAL DISEASES

Ongoing occupational health programmes are in place at all operating centres to eliminate priority health risks such as noise induced hearing loss and occupational diseases such as asthma and dermatitis. Risk assessments, hygiene surveys, risk control measures, medical surveillance and audits are conducted periodically to address exposures to health hazards at the workplace. Further occupational health audits were conducted during the reporting period, building on the solid platform that has been established.

MALARIA

Malaria is still a significant health risk in the Mozambique, Swaziland and Zimbabwe operations and integrated malaria control programmes to mitigate the impact of the disease are in place at these operations. The key elements of the programmes are vector control with insecticides, prevention of mosquito bites with personal protective measures and the treatment of established cases of malaria. The number of malaria cases amongst employees in the reporting period to 31 March 2011 was 800, with 367 cases reported in Mozambique and 433 in Zimbabwe. In the fifteen month reporting period to 31 March 2010 there were a total of 868 cases, with 474 cases reported in Mozambique, none in Swaziland and 394 in Zimbabwe.

TALENT MANAGEMENT AND PEOPLE DEVELOPMENT

A key requirement for achieving the strategic goals and objectives of the business is a highly skilled workforce. With the availability of skilled people, particularly in the technical and engineering disciplines, being an ongoing dynamic, there is a need to ensure an appropriate pipeline of skilled people to meet future skills requirements and for succession planning purposes. Targeted recruitment and market-related remuneration practices, coupled

with effective performance and talent management, and mobility across operations play an integral part in ensuring that the organisation continues to have access to a highly skilled and competent workforce at all levels.

Training related information in respect of the South African operations for the period 1 April 2010 to 31 March 2011:

Total training spend	R28,5 million
1 percent skills levy	R8,7 million
Training spend % leviable amount	3,3% (excluding 1% skills)
Number of people days trained	12 472
Number of people days available	1 552 266
% trained people days	0,8%
Number of people trained	2 431

The capability profiles of teams and individuals are continuously being assessed against the required competencies and appropriate action is taken to address any gaps that are identified. Some of the interventions include talent management processes coupled with fast tracked development, training and development, recruitment from outside and addressing succession planning gaps by ensuring an appropriate pipeline of skilled people to meet future skills requirements.

Effective skills development practices at all levels is a priority and continues to be strengthened including supervisory, management and leadership development, learnerships, in-service training, operator training, general skills development of shop floor employees and effective coaching and mentoring processes. Competency gaps

CASE STUDY

**FROM TRAINEE TO FACTORY MANAGER
NHLANHLA CLIVE SOJI**

When Clive Soji joined Tongaat Hulett Refinery in 1993, little did he know that one day he would assume a senior management position. His career has been characterised by self-motivation and a willingness to take up opportunities for learning and improvement that were afforded to him by Tongaat Hulett.

For further details: www.tongaat.co.za/2011/talent_case.pdf

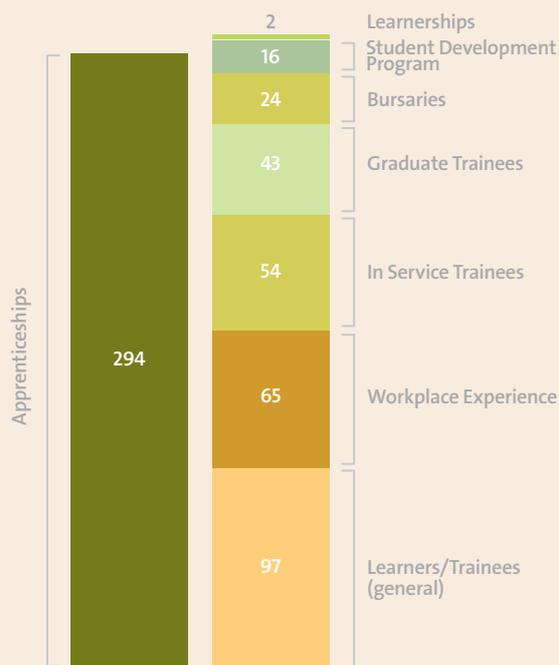
and individual training and development needs are being identified and action plans developed to address these needs. Action plans are developed to address the needs of high performing and highly talented individuals, with particular emphasis on black employees in the case of South Africa.

Action plans continue to be implemented to enhance the investment in skills upliftment and to improve the recording of all training and development expenditure related to on the job training in South Africa which contributed to an increased score on the skills development element of the B-BBEE scorecard. Expenditure in 2010/11 was 3,3 percent of payroll and it is envisaged that the investment in skills development should reach five percent of payroll by 2015.

EXISTING SKILLS

In the sugar operations, managers attend leadership and management development programmes offered by Treetops, while the starch operations have formed a partnership with the Wits Business School to address their unique requirements of management development and supervisory training respectively. In addition to formal training and development programs, there has been a further improvement in performance management, talent management and coaching and mentoring processes and these processes have now become well

**FORMAL TRAINING PROGRAMMES
ACTUAL AS AT 31 MARCH 2011**



No. of employees sent on training programmes	4 389
No. of employees Company Assisted Study Aids Schemes	193
TOTAL	5 177

EXISTING SKILLS IN ALL COUNTRIES

Period	Number (as at 31 March 2011)	Average Age (as at 31 March 2011)	Number Terminated (1 April 2010 - 31 March 2011)	Number Appointed (1 April 2010 - 31 March 2011)
Degrees/Diplomas	857	40	41	36
Artisans	504	39	23	68

entrenched in most parts of the business. This includes clear roles and responsibilities, performance reviews, performance ratings, action plans to uplift performance and the implementation of the principles contained in the reward philosophy including market related remuneration and differential rewards for high achievers and outstanding performers. Coaching skills training is done through Wits Business School and UCT Business School. Where appropriate, reasonable accommodation of work/life balance, for example in the form of flexible work arrangements, continues to be used as one of the ways to accommodate the needs of particular employees, which contributes to the retention of talent.

Appropriate organisational transformation is encouraged to facilitate Tongaat Hulett being managed as one company across all countries where functionality is based on expertise instead of hierarchy / function and the encouragement of multiskilling and multiple relationships. This transformation includes improved region wide communication and inculcating a sense of belonging amongst all employees in all operations. Task based processes and the encouragement of dynamism, decentralisation, growth, results-orientation, indigenisation, innovation and sustainability are being reinforced. In addition, an organisational climate is being nurtured to unlock the emotional energy and company commitment of employees and to assist in building Tongaat Hulett into an employer of choice.

Bursaries, scholarships, trainee programmes and learnerships continue to be sponsored by the company to assist with sourcing and developing young minds in anticipation of future skills requirements. To support these programmes, strong partnerships have been formed with select educational institutions and Sector Education and Training Authorities (SETAs). Workplace skills plans and implementation reports are submitted to the relevant SETA on an annual basis.

Recruitment strategies include the use of psychometric assessments and web-based recruitment linked to Career Junction. Partnerships and relationships with education institutions continue to be strengthened with institutions such as the University of Witwatersrand (Wits) (Electrical Engineering/Process Control), the University of KwaZulu-Natal, Mangosuthu Technikon and the Durban University of Technology.

EMPLOYMENT EQUITY AND INDIGENISATION

Tongaat Hulett values the dynamism that a multi-cultural human resource base brings to its business and employees in the Swaziland and Zimbabwe operations consist almost exclusively of local citizens. While slowly improving, there continues to be a shortage of suitably qualified people in Mozambique and consequently there is currently a higher number of foreign nationals employed at these operations than might be expected. Initiatives implemented to address this anomaly include a program to employ and train local citizens.

AVERAGE AGE AND LENGTH OF SERVICE (PERMANENT EMPLOYEES) AS AT 31 MARCH 2011

Level	Average Age	Average Length of Service (years)
Top Management	51	19
Senior Management	49	18
Middle Management	44	13
Skilled and Supervisory	42	13
Semi-Skilled	41	13
Unskilled	36	7
Total	38	9

LATEST EMPLOYMENT PROFILE AS AT 31 DECEMBER 2009 SUBMITTED TO THE SA DEPT OF LABOUR

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	0	1	14	2	1	1	0	1	0	24
Senior management	21	4	21	60	4	2	5	3	3	0	123
Professionally qualified and experienced specialists and mid-management	55	7	48	73	33	3	18	26	7	3	273
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	345	56	231	139	154	18	54	66	10	5	1 078
Semi-skilled and discretionary decision making	1 042	20	161	5	186	5	35	11	1	0	1 466
Unskilled and defined decision making	1 410	0	13	2	1 226	0	2	1	1	0	2 655
TOTAL PERMANENT	2 877	87	475	293	1 605	29	115	107	23	8	5 619
Temporary employees	135	7	6	7	67	1	0	4	1	0	228
TOTAL (SOUTH AFRICA)	3 012	94	481	300	1 672	30	115	111	24	8	5 847
Total workforce in ALL COUNTRIES as at 31 March 2011											39 314

Note: A = African, C = Coloured, I = Indian, W = White

The total workforce as at 31 March 2011 across all countries was 39 314 compared to a total of 40 824 the previous year (full time employees, casuals and contractors). Employee turnover (all categories including retirements, retrenchments, deaths, dismissals etc) within the South African operations was 9,3% compared to 6,9% in 2010 and 6,5% in operations outside South Africa.

In South Africa there continues to be a need to address the imbalances of the past and a strong employment equity culture has been fostered over many years. Actions are continuing to improve the representation of designated groups, with particular emphasis on Africans, black women and persons with disabilities, with the intention to align the workforce profile with the underlying demographics of the country. As at 31 March 2011, 56,4% of management and 81,5% of skilled and supervisory positions are filled by black employees. Women constitute 36,5% of the workforce across South African operations. Within the South African operations, 73,4% of the 552 graduates and diplomate employees are black, with women constituting 44,7%.

The table above reflects the employee profile of the company's South African operations as at 31 December 2009, which formed part of the Tongaat Hulett employment equity report submitted to the Department of Labour (DoL).

Employment equity plans are in place to meet the employment equity goals that have been set for December 2011. These plans include targeted recruitment and placement, coupled with talent and performance management, training and development, coaching and mentoring and managing cultural diversity. Recommendations have been received from the DoL, following their review of the Tongaat Hulett employment equity practices and action plans are in place to implement the recommendations.

The Tongaat Hulett Employment Equity Committee is chaired by the CEO and the broad composition of this committee ensures that it benefits from company wide experience and expertise in achieving its objectives. Its main objective is to set targets and review progress on all employment equity related matters and where necessary, to make recommendations to the Board on the implementation of employment equity policies. These policies are based on equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels. The implementation of these policies is facilitated by appropriate performance and talent management processes, recruitment targets, development and training programmes, coaching and mentoring and innovative management development practices.

These programmes, targets and practices enjoy priority as a key business objective and constitute an integral part of management's performance assessment.

The table below reflects a year on year comparison of black employee and women representation in proportion to permanent staff at various levels as at 31 March 2011.

The overall proportion of black representation in management as at 31 March 2011 was 56,4% of permanent staff at this level, compared to 54,6% at 31 March 2010. It is envisaged that by 2012, black representation at management level (D band and above) will exceed 60,0%. Females at senior management level increased from 11,6% to 12,0%. As at 31 March 2011, the proportion of black females in top management was 16,7% which was the same as at 31 March 2010 and black females in management increased from 16,8% to 18,6 % in March 2011. There were 63 employees with disabilities as at 31 March 2011, which constituted 1% of the employee complement (62 employees with disabilities as at 31 March 2010).

	Actual as at 31 December 2008	Actual as at 31 March 2010	Actual as at 31 March 2011
Top Management who are black	38%	38%	38%
Top Management who are women	17%	17%	17%
Senior Management who are black	44%	46%	48%
Senior Management who are women	9%	12%	12%
Middle Management who are black	58%	60%	62%
Middle Management who are women	29%	30%	32%
Skilled and Supervisory who are black	78%	80%	82%
Skilled and Supervisory who are women	27%	26%	27%

HUMAN RIGHTS

South Africa is a signatory to the Universal Declaration of Human Rights, which is in turn reflected in the country's Constitution. Tongaat Hulett has incorporated human rights principles in its practises, and operates within a Code of Business Conduct and Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business.



This is based on a fundamental belief that business should be conducted honestly, fairly and legally. The company expects all employees to share its commitment to high moral, ethical and legal standards.

The company has always strived to maintain a constructive relationship with unions and a climate of industrial peace has generally prevailed. There are recognition agreements with 10 different unions as at 31 March 2011 and approximately 74,3% percent of permanent employees are members of unions.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Tongaat Hulett employees have the right to freedom of association. This right is also entrenched in the company's code of ethics, business principles and policies.

Trade unions formally recognized are:

Botswana – Botswana Beverages and Allied Workers Union (BBAWU)

Mozambique – Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)

Namibia – Namibian Food and Allied Workers Union (NAFAU)

South Africa – Food and Allied Workers Union (FAWU); National Sugar and Refining and Allied Industries Employees Union (NASARAIEU); South African Agricultural Plantation and Allied Workers Union (SAAPAWU); United Association of South Africa (UASA)

Swaziland – Swaziland Agriculture and Plant Workers Union (SAPWU)

Zimbabwe – Zimbabwe Sugar Milling Industry Workers Union (ZSMIWU); Zimbabwe Hotel and Catering Workers Union (ZHCWU)

There were industrial actions that resulted in 29 days lost (24 days in SA and 5 in other countries) for the period under review. The financial cost impact was R813 702 (R803 702 in SA and R10 000 in other countries).

DISCIPLINARY PROCEDURES

The disciplinary code and procedures make provision for corrective behavior and have been drawn up in order to apply discipline in a just, equitable, non-discriminatory and consistent manner, in line with the relevant labour legislation. If any employee feels unjustly treated, they are entitled to exercise their rights in terms of the particular operations’ internal appeal procedure and the relevant legislation.

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

GRIEVANCE PROCEDURES

The company’s grievance procedures are intended to create an environment that is conducive to good employee relations, by facilitating prompt and fair action by the company when employees raise legitimate complaints. The intention of the grievance procedures, is to ensure that grievances are resolved as near to their point of origin as possible, and as fast as possible.

CHILD LABOUR, FORCED AND COMPULSORY LABOUR

Tongaat Hulett does not make use of child labour and does not tolerate the inhumane treatment of employees, including any form of forced labour, physical punishment or other abuse.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett is accountable to a variety of stakeholders, each with varying interests and expectations. The company maintains an open dialogue with internal and external stakeholders as a basis for decision making. The objective of the company’s stakeholder engagement processes is to build long-term, stable and mutually-beneficial relationships. In progressing this objective, Tongaat Hulett has identified the following key stakeholders and the various initiatives in place to communicate with each group.

Employees’ expect the company to operate ethically and responsibly in a safe, respected and fairly compensated environment. It is the company’s responsibility to ensure ethical and responsible management procedures are in place to protect employees, support diversity and reward performance. The company interacts with employees daily, striving to achieve a high level of engagement. Employees are kept abreast of local and corporate business development via internal newsletters, company intranet, briefings and internal memos. The bi-annual results presentations are made available to staff by invitation and also through the company intranet.

Customers, suppliers and service providers’ expectations are to grow their business by supplying quality products that are desired by their customers. It is the company’s responsibility to continuously improve the quality, taste and innovative features of its products at a reasonable price. Tongaat Hulett is in regular contact with its largest customers to ensure exceptional customer service levels.

Shareholders, investors and analysts expectations are to ensure sustainable and profitable long-term growth is achieved through ethical and responsible business practices. It is the company’s responsibility to clearly and openly communicate its business strategy and financial results. Communication takes place through meetings with management, telephonic conversations, internet and email. A well-entrenched investor relations team exists with a focus on communicating with all stakeholders and ensuring adherence to corporate disclosure requirements. Annual and interim results presentations are held in Johannesburg, Cape Town and Durban and roadshows are undertaken to the USA and the UK in order to explain the company’s performance and prospects. Engagement with the media takes place on a formal as well as informal basis with media briefings, press releases, SENS announcements and publishing of relevant information on the Tongaat Hulett website. Shareholders are also encouraged to attend the company’s Annual General Meeting.

Government authorities and regulators expectations are that the business operates in accordance with all local,

STAKEHOLDERS

Employees	Customers Suppliers Service Providers	Shareholders Funders Investors Analysts Media	Governments Regulators	Trade Unions	Local Communities
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provincial and national laws and regulations. It is the company's responsibility to provide adequate resources to ensure that its facilities operate in accordance with all applicable laws and regulations. Engagement with this stakeholder grouping varies dependant on the government agency. Refer to www.tongaathulett.co.za/annualreport2011/partnerships.pdf for details on Government partnerships with Tongaat Hulett.

Managers in all company operations interact with trade unions on relevant employment issues with collective bargaining taking place on a need to have basis. The sugar and starch operations are the most labour intensive businesses and structures are in place to engage with various unions.

Local communities are engaged in order to develop a broader understanding of their concerns, align priorities and allocate corporate social investment in areas where there will be maximum impact. Community related programmes include enterprise development, socio-economic development, training, employment, environment protection, cultural heritage and support for recreation through community trusts.

ECONOMIC SUSTAINABILITY

MANAGEMENT APPROACH

The company's continuing financial resilience depends, among other factors, on its ability to focus on sustainable B-BBEE and indigenisation in the agriculture sector through the development of local farmers in Mozambique, Zimbabwe and South Africa, including post settlement solutions in the land reform programme. Tongaat Hulett uses its expertise to harness these resources, creating prosperity for its stakeholders.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Tongaathulett continues to make good progress by building on its proud history of numerous meaningful and sustainable broad based Black Economic Empowerment (B-BBEE) initiatives for the benefit of all stakeholders. Steps continue to be taken to ensure that processes and measurements within the company are aligned with the relevant regulatory requirements and the South African Department of Trade and Industry's (DTI) Codes of Good Practice. Where applicable, operations have been involved in the formulation of relevant industry/sector scorecards.

Tongaathulett established the Employee Share Ownership Plan (ESOP) and Management Share Ownership Plan (MSOP) schemes for the benefit of all South African black

B-BBEE Scorecard	Score		
	2008	2009/10	2011
Equity Ownership	19,05%	21,59%	18,16%
Management & Control	7,83%	7,80%	8,43%
Employment Equity	9,78%	10,18%	11,54%
Skills Development	4,39%	5,96%	10,19%
Preferential Procurement	9,33%	12,70%	18,17%
Enterprise Development	15,00%	15,00%	15,00%
Socio Economic Development	5,00%	5,00%	5,00%
Total	70,38%	78,23%	86,49%
BEE Level Rating	4	3	2

employees and senior black management respectively, effectively placing a collective interest of 7 percent in the hands of such employees. The overall objective of the schemes is to retain and attract high calibre black employees at every level of the business and to create a sense of ownership amongst employees, as well as to entrench an ownership culture within the greater Tongaat Hulett workforce.

The introduction of B-BBEE equity participation in 2007, included an 18 percent participation by two B-BBEE groupings, Ayavuna Women's Investments, as an anchor partner, combining with the Mphakathi Trust, which benefits the communities surrounding the Tongaat Hulett property developments and Sangena Investments, as an anchor partner, combining with the Masithuthukisane Trust, which benefits the small scale cane grower communities surrounding Tongaat Hulett's four South African sugar mills.

The fourth B-BBEE rating audit by AQRate was conducted in 2010 with Tongaat Hulett being categorised as a Level





Two Contributor, with an overall score of 86,49 percent compared to the previous year's score of 78,23 percent. This means that entities purchasing from Tongaat Hulett may recognise 125 percent of the value of their Tongaat Hulett purchases in the procurement element of their scorecards. Going forward, reporting systems and targets will continue to be reviewed to ensure maximum alignment with the elements of the DTI Codes of Good Practice. The highlights of the accreditation are the improved scoring in preferential procurement, skills development, employment equity and management and control elements. Management will continue to work towards maintaining this level of performance. Tongaat Hulett believes that B-BBEE is essential to the sustainability of its South African operations, as well as the prosperity of South Africa and its people.

Transformation, equal opportunity, the creation of a diverse employee profile and indigenisation remain key performance areas in every geographical region where Tongaat Hulett operates.

INTELLECTUAL PROPERTY

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

PREFERENTIAL PROCUREMENT

The objective of Preferential Procurement under the DTI's current Codes of Good Practice includes the promotion of BEE compliance by all entities and targets for procurement

from Exempted Micro Enterprises (EME's), Qualified Small Enterprises (QSE's), black-owned and black women-owned enterprises. Furthermore, with enhanced recognition given for Preferential Procurement from value adding suppliers and enterprise development beneficiaries, the procurement of locally produced goods and services is actively supported to assist in developing sustainable income streams for such new entities thereby.

Tongaat Hulett is committed to supporting suppliers and to improve their empowerment credentials and introducing Small Medium Enterprises (SME's), black-owned and black women-owned suppliers to the business. The preferential procurement score has improved dramatically (12,70 to 18,17) due to focussed efforts by the business to support verification processes.

In respect of the Procurement Scorecard for Tongaat Hulett and based on the period ending 31 March 2010 expenditure, out of a total available spend (defined as total procurement spend less spend on parastatals and the importation of goods not locally produced) of R5,987 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend was R3,165 billion (52,87 percent).

Spend with companies which are more than 50 percent black owned totalled R197 million, whilst spend with QSE's or EME's totalled R1,028 billion. The spend with companies which are more than 30 percent owned by black women was R81 million.

ENTERPRISE DEVELOPMENT AND TRANSFORMATION IN AGRICULTURE

Tongaat Hulett acknowledges the role that it can play in developing successful rural communities and therefore regards Enterprise Development as an imperative to a sustainable future. Recognised as being one of the keys to poverty alleviation through the development of sustainable businesses that create job opportunities,

the company has developed small and medium sized businesses by providing finance and support services that would assist these entities in becoming more competitive and overcoming the constraints to growth.

One of the examples is the partnership of Tongaat Hulett and KZN Department of Economic Development and Tourism (KZN DED&T). In the 2009/2010 planting season operation Vuselela was initiated with the ultimate goal of planting 3 534 hectares of cane by the end of the first three year period. More than 2 500 small medium sugar cane growers, who were previously unemployed, will be established. These new sugar cane growers will employ at least 726 permanent and more than 6 000 seasonal employees through the project over a ten year period.

KZN DED&T has already contributed R51,8 million and Tongaat Hulett's cash contribution is R12,4 million as well as an indirect contribution in excess of R20 million in the form of technical, managerial and logistical support over a three year period.

The starch operation continues to be involved in the Ithuba Farming Project for the development of commercial black maize farmers. The project now encompasses three farms and 27 farmers from previously disadvantaged backgrounds. In addition to the small training farm at the Kliprivier plant, the project has now leased and equipped 2 large maize farms in the Balfour area in Mpumalanga from the Department of Rural Development and Land Reform.

SOCIO-ECONOMIC DEVELOPMENT

Tongaat Hulett recognises that Socio-Economic Development is an integral part of the way in which the company does business. This is relevant of the context of an organisation that is a significant employer at operations based in Mozambique, Swaziland and Zimbabwe, where there is an expectation that organisations need to positively contribute to the communities that surround their operations. The company's Socio-Economic Development (SED) initiatives are aimed at building and enhancing the quality of life of people, with emphasis on previously disadvantaged communities within which the company operates. A well-entrenched SED policy exists within the company, with guiding principles on key focus areas for social responsibility activities. SED spend is mainly directed at education, health, skills upliftment and the welfare of the communities that surround its operations.

VALUE ADDED ANALYSIS FOR THE YEAR ENDED 31 MARCH 2011

Rmillion	12 months to 31 March 2011	15 months to 31 March 2010
Revenue	9 681	11 136
Bought-in materials and services	(6 519)	(7 453)
VALUE ADDED BY OPERATIONS	3 162	3 683
Dividends and other income	570	212
Capital profit on land	23	52
Capital profit on other fixed assets	4	13
TOTAL VALUE ADDED	3 759	3 960
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	1 753	1 648
TO PAY PROVIDERS OF CAPITAL	682	772
Interest on borrowings	484	489
Distributions to shareholders	198	283
TAX	261	208
RE-INVESTED IN BUSINESS	1 063	1 332
Depreciation	344	521
Retained earnings after distribution to shareholders	719	811
TOTAL VALUE DISTRIBUTED	3 759	3 960

The BEE IFRS 2 charge and transaction costs and the Zimbabwe consolidation take-on gain have been excluded from this schedule.

The reporting period highlighted the significant contribution that Tongaat Hulett makes to the welfare of its employees and the communities surrounding the operations in Zimbabwe, Swaziland and Mozambique and consequently some 80% of its total spend was incurred in these operations.

During the reporting period R52,2 million was spent on health and welfare activities which include costs associated with 2 company hospitals at its Hippo Valley and Triangle Estate in Zimbabwe. These hospitals provide both preventative and curative health services to the surrounding communities and on average some 200 000 patients are seen on an annual basis. In many communities that surround company operations, environmental health programmes to reduce the incidence of malaria and bilharzia through routine scouting and spraying programmes were undertaken and the organisation continues to ensure that refuse collection in these communities is carried out.

Numerous schools are located in and around the operations and some R5,7 million was spent on education which included costs for repairs to schools, stationary



and education support. In the Zimbabwe operations 19 schools benefit from the educational support provided by the organisation.

In addition to the donation of funds to worthy projects, expertise is made available by company management to guide community projects. Where appropriate, SED initiatives are linked with business objectives through a corporate social partnership approach, to ensure that the company's involvement is in line with community priorities. The total SED spend for the year end 31 March 2011 including the cost of company sponsored occupational and primary health care services was R75,6 million. This was above the company's commitment to allocate one percent of annual headline earnings to SED on a company wide basis annually.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to receive feedback from all stakeholders regarding their views about the Sustainability element of this integrated annual report.

PLEASE CONTACT US:

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GRI INDEX

For detailed Global Reporting Initiative G3 sustainability reporting indicators:

Refer to www.tongaat.co.za/annualreport2011/gri.pdf