

ACHIEVEMENTS

- Tambankulu Estate, Swaziland received a NOSCAR Award
- New plantings in the past year increased the area under sugarcane by 13 522 hectares
- Mafambisse sugar mill in Mozambique received a Gold Award in the Manufacturing Sector - NOSA Eastern Regional Awards
- Hippo Valley, in Zimbabwe was awarded the NANGO award for Excellence in fighting HIV AIDS
- Tongaat Hulett is the largest private sector employer in Mozambique and Zimbabwe
- Maintained an LTIFR of 0,10 per 200 000 hours worked

STRATEGY AND ANALYSIS

Tongaat Hulett is a significant regional player in agriculture and agri-processing, working with communities, Governments and other partners to meet some of the Southern African Development Communities pressing challenges including job creation, food security and the provision of energy and clean water. The business has a responsibility to operate with a long-term view that takes into account how its decisions and actions impact on the communities, habitats, and resources associated with company operations. Stakeholder value creation is taking on greater significance within Tongaat Hulett's business objectives and consequently is driving the business to operate in an increasingly sustainable manner. This approach underpins the manner in which the company develops and operates its emerging projects, existing facilities and the way it manages its supply chains. There is consequently direct benefit to the company and its stakeholders as the improvement in management's performance and operational efficiency enables it to reduce risks that could impact the realisation of the business' strategic goals.

With a significant number of the business operations being located in rural communities including Mozambique, Swaziland, Zimbabwe and the North Coast of KwaZulu Natal, there is a strong commitment to facilitate successful indigenous farmers in these areas. Tongaat Hulett is continuing to work with these communities as they strive to identify farming models best suited to SADC. At this stage, small-scale farmers working in cooperatives are increasingly seeing the benefits that can be derived from farming sugarcane on a large scale, while at the same time their basic food requirements are being ensured by way of farming staple foods like maize and vegetables around their sugarcane crop. The company works with its private farmer communities and provides extensive support by way of farming techniques and the provision of agricultural

PRIORITIES

- Facilitating the development of indigenous sugarcane farmers in order to create successful rural economies in the regions that the company operates
- Working with indigenous private farmers to develop a SADC appropriate farming model that will facilitate food security
- Energy Efficiency and Reduction of Greenhouse Gas Emissions
- Water Resource Management
- Focus on safety improvement
- Continued focus on Food Safety and Food Security

supplies including fertilizer for both sugarcane and other staple food crops. An example of this is the business's partnership with the KZN Department of Economic Development and Tourism (KZN DED&T) in developing black sugar cane farmers through its Operation Vuselela project (vuselela meaning 'revival' in Zulu) on the North Coast of KwaZulu-Natal.

The business has identified that it can and does play a key role in the socio-economic development of rural communities. As the company continues to progress its contribution in this area, it remains aligned to the objectives of Governments who are increasingly requiring that the private sector contribute to the social well-being of rural communities.

The protection of the environment is a key element of 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. The business 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.

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 expect that Tongaat Hulett will act in a fair and responsible manner. The company recognises its responsibility to contribute to the health and safety of employees and the principles of fairness, integrity and respect are core to dealing with employees, in as much as the company is committed to minimising adverse impacts on the environment. Regular reviews of existing initiatives and measurements of performance are the norm.

South Africa hosted COP17 in Durban from the 28 November to 9 December 2011 with more than 25 000 delegates from 193 countries drawn largely from governments, business and academia attending the convention. Many more converged on KwaZulu-Natal to attend the many side events and exhibitions timed to coincide with the United Nations climate change conference. Tongaat Hulett participated in COP17 through its association with the National Business Initiative (NBI). The event provided an opportunity for the company to showcase its products and activities to a global audience and demonstrate its commitment towards transforming its operations to a low carbon future.



Tongaat Hulett stand at COP17 Durban

The company is in its third year of focusing on the following key strategic sustainability related parameters:

- Contributing to the development of successful rural communities, including indigenous farmers of sugarcane and other staple food crops, within the areas that surround business operations.
- Training and support for private farmers on better farming practices, resourceful land use to ensure food security. This includes training youth from rural sugarcane communities on relevant agronomy techniques.
- Effectively managing the opportunities and risks created by climate change and responsible carbon management.

- Ensuring that management continues to be empowered to address sustainability in all facets of the business.
- Managing water resources and increasing resource efficiency in a responsible manner.
- Playing an active role in the renewable energy sector in the region.
- Ensuring that its products meet required food safety standards.
- Creating sustainable cities, towns and rural settlements.
- Creating operational efficiencies, cost management and effective procurement.

The attainment of these parameters is underpinned by the company's employees who play a substantial role in implementing various strategies over the medium term. In order to ensure that Tongaat Hulett delivers on its strategic objectives, the company will continue to create an enabling environment that allows high performing employees to excel, while offering equal opportunities for growth and development. The company is on an evolving journey to play a significant role in transforming the region and meeting future growth opportunities in a sustainable manner. To this end, Tongaat Hulett has created 4 382 job opportunities since 2007 (41 777 employees as at 31 March 2012, 37 395 as at 31 December 2007).

KEY IMPACTS, RISKS AND OPPORTUNITIES

The current operating environment has many challenging and changing elements, especially in the context of the global economy, peculiar localised dynamics and evolving environmental and social factors. Maximising the emerging opportunities from these risks is possible

KEY IMPACTS	RISKS	OPPORTUNITIES
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 and becoming an employer of choice.
Workplace Safety	Unsafe working environments and inadequate safety awareness can lead to a 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 dynamics.
Food Safety	The company's reputation may be adversely impacted if manufacturing processes are inappropriate.	The company's third party certifications, for example HACCP/GMP ensures the application of leading production processes.

once the appropriate risk mitigation strategies and processes have been developed and implemented. Further information regarding the business's approach to risk management has been included in the governance section of this report.

REPORTING BOUNDARIES

Following the most recent integrated annual report, published for the period 1 April 2010 to 31 March 2011, 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 2012. Tongaat Hulett's geographical presence is contained on page 8 of this integrated annual report.

For the reporting period, wherever possible, quantitative performance data for key sustainability indicators is provided. Due to the shift from a 15-month reporting period in 2009/10 period, it has been decided that the 2011 data will become the baseline for comparative purposes.

The 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

The company is an 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.

Tongaat Hulett has more than 42 000 employees, working in 27 locations in 6 SADC countries, South Africa, Botswana, Namibia, Swaziland, Mozambique and Zimbabwe. The water-food-energy nexus is a dynamic that presents both opportunities and risks. The business is well positioned to deliver integrated solutions that will transform the way that sugarcane and maize is grown in the region, and extend its contribution beyond increased yields.

Previously known as The Tongaat-Hulett Group Limited, Tongaat Hulett 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 Mirrlees, which dates back to 1875, while the Huletts Corporation has its beginnings in the 1850's. Tongaat Hulett has a

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, Cornubia, Huletts, Blue Crystal, Marathon, Equisweet, SUGAlite and Sugar Joule.



value chain

Land, Agriculture & Agri-processing

Sugarcane and maize are grown and sourced from private farmers and processed through milling operations



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.

The business's key focus areas of sustainability include stakeholder value creation, 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.

The company is committed to ensuring the safety of its employees. In spite of this commitment, there were unfortunately two fatalities for the year ended 31 March 2012. Tongaat Hulett continues to roll out 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.

Tongaat Hulett's corporate office is located in Amanzimnyama, Tongaat, KwaZulu-Natal. During the reporting period there were no significant changes in the size, structure or ownership of the company and the business grew the extent of land under sugarcane supplying its mills and the number of people that it employs.

SUSTAINABLE PERFORMANCE BENCHMARKING

EXTERNAL RECOGNITION

- Hippo Valley Estate, in Zimbabwe was awarded the best NANGO award for Excellence in fighting against HIV AIDS.
- Tambankulu Estate, Swaziland retained its NOSCAR rating.
- Tongaat Hulett Mozambique's Mafambisse sugar mill received a Gold Award in the Manufacturing Sector (the NOSA Eastern Regional Awards ceremony).
- Tongaat Hulett Botswana made a milestone

achievement when it established a SHE Management System achieving a 4-Star NOSA rating in its first external audit.

- 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 2011, for the fourth consecutive year.
- The company ranked first in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies 2011, for the fourth year in a row.
- In 2011, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) index for the eighth year in a row.
- Tongaat Hulett has been identified as one of the companies that contributed significantly to the advancement of Engineering Education by the University of KwaZulu-Natal.

ENVIRONMENTAL STEWARDSHIP

BUSINESS APPROACH

Tongaat Hulett's environmental approach is premised on the concept of building value for all stakeholders while working in harmony with nature. The company works towards achieving integration between the environment and its agri-processing and property development operations. 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 to ensure that operations are managed within the relevant statutory and legal parameters as a minimum 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

SUSTAINABILITY INDICATORS

INDICATOR	2009/10 (15 months)	2010/11 (12 months)	2011/12 (12 months)	Performance
Revenue	R11,136 bn	R9,681 bn	R12,081 bn	↑
Annual Dividend per share (cents)	275	250	290	↑
Number of employees at year end	40 824	39 314	41 777	↑
Fatalities	11	4	2	↓
LTI's	65	50	61	↑
Water used in manufacturing*	-	-	10 258 167 m ³	↔
Carbon footprint (total tons of CO ₂)	1 307 091	1 120 634	1 027 569	↓

*Prior year data has been deemed non-comparable due to improved water consumption systems and controls.



Sugarcane Fields on the North Coast of KwaZulu-Natal

complaints received are monitored and appropriate corrective action is taken. 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 and measureable 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 use of land, water, energy, air quality (sulphur dioxide emissions) 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. Actions continue to be taken to identify ways to address social development objectives such as affordable and quality housing with appropriate density, public transport, 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.

The business continues to evaluate its carbon and water footprint and is identifying new approaches to

understand and deal with potential opportunities and consequences of both climate change and constrained water supplies in the future.

CLIMATE CHANGE

Consideration of global population growth and a middle-class that is increasing in wealth highlight the long-term impacts on the demand for water, food and energy leading to subsequent increase in carbon emissions. Tongaat Hulett acknowledges the reality of climate change and the negative impacts that it may bring to people, the environment and businesses. The company has a climate change policy that seeks to define its strategy and response plan to this evolving dynamic. The business believes that sustainable process and product innovation play an important role in decreasing the greenhouse gas intensity of its products and value chain. To further improve Tongaat Hulett's climate resiliency, it is considering other leading indicators of climate change such as potential impacts to water resources and is integrating these into its overall sustainability approach.

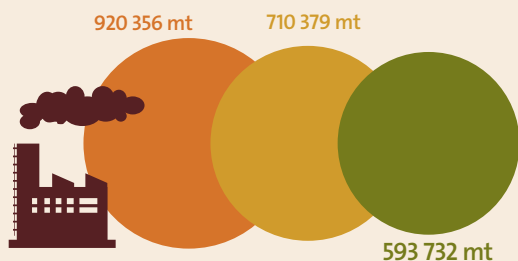
The company has identified potential risks and opportunities due to climate change and is taking action to mitigate these risks whilst taking advantage of the emerging opportunities. The business is committed to reducing greenhouse gas emissions and developing strategies that will enable it to adapt to and/or mitigate the impacts of climate change.

Its approach in tackling carbon emissions focusses on four main areas:

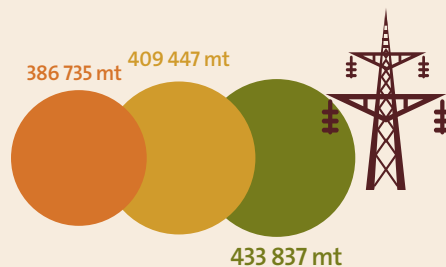
- Producing renewable electricity from bagasse
- Promoting the blending of biofuel with petrol and diesel

CARBON FOOTPRINT

● 2010 ● 2011 ● 2012



SCOPE 1
Combustion Fuels



SCOPE 2
Purchased Electricity



SCOPE 3
Business Travel

- Switching to cleaner fuels
- Working to improve energy efficiency in operations

Tongaat Hulett is committed to reducing its greenhouse gas emissions by 5 percent per annum for the next 5 years and is targeting at least a 20 percent reduction by 2020 from a 2011 baseline.

CARBON MANAGEMENT

In 2011, the Department of Science and Technology released South Africa's second 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. Knowledge about weather, climate and water is fundamental to food security, disaster risk reduction, water management, energy supplies and health. Tongaat Hulett interacts with the Department and uses this information to support improved strategic development in the areas of risk and vulnerability decision-making.

Tongaat Hulett participates 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 the company conducted its third 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 underway 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 593 732 metric tons CO₂ (Scope 1 emissions). Indirect

or Scope 2 emissions are those emissions from the generation of purchased electricity consumed by Tongaat Hulett. The company purchased electricity that emitted 433 837 metric tons of CO₂. Scope 3 covers all other indirect emissions that arise as a consequence of the business's activities. In the reporting period employees booked nearly 1 865 business trips, flying more than 3 364 420 kilometers resulting in 413 metric tons CO₂ being emitted from business travel.

The total Scope 1 and Scope 2 CO₂ for the period under review was 1 027 569 metric tons equivalent and the turnover was R12,081 billion, which equates to 85 grams of CO₂ emitted per rand generated.

ENERGY

Sugarcane 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 selected national grids, 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 the 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 continues to assess the opportunities to reduce the energy and water footprints in each of its operations, starting with factory operations. Provided that an enabling regulatory framework is 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 utilisation of the bagasse for electricity generation.

Energy efficiency projects include lighting, heating, variable speed drives, process efficiency improvements, ventilation and air conditioning. Motion sensors are installed in some administrative offices such as the Meadowdale office resulting in some twenty per cent saving on electricity costs.

For the period to 31 March 2012, Tongaat Hulett used 530 249 MWh of electricity in all its operations and offices. It generated 392 202 MWh from its sugar mills predominantly from bagasse. In the previous reporting period ended 31 March 2011, Tongaat Hulett used 418 210 MWh of electricity and generated 322 245 MWh. Other sources of fuel that are used include coal, diesel, petrol, gas and wood.

AIR QUALITY

Since sugar mills primarily 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 South African 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 formulated.

Some sugar mills and in particular the central sugar refinery in the Durban South Industrial Basin burn coal as a boiler fuel and therefore have a greater challenge in terms of emission reduction, as required by the recent legislative amendments. Currently emissions levels 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. Development of innovative process technology with energy efficiency benefits is also in progress.

At present, air quality is monitored on a daily basis at the refinery 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. Installation of on-line monitoring equipment to further enhance emission monitoring accuracy is planned for 2012.

BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett controls over 20 000 gross hectares of land in South Africa and has the responsibility to successfully manage the transition of just over 13 000 of these gross hectares which have real potential for conversion from agriculture to alternative usages on a managed, phased basis at the appropriate time and in line with broader government goals and spatial policies. This conversion will see over 5 000 hectares of land being rehabilitated into natural habitat and placed into sustainable management models to ensure the long term management of such assets for the benefit of the broader region. The business continues to rehabilitate currently unproductive land to agriculture in support of government's agricultural and rural development goals and objectives, while at the same time securing additional sugarcane supply to its mills.

The company's land planning and conversion philosophy is based around the goal of sustainable development and contributing towards the growth of sustainable cities with emphasis on facilitating appropriate new investment and job creation opportunities, appropriate densities, promoting mixed use, industrial development and land for affordable housing, integration of public transportation, conservation, increasing biodiversity in natural habitats and open spaces together with facilitating new socio-economic opportunities and benefits for new and surrounding communities. In this way the effects of land management and conversion on climate change are mitigated and tend towards a net environmental gain for society.

The business works closely with communities, authorities and Non-Government Organisations in its land management, planning and conversion activities towards facilitating the most appropriate activities and uses of its land in line with government's spatial planning policies and objectives.

WATER RESOURCE MANAGEMENT

As an agri-processing business, Tongaat Hulett acknowledges that water is an essential resource for all its operations and production can be impacted by both the quality and quantity of water available. More importantly, local communities within its operations rely on having access to clean, safe drinking and reliable water which is critical to sustaining local health and a balanced eco-system. Ensuring access to a reliable supply of water is an important strategic priority. The company operates facilities in regions where there are various site specific challenges relating to the supply, quality and reliability of water resources.

The company's participation in the CDP Water Disclosure Project has led to the development of a Water Policy which documents Tongaat Hulett's view on key elements including; prioritising sustainable management and effective use of water resources, local water resource optimisation and protection. In order to account for its water resources within its operations, Tongaat Hulett is a signatory of the United Nations CEO Water Mandate and is implementing water management plans at all operations, including controls to mitigate the impacts of water use and discharge. It continues to identify opportunities for water recycling, efficient use and responsible waste water disposal.

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

At the starch operation, 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 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 also to reduce the company's reliance on water sources that might affect local communities.



Water reservoir in the sugarcane fields

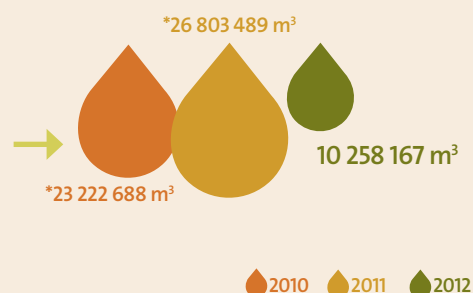
Tongaat Hulett reported its water usage in the product manufacturing process for the period under review as 10 258 167 m³, with a further 66 902 561 m³ being purified at various mills and supplied to local Municipalities as potable water. This metric, reported for the second time, provides a single, aggregated overview of water demand across 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 2011 Tongaat Hulett used 26 803 489 m³ with a further 75 565 904 m³ sold to municipalities as potable water.

Water scarcity is becoming a reality, and by making the six elements of the UN Global Compact CEO Water Mandate central to planning this will continue to assist in reducing the impact of water use and the promotion of good water stewardship regionally.

WATER PRODUCED FROM SUGARCANE

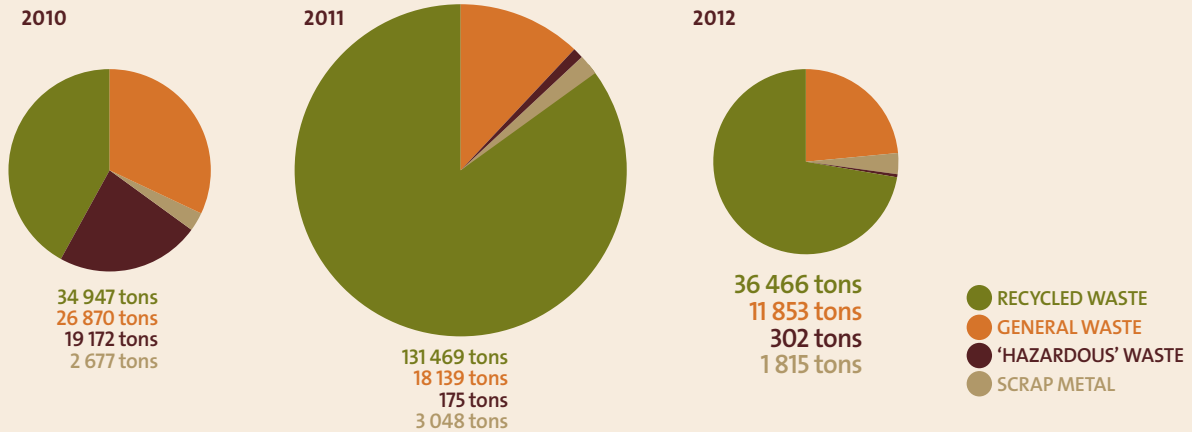


WATER USED IN PRODUCT MANUFACTURING



*Prior year data has been deemed non-comparable due to significant improvements in water measurement systems and controls as from 2012.

WASTE GENERATED



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, most of Tongaat Hulett’s 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 before being discharged in accordance with the relevant environmental requirements. The remaining mills are developing environmental management programmes to adopt best practices and ensure legal compliance as a minimum. Water that is produced as part of the sugar milling process is largely 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 MANAGEMENT

Some company operations have re-engineered and refined services in order to reduce waste and increase resource productivity and these initiatives have yielded savings through offering new revenue streams from the sale, exchange and recycling of waste products.

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. A technical paper covering this project was recently published and presented at the last South African Sugar Association Congress and based on increasing interest, it is scheduled to be published in the International Sugar Journal.

During the reporting period, 11 853 tons of general waste, 1 815 tons of scrap metal waste, 302 tons of hazardous waste and 36 466 tons of recycled waste was generated and disposed of in accordance with applicable legislation. In the previous reporting period there was 18 139 tons of general waste, 3 048 tons of scrap metal waste, 175 tons of hazardous waste and 131 469 ton of recycled waste.

PROMOTING SUSTAINABLE AGRICULTURE

Agriculture in its broad sense is often accompanied by complex, interrelated social, environmental and economic dynamics. Farming sugarcane is no exception and companies or farmers cannot deal with these dynamics in isolation. Tongaat Hulett supports a multi-stakeholder approach to sustainable agriculture that will help to protect its supply chain as well as create successful farming communities. It has direct relationships with numerous private farmers in 3 countries to whom it provides agronomy support. This support includes providing quality seed cane as well as guidance on crop management, soil and water protection and environmental best practice. The guidance is not limited to farming and covers all areas of agriculture. Where appropriate the World Wildlife Fund standards are used to facilitate training of private farmers in order to ensure that sustainable principles are employed.

Tongaat Hulett is using sustainable sugarcane agriculture practice which seeks to protect the natural resource



Collection of sugarcane at Mafambisse

base, prevent degradation of soil and water, conserve biodiversity, contribute to the social and economic wellbeing of all, ensure a safe and high-quality supply of its agricultural products, and safeguarding the livelihood and wellbeing of agricultural workers and their families.

The company practices different conservation methods such as minimal tillage, implementing land use plans and every field that is planted is assessed to ensure that soil conservation structures are maintained in the field. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions at planting, provide assistance with the control of problem weeds and in certain cases improve nitrogen availability to the subsequent sugarcane crop. This results in improved cane yields and improved soil conditions in a sustainable fashion.

There is ongoing interaction with the South African Sugar Association, and South African Sugarcane Research Institute to ensure that sustainable farming methods are practiced at Tongaat Hulett operations. Fertile soils are important for carbon storage and by employing good farming practices, soil erosion and greenhouse gas emissions are reduced. Through cropland management and modern soil conservation methods the agriculture department is able to ensure increased yields and the sustainable supply of sugarcane to its mills.

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 operational activities resulted in isolated public complaints. Although a response is triggered, Level 1 complaints do not require remediation plans. Level 2 complaints refer to number of times operational 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 3 Level 2 complaints. Two Level 2 complaints were received at the Kliprivier starch plant and 1 was received at the Maidstone sugar mill.

The 2 complaints at Kliprivier were both odour related. The first incident was related to odour emanating from product re-work and the odour was neutralised through chemical addition. The second incident was linked to odour from an effluent tank whilst it was undergoing a maintenance clean-up. The remedial actions implemented included the addition of ash to suppress odours as well as a catalyst to reduce the impact. The mill communicated its action plans to the relevant authorities and stakeholders.

The odour complaint from Maidstone mill was related to a smell emanating from the irrigation holding ponds. There was a leak in the raw water feed line to the irrigation dam which was assumed to be the root cause of the complaint. The leak was attended to by the mill personnel and sampling and analysis of river confirmed that there were no impacts on the river. Municipal authorities and all relevant stakeholders received communication regarding this incident.

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. All operations in all countries have been certified under the ISO 14001 Environmental Management System with the exception of Botswana, Namibia, Mafambisse and Xinavane. Programmes are in place to secure ISO 14001 certification for the four remaining centres. Tongaat Hulett’s sugar operations were audited by NOSA on the integrated star rating system and are all certified except in Namibia. All four starch mill operations are certified to ISO 9001, ISO 14001 and OHSAS 18001. The Zimbabwe

operations are NOSA and ISO 14001 certified with Hippo Valley Estates having an additional OHSAS 18001 certification. The Swaziland operation is certified to ISO 14001, ISO 9001 and NOSA. Some of the starch and sugar operations have embarked on HACCP/ISO 22000 food safety assessments. Germiston and Kliprivier are HACCP/ISO 22000 certified and the Maidstone and Darnall Mills are partly certified. Plans are in place to pursue the ISO 14001 as well as HACCP/ISO 22000 within the next five years.

SOCIAL PERFORMANCE

BUSINESS APPROACH

Tongaat Hulett views the economy as an integral part of society and acknowledges the role that it can play, as a responsible member of society in creating value for its stakeholders. The business defines responsibility as ethical actions, honest communication, active participation in the transparent development of the economic environment, accountability for its actions and actions that confirm its standing as a reliable and valuable member of society.

The company fully subscribes to principles of sustainable development, which encompasses safety, health and environment (SHE). The provision of a safe and healthy workplace combined with good environmental stewardship is part of Tongaat Hulett's core values. Tongaat Hulett demonstrates the sharing of these values with stakeholders who include employees, contractors, established and emerging farmers and members of the surrounding communities in which Tongaat Hulett operates. Stakeholder engagement and involvement is therefore integral to Tongaat Hulett's business plan.

The Tongaat Hulett Risk, SHE, Social and Ethics Committee oversees the performance of the company against set SHE targets and objectives, which are detailed in the business's SHE plan. Progress on SHE plans and performance is monitored by the Chief Executive Officer and senior management through the various SHE Executive Steering Committees and established reporting systems.

SAFETY

Tongaat Hulett continues to strive towards establishing an organisational culture with a zero harm approach. Overall safety performance of the company has improved since 2002 when formal SHE management systems were first introduced.

Tongaat Hulett believes its organisational culture contributes to the safety performance of the company

and its stakeholders. The company's strategy is to progressively influence a shift in culture from one being compliance driven to becoming an interdependent and resilient organisation, where working teams amongst employees and stakeholders within the organisation look after each other to ensure zero harm. The safety improvement plan is underpinned by leading and lagging indicator initiatives which include behavioural interventions, audit programmes and incident investigations. Behaviour based interventions and interaction with private farmers and associated communities were enhanced during the review period and are set to be progressed in the coming year. The audit programme in place entails first party internal audits undertaken by line management, second party audits done by employees from different operations within Tongaat Hulett and annual third party external audits.

Regrettably two employees lost their lives in two separate work related accidents which occurred during the period under review at Triangle and Xinavane operations in Zimbabwe and Mozambique respectively. Both incidents were motor vehicle accidents, and the incident in Mozambique related to the death of driver employed by a company providing transport services to Tongaat Hulett. A reduction in fatalities from eleven in 2009/10 to four in 2010/11 and two in 2011/12 was achieved. The aim remains to completely



Sorbitol production process

eliminate fatalities at the workplace. A continuous risk management process was implemented with a view to formulate new and enhance existing standards that are applied as fatality risk controls for high risk activities. In line with the spirit of being a learning organisation, a database for high fatality risk incidents recorded within and outside the company was established to identify causal factor trends and apply effective interventions necessary to stop such incidents from re-occurring and resulting in fatalities.

The Lost Time Injury Frequency (LTIFR) remained at 0,10 per 200 000 hours worked in 2011/12. This statistic which remained the same during the last 3 fiscal years compares well against benchmarked companies. It has however demonstrated that management systems alone cannot completely prevent injuries but also relies on a shift in the

Period	Actual 12 months to 31 December 2008		Actual 15 months to 31 March 2010		Actual 12 months to 31 March 2011		Actual 12 months to 31 March 2012		Limits 12 months to 31 March 2013	
	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR
Sugar	53	0,10	51	0,09	42	0,08	45	0,09	46	0,08
Starch	4	0,28	4	0,27	8	0,53	8	0,40	5	0,34
Developments	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	57	0,11	55	0,097	50	0,10	61	0,10	-	0,09

organisations behavioural culture that results in everyone being subconsciously safe. It is planned to progressively improve the safety performance every year with the aim to limit LTIFR to below 0,08 per 200 000 hours worked by 2016.

FOOD SAFETY

Tongaat Hulett 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).

Sugar is a natural carbohydrate sweetener of plant origin. Sugars made by plants are classified as sucrose, glucose and fructose. All three are found in varying amounts in most fruits and many vegetables. All carbohydrate rich foods, once digested, provide glucose, the primary fuel for the body. The source of the carbohydrate is not significant in a dietary context. The sucrose from sugar cane is identical to the sucrose present in fruits and vegetables.

The growing incidence in chronic diseases of lifestyle such as diabetes, cardio-vascular disease and obesity, especially in children, has focused the attention of policymakers and the media on the consumption of sugar, and the potential contribution of this essential ingredient to the diseases of lifestyle epidemic. Certain reporting on sugar consumption has led to excessive and negative speculation regarding the value of sugar as part of a balanced diet.

Eminent bodies such as the World Health Organisation and the Food and Agricultural Organisation (2003) and the European Food Safety Authority (2010) have examined the scientific evidence relating to the consumption of sugar and other carbohydrates. These bodies have concluded, from a summary of the available evidence, that sugar is not the direct cause of lifestyle diseases such as diabetes, heart disease, obesity or cancer. In fact in 2010 the International Food Information Council Foundation (IFIC) stated that “consumers can continue to enjoy modest amounts of sweetened foods and beverages as part of a healthy diet and lifestyle”.

HEALTH

Tongaat Hulett continues to provide comprehensive health care programmes that include occupational health, primary health and general wellness. In addition to maintaining funding for various health related programmes, a significant spend was devoted to maintaining hospital and clinic facilities owned by Tongaat Hulett in the six countries that it operates.

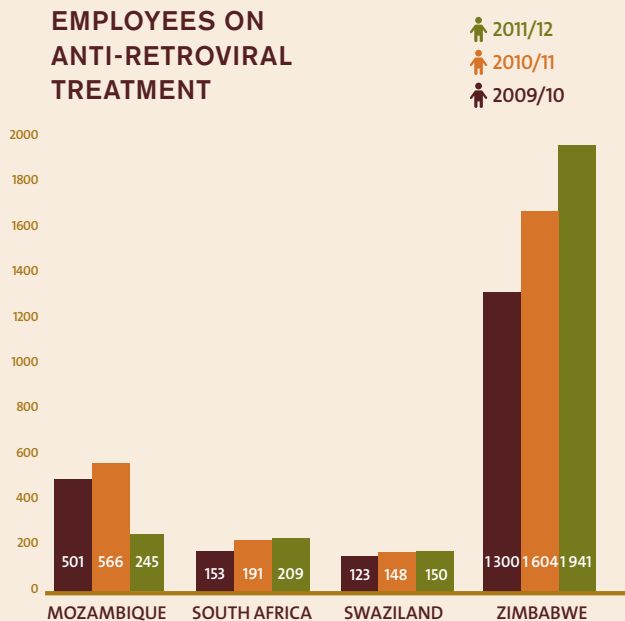
HIV AND AIDS

HIV and AIDS still remains the single biggest health challenge. There has been a steady increase of employees undertaking HIV Counseling and Testing (HCT)/Voluntary Counseling and Testing (VCT) during the last three years where 79,3 percent of employees presented in 2009/10, 79,6 percent in 2010/11 and 80,4 percent in 2011/12.

Tongaat Hulett’s overall employee HIV prevalence was 19,4 percent as at 31 March 2012 which was an improvement from a prevalence of 21,0 percent at the same time in the previous year. A total of 2 545 employees are currently receiving Anti-Retroviral Treatment (ART) through the company’s ART programme which is an increase compared to 2 509 employees enrolled at the same time in 2011. The total cost of the ART programme was R1 901 579 during the fiscal year compared to R1 673 726 spent in 2010/11.

While all operations now have VCT and ART being offered in one way or another, Tongaat Hulett plans to introduce a HIV/AIDS management standard based on international best practices. The South Africa National Standard for HIV & AIDS workplace programmes (SANS 16001) is one such system being considered. Furthermore, Tongaat Hulett will encourage male circumcision to all operations. Male circumcision is a strategy which is being employed to reduce the transmission of HIV in men. It is 60 percent effective in reducing transmission of HIV and when combined with other HIV preventive measures, results in much lower transmission levels.

EMPLOYEES ON ANTI-RETROVIRAL TREATMENT



OCCUPATIONAL HEALTH

There were 24 minor occupational health incidents for the year (23 cases of tenosynovitis of the wrist in cane cutters and 1 case of backache from a cane haulage driver). Control measures to prevent tenosynovitis in the form of training, provision of correct tools, treatment and rehabilitation are in place and on-going.

Occupational health programmes that include risk based medical surveillance programmes are well entrenched within the framework of management systems aligned to NOSA and OSHAS 18001.

MALARIA

In Mozambique, Zimbabwe and Swaziland where malaria remains a significant health risk, the operations continue to implement integrated malaria control programmes that include vector control, awareness, personal protection, diagnosis and treatment.

Sadly, 4 employees died of malaria during the course of the year. They were cases of severe malaria that were

contracted outside of Tongaat Hulett's Estates. A total of 967 cases of malaria were attended to at the company's health facilities representing a 21% increase from cases recorded in the previous year.

HUMAN CAPITAL

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.

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 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 2011/12 was 3,2 percent of payroll and it is envisaged that the investment in skills development should reach five percent of payroll by 2015.



CASE STUDY

NATISHA PADAYACHEE

Natisha Padayachee may be one of a few roses among the thorns – she has carved a niche for herself in the male-dominated world of engineering.

Natisha was one of three women engineers recruited by the Tongaat Hulett Sugar Refinery in 1997 as part of its drive to include women at an operational level in the company. She was also one of the first women in the factory in Durban and the first female in the management team of the plant at the age of 25.

With her early Tongaat Hulett career littered with firsts, Natisha is now a committed employee. She has completed 15 years of service at the company and hasn't looked back since.

For further details: www.tongaathulett.com/2012/talent_case.pdf

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 and Stellenbosch Business Schools to address their unique requirements of management development and supervisory training respectively. The Mozambique operations have arranged for managers to participate in the UNISA Management Development Programme. 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 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

Training related information in respect of the South African operations for the period 1 April 2011 to 31 March 2012

Total training spend	R32,1 million
1 percent skills levy	R10 million
Training spend as a % of leviable amount	3,2 % (excluding 1% skills)
Number of people days trained	8 592
Number of people days available	1 591 110
% trained people days	0,5 %
Number of people trained	1 798

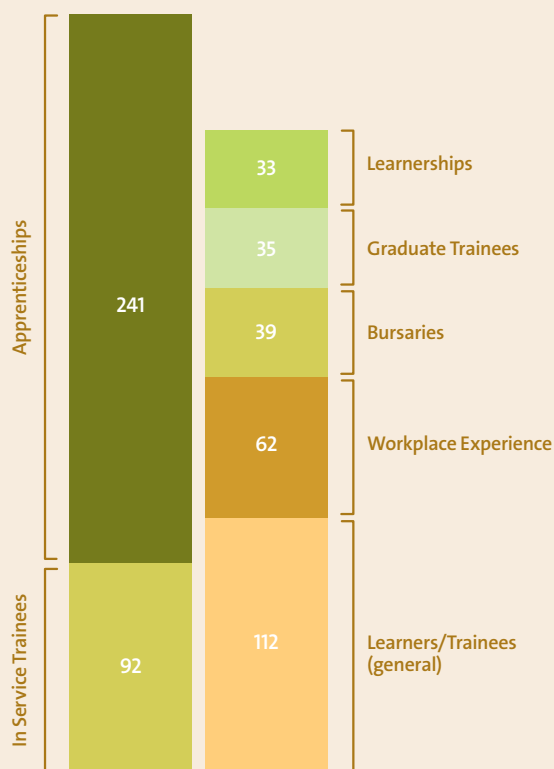
appropriate, reasonable accommodation of work/life balance, for example in the form of flexible work arrangements, continues to be used as one of the ways to accommodate the needs of particular employees, which contributes to the retention of talent.

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 talent 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-

FORMAL TRAINING PROGRAMMES ACTUAL AS AT 31 MARCH 2012



No. of employees sent on short term training courses	8 724
No. sent to formal training programmes	614
No. of employees on Company Assisted Study Aid Schemes	191
TOTAL	9 529

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.

The total workforce as at 31 March 2012 across all countries was 41 777 compared to a total of 39 314 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 5,6% compared to 9,3 percent in 2011 and 10% in operations outside South Africa compared to 6,5 percent in 2011.

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 2012, 57,4 percent of management and 82,4 percent of skilled and supervisory positions are filled by black employees. Women constitute 34,6 percent of the workforce across South African operations. Within the South African operations, 73,4 percent of the 587 graduates and diplomates employees are black, with women constituting 45,3 percent.

Employment equity plans are in place to meet the employment equity goals that have been set for December 2014. 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 Department of Labour, 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 review target setting and progress on all employment equity related matters and to make recommendations 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,

EXISTING SKILLS IN ALL COUNTRIES

Period	Number (as at 31 March 2012)	Average Age (as at 31 March 2012)	Number Terminated (1 April 2011 - 31 March 2012)	Number Appointed (1 April 2011 - 31 March 2012)
Degrees/Diplomas	1 057	39,1	41	71
Artisans	506	40,5	28	47

AVERAGE AGE AND LENGTH OF SERVICE (PERMANENT EMPLOYEES) AS AT 31 MARCH 2012

Level	Average Age	Average Length of Service (years)
Top Management	51	19
Senior Management	50	18
Middle Management	45	14
Skilled and Supervisory	41	12
Semi-Skilled	41	15
Unskilled	39	9
OVERALL	40	11

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 the employee profile of the company's South African operations as at 31 December 2010, which formed part of the Tongaat Hulett employment equity report submitted to the Department of Labour (DoL).

The overall proportion of black representation in management as at 31 March 2012 was 57,4 percent of permanent staff at this level, compared to 56,4 percent at 31 March 2011. It is envisaged that by 2014, black representation

at management level (D band and above) will exceed 60,0 percent. Females at senior management level increased from 12,0 percent to 12,3 percent as at 31 March 2012, the proportion of black females in top management increased from 16,7 percent to 19,2 percent as at 31 March 2012 and black females in management increased from 18,6 percent to 19,6 percent in March 2012. There were 81 employees with disabilities as at 31 March 2012, which constituted 1,3 percent of the employee complement (63 employees with disabilities as at 31 March 2011).

The table to the right reflects a year on year comparison of black employee and women representation in proportion of permanent staff at various levels as at 31 March 2012.

LATEST EMPLOYMENT PROFILE AS AT 31 DECEMBER 2010 SUBMITTED TO THE SA DEPARTMENT 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	20	3	23	58	4	2	5	3	2	0	120
Professionally qualified and experienced specialists and mid-management	58	7	40	69	35	3	20	26	6	2	266
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	337	61	229	131	170	18	54	63	12	6	1 081
Semi-skilled and discretionary decision making	1 017	21	128	4	208	5	34	10	2	0	1 429
Unskilled and defined decision making	1 217	0	11	2	1 049	0	1	0	9	0	2 289
TOTAL PERMANENT	2 653	92	432	278	1 468	29	115	102	32	8	5 209
Temporary employees	61	7	8	0	18	0	1	0	0	0	88
TOTAL (SOUTH AFRICA)	2 714	92	440	278	1 468	29	116	102	32	8	5 297

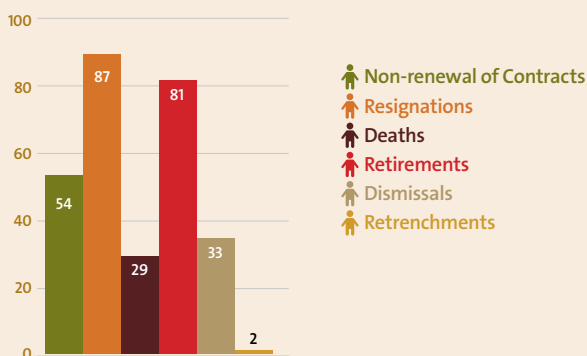
Total workforce in ALL COUNTRIES as at 31 March 2012

41 777

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

	Actual as at 31 March 2010	Actual as at 31 March 2011	Actual as at 31 March 2012
Top Management who are black	38%	38%	39%
Top Management who are women	17%	17%	19%
Senior Management who are black	46%	48%	50%
Senior Management who are women	12%	12%	12%
Middle Management who are black	60%	62%	63%
Middle Management who are women	30%	32%	34%
Skilled and Supervisory who are black	80%	82%	82%
Skilled and Supervisory who are women	26%	27%	29%

TERMINATION OF EMPLOYMENT IN SOUTH AFRICA



There were no retrenchments at executive management level. However, in the year ended 31 March 2012, several contractors completed projects resulting in the non-renewal of their contracts. There were 81 retirements.

HUMAN RIGHTS

Within its sphere of influence, Tongaat Hulett guarantees protection for basic human rights. The company is a signatory to the Universal Declaration of Human Rights, in which it commits, among others, to supporting the freedom of association and collective bargaining at its locations as well as preventing child labor and forced labour. Tongaat Hulett has incorporated human rights principles in its practices, 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 2012 and approximately 78.1 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 (NASARAIIEU); 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 action incidents that resulted in 23 days lost in Mafambisse and Xinavane for the period under review. The financial cost impact was R4 466 798.

DISCIPLINARY PROCEDURES

The disciplinary codes 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 operation's 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 within a reasonable time frame.

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 illegal forced labour, physical punishment or other abuse.

ANTI-BRIBERY AND CORRUPTION

The upholding of Tongaat Hulett's core values requires that the business actively works to prevent corruption and bribery. The organisation has procedures in place that provide guidance on areas such as dealing with gifts and donations. Employees of Tongaat Hulett who do not comply with the company's Code of Ethics policy face disciplinary action, including dismissal or termination of their contract.

STAKEHOLDER VALUE CREATION

An important aspect of stakeholder values creation remains how the business interacts with its stakeholders and Tongaat Hulett recognises the need to actively engage with those who affect or are affected by its operations. The business interfaces regularly, in an open and honest manner with a range of Governments, private farmers and their representative bodies, communities, employees and people impacted by company operations or expansion activities. Through meaningful discussion, the business is able to understand and address potential impacts and concerns about operations and create opportunities that are aligned with the interest of all parties. Through a structured and evolving approach to stakeholder engagement and using internal knowledge and expertise on stakeholder management the business is able to prioritise the most important issues requiring management attention and focus. The feedback that Tongaat Hulett sought from a range of stakeholders, during 2011/12 followed the release of its 2011 Integrated Annual Report, has been integrated into this report.

A broad overview of key stakeholders and the general approach to interfacing with each of them is briefly presented below:

Private farmers of sugarcane in the various countries of operation who supply the business's cane requirements

want to ensure that in addition to maximising the price that they receive for the supply of their product, that Tongaat Hulett is able to provide the necessary support to ensure their long term sustainability. This support includes the sourcing of key raw materials, including good quality seed cane and fertilizer at competitive prices, the provision of agronomy support to small-scale private farmers and schemes to assist farmers in dealing with the backlog in root replacement. In all the countries of operation, private farmers are organised according to their logistical areas of operation, and as the business continues to increase the level and quality of its of its interactions, further growth and development opportunities for both Tongaat Hulett this stakeholder grouping are being identified.

Government authorities and regulators expectations are that the business operates in accordance with all local, provincial and national laws and regulations. Government policies establish the general legal framework for society and define the general business environment for Tongaat Hulett. It is the company's responsibility to provide adequate resources to ensure that its facilities operate in accordance with all applicable laws and regulations. The company works to establish and maintain constructive relationships with Governments of the countries within which it operates. It seeks to identify the impacts of government policy on its growth plans, as well as identifying how its strategy can support the growth strategies of these countries thereby ensuring alignment with the ongoing development of both the people and populations that surround the business operations of Tongaat Hulett.

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.

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 in the United Kingdom and North America 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. The company publishes highlights of its annual and interim results in the key South African daily newspapers.

Employees are interested in a stable employment relationship and a good working environment that guarantees health, safety, fairness and equal opportunity. It is the company's responsibility to ensure ethical and responsible management procedures are in place to protect employees, support diversity and reward performance. It is therefore important to ensure regular collaboration on these topics. A variety of internal media, such as the intranet, internal newsletters and briefings and the company regularly interacts with employees, striving to achieve a high level of engagement. The bi-annual results presentations are made available to staff by invitation and also through the company intranet and internet. Specifically with regard to sustainability matters, during 2012 a roadshow was conducted in all operating facilities in order to build awareness and the company will report on progress in this regard in its next report.

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. It seeks to work together with these stakeholders on areas of mutual concern. We plan to engage with suppliers in responsible sourcing standards through regular procurement processes.

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.

ECONOMIC SUSTAINABILITY

BUSINESS APPROACH TO EMPOWERMENT AND INDIGENISATION

Tongaat Hulett's capacity to create stakeholder value depends, among other factors, on its ability to deal effectively with the sustainable indigenisation of the agriculture sector through the development of local farmers in Mozambique, Zimbabwe and South Africa, including post settlement solutions in the land reform programme. The creation of added value through future-oriented, proactive behaviour and giving importance to the needs, interests and expectations of all stakeholders provides the company with the ability to achieve its strategic objectives with the support of its stakeholders.

While the business acknowledges the role that it has to date played in the creation of value for its stakeholders it recognises that, in particular, as a key partner with Governments, private farmers, and rural communities, it can in conjunction with the achievement of its strategic objectives, further contribute to the achievement of its stakeholders goals. This includes job creation, poverty alleviation and the development of successful rural communities as it works together with Governments and private farmers to increase the supply of sugarcane to its various operations.

CASE STUDY

FIRST-TIME SUGARCANE FARMERS: NOAH NYAWO, 24, ANELE MTHETHWA, 20, NOMTHANAZO NENE, 21 AND SIPHO MAGAGULA, 35.

Determined young novice farmers generate R1.2m from their first harvest. Noah Nyawo, 24, and his seven young friends did not think they would hit the sweet spot so soon after receiving the keys to a R24-million sugarcane farm in KwaZulu-Natal in February last year. At the time, the government told them to roll up their sleeves and turn the 250ha farm, Jengro estates in KwaMbonambi in northern KwaZulu-Natal into one of the country's most successful land reform projects.

Report by: Bongani Mthethwa, picture by: Thembinkosi Dwayisa.

For further details: www.tongaathulett.com/2012/youth_farmers.pdf



B-BBEE Scorecard	Score		
	2009/2010	2011	2012
Equity Ownership	21,59%	18,16%	17,34%
Management & Control	7,80%	8,43%	8,43%
Employment Equity	10,18%	11,54%	11,69%
Skills Development	5,96%	10,19%	12,14%
Preferential Procurement	12,70%	18,17%	15,58%
Enterprise Development	15,00%	15,00%	15,00%
Socio Economic Development	5,00%	5,00%	5,00%
Total	78,23%	86,49%	85,18%
BEE Level Rating	3	2	2

The company 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 Codes of Good Practice. Where applicable, operations have been involved in the formulation of relevant industry/sector scorecards.

Tongaat Hulett established the Employee Share Ownership Plan (ESOP) and Management Share Ownership Plan (MSOP) schemes for the benefit of all South African black employees and senior black management respectively. These schemes are scheduled to vest in August 2012.

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

The fifth B-BBEE rating audit by AQRate was conducted in 2011 with Tongaat Hulett being categorised as a Level Two Contributor, with an overall score of 85,18 percent compared to the previous year's score of 86,49 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 Codes of Good Practice. The highlights of the accreditation are the improved scoring in skills development and employment equity. 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 and the creation of a diverse employee profile 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 agencies.

SUSTAINABLE SUPPLY CHAINS

Supply chains are becoming progressively complex in light of evolving socio-economic and legal-political imperatives within individual countries and regions in which the business operates. Until recently, supply chain strategies, decisions and choices within Tongaat Hulett have been based primarily on optimising price, quality and availability. Aware of the various internal sustainable development initiatives and evolving global conversations around key sustainable development themes that include climate change issues, social and economic inclusiveness, Tongaat Hulett's supply chain management philosophy is being redefined to ensure that all supply chain decisions complement various sustainability initiatives. This implies that all supply chain strategies, policies and decisions would be required to take into account reputational, environmental and social impacts in their execution. To this end a robust sustainable supply chain policy framework is being developed to give structure to this initiative and to provide a baseline against which specific and quantifiable sustainable supply chain metrics can be tracked and reported to stakeholders.

Although a comprehensive Sustainable Supply Chain framework is still being developed to give direction and momentum to these issues, considerable progress is already being made in both South Africa and Zimbabwe through procurement initiatives that seek to leverage and promote social and economic equity as well as to minimise negative environmental impacts.

PREFERENTIAL PROCUREMENT IN SOUTH AFRICA

The objective of Preferential Procurement under the Department of Trade and Industry'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 element was set at 15,58. In respect of the Procurement Scorecard for Tongaat Hulett and based on the period ending 31 March 2011 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 R4, 589 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend was R2, 919 billion (63.62 percent).

Spend with companies which are more than 50 percent black owned totalled R203 million, whilst spend with QSE's or EME's totalled R928 million. Spend with companies which are more than 30 percent owned by black women was R70 million.

SUSTAINABLE PROCUREMENT INITIATIVES - ZIMBABWE

Tongaat Hulett has selected that after considering the many social and economic imperatives, there is a compelling need for the business to source environmentally friendly goods/services and procure from local suppliers. Buyers and end users are encouraged to discuss, share ideas and research new products, processes, services, modes of transport and evolving technologies that not only optimise the economic imperatives of efficient and effective sourcing but also seek to minimise negative environmental and social impacts.

In response to changing socio-political dynamics in Zimbabwe, Tongaat Hulett is committed to supporting local suppliers of goods and services. A procurement policy is in place that gives support and preference to suppliers based within a 100km radius of company operations in the Lowveld as well as for all other local Zimbabwean companies. The business proactively encourages larger foreign suppliers to partner local companies as distributors or technical partners in order to support the "Buy Zimbabwe" campaign which is an effort to encourage purchases of local goods and services supported by organised business, Government and communities with a view to creating employment whilst at the same time addressing gender and social inequalities.

ENTERPRISE DEVELOPMENT AND TRANSFORMATION IN AGRICULTURE

Tongaat Hulett's approach to creating successful rural communities aims to promote thriving communities, successful farmers

whilst preserving the environment. The company works at both community and farm level to improve yields, create jobs and contribute investment through partnerships with Governments.

The partnership of Tongaat Hulett and KZN Department of Economic Development and Tourism (KZN DED&T) is a prime illustration of value creation. 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. The project has now been extended by an additional year. As at 31 March 2012, a total of 2 341 hectares have been planted since the project started with 955 hectares planted in the 2011/12 season. Since the commencement of the project, more than 2 000 small medium sugarcane farmers, who were previously unemployed, have been established. Over a ten year period these new sugarcane farmers will employ at least 726 permanent and more than 6 000 seasonal employees. As



Seed cane planting at Hippo Valley



Young cane growing in the Lowveld, Zimbabwe

at 31 March 2012, 1 664 small medium sugarcane farmers have been trained in sustainable farming practices and other agri-processing disciplines in-order to increase productivity and resource efficiency creating sustainable rural economies beyond the project term.

KZN DED&T contributed R51,8 million of which R22,4 million has been spent. Tongaat Hulett's cash contribution is R13,6 million and its' indirect contribution in the form of technical, managerial and logistical support over a four year period is in excess of R20 million.

The starch operation has been involved in the Ithuba Farming Project for the past five years which was aimed at the development of commercial black maize farmers. As at 31 March 2012, some 30 farmers from previously disadvantaged backgrounds have been trained as part of the activities of the scheme. The project is being reviewed in order to take account of the knowledge that has been acquired over the past few years and to identify opportunities to improve the output of the project. The training farm at the operation's Kliprivier mill is being maintained in order to implement a more holistic farming model.

SOCIO-ECONOMIC DEVELOPMENT

Tongaat Hulett management across operations recognise that Socio-Economic Development (SED) is an integral part of the way in which the company does business. This is relevant in the context of an organisation that is a significant role player, both in terms of the number of people that it employs and the large number of external stakeholders that are impacted by company operations in the SADC region. In progressing the company's strategic objective of being a key contributor in the creation and maintenance of successful rural communities the company's Socio-Economic Development initiatives are aimed at building and enhancing the quality of life of people, with emphasis on disadvantaged communities within which the company operates.

The reporting period highlighted the significant contribution that Tongaat Hulett continues to make towards the welfare of its employees and the communities that surround company operations in Zimbabwe, Swaziland and Mozambique and consequently some 81 percent of total SED spend was invested in these countries.

During the reporting period R47,8 million was spent on health and welfare activities which includes costs associated with the two company managed medical facilities, the Hippo Valley Medical Centre and the Colin Saunders Hospital in Triangle, Zimbabwe. These facilities provide both preventative and curative health services to the surrounding communities and on average some 200 000 patients are seen on an annual basis. Environmental health programmes to reduce the incidence of malaria and bilharzia through routine spraying campaigns were undertaken in the communities that surround company operations. The business continues to ensure that safe drinking water is available for local communities and the provision of refuse collection services is undertaken by Tongaat Hulett.

Numerous schools are located in and around the operations and some R4,1 million was spent on education which included costs for repairs to schools, stationary and education support. The Zimbabwe operations provide support for 21 schools with an enrolment of just under 12 000 pupils, the Swaziland operation supports 2 schools, while the Xinavane and Mafambisse operations provide support to the local schools that are in close proximity to company operations.

As part of the company's activities in Zimbabwe and South Africa to increase the supply of sugarcane to operations Tongaat Hulett has undertaken a number of initiatives in these countries to provide SED funding for rural communities:

- In Zimbabwe, roads in the Mkwesine area were re-graded and 13,5 kms of roads to the Chilonga Communal Lands were graded. In addition, the operation purchased a new ambulance to provide medical services to the Mkwesine area and hospital beds in the Mkwesine clinic were replaced.
- In South Africa, a significant amount of work is in progress in a number of areas including the Ndwedwe area, where the company is supporting the roll out of the HIV&Me project at 10 schools in the area. The programme provides participatory and interactive training experience to educators on the eight HIV&Me lessons and also encompasses the implementation of a Family Support Programme. This programme builds

on the school based intervention by enabling parents to develop better communication channels with their children and thereby facilitate the disclosure of their HIV status.

The total SED Spend for the 12 months to 31 March 2012 including the cost of company sponsored occupational and primary health care services was R79,5 million. This was above the company's commitment to allocate one percent of annual headline earnings to SED on a company wide basis annually.

VALUE ADDED ANALYSIS FOR THE YEAR ENDED 31 MARCH 2012

Rmillion	2012	2011
Revenue	12 081	9 681
Bought-in materials and services	(7 893)	(6 519)
VALUE ADDED BY OPERATIONS	4 188	3 162
Dividends and other income	203	570
Capital profit on land	3	23
Capital profit on other fixed assets		4
TOTAL VALUE ADDED	4 394	3 759
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	2 081	1 753
TO PAY PROVIDERS OF CAPITAL	815	682
Interest on borrowings	527	484
Distributions to shareholders	288	198
TAX	351	261
RE-INVESTED IN BUSINESS	1 147	1 063
Depreciation	366	344
Retained earnings after distribution to shareholders	781	719
TOTAL VALUE DISTRIBUTED	4 394	3 759

The BEE IFRS 2 charge and transaction costs have been excluded from this schedule.

FOOD SECURITY

The business continues to operate in an environment impacted by a number of external factors. Tongaat Hulett acknowledges that energy security dynamics are closely linked to food security, water security and climate security. The Food and Agriculture Organisation released a guide highlighting the need to move to more sustainable practices as intensive crop production since the 1960s has degraded soils, depleted ground water and caused pest outbreaks. The food system is affected by environmental impacts including habitat degradation, greenhouse gas emissions and freshwater use and there is increasing evidence that crop yields are dropping.



Growing vegetables in Zimbabwe to ensure food security

Tongaat Hulett is of the view that a sustainable food system would be "reliable, resilient and transparent," producing food within ecological limits, developing food producers, and ensuring accessible and sufficient food supply. The company is a principal member of the World Wildlife Fund and is looking at the operational and reputational challenges that face businesses in the food sector. The business has identified that there is potential to make unconventional approaches, such as inclusive agriculture through the Vuselela Project, more commercially viable. Tongaat Hulett believes that it is capable of working with Governments and communities, towards building a sustainable food system, in the areas that it is able to impact. Delivery of this objective will require the implementation of new techniques and collaboration among farmers, businesses and Governments.

Tongaat Hulett's food security framework is based on:

- Creating successful rural communities and economies
- Increasing resource efficiency
- Application of improved farming practices
- Sustainable production systems for agriculture

Tongaat Hulett acknowledges that agriculture has a major role to play in opening the way for food security while protecting precious natural resources and contributing to rural economic growth.

PRODUCT RESPONSIBILITY

BUSINESS APPROACH

Tongaat Hulett participates in a number of initiatives that promote product responsibility in agri-processing and land development. Product safety and quality assurance are embedded in the business's core values and the company's systems facilitate the commitment not to compromise on the safety of its products. The company is a member of the UN Global Compact.

CUSTOMER HEALTH AND SAFETY

The company complies with all relevant safety, health, environmental and quality legislation in each of the countries of operation as well as striving for implementation of industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operation has adopted the Hazard Analysis and Critical Control Point (HACCP). Downstream products supplied to the pharmaceutical industry are required to meet the Food and Drugs Act standards.

PRODUCT AND SERVICE LABELING

Tongaat Hulett ensures that appropriate information is provided to its customers. All products carry product labels describing information about the product, in compliance with the respective country legislation and labeling regulations. In addition to protecting Tongaat Hulett products, labeling informs consumers about the product's nutritional composition and ingredients.

MARKETING PRODUCTS RESPONSIBLY

The business seeks to grow its market share in a responsible manner and consequently the marketing of its product range is not aimed at misleading the public about any potential health or other risks related to products produced by Tongaat Hulett. The company's objective is to grow its market share through product innovation and the production of high quality products.

MOVING TO A MORE SUSTAINABLE FUTURE

Tongaat Hulett is building on more than 160 years' experience as an agricultural and agri-processing business. The company recognises that it has to consistently re-evaluate and where necessary, evolve its approach to its relationships with private farmers, suppliers, customers and other stakeholders. Tongaat Hulett views its role as providing suitable support to those who research, farm and supply the raw materials that it uses across its operations. As the business continues to progress in this area, this will facilitate three types of sustainability: the sustainability of farmers' livelihoods and the

communities that surround them, the sustainability of its supply of sugarcane and maize and the sustainability of natural resources in the growing areas. The company looks forward to continuing to report on its progress with these initiatives.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2012 Sustainability Report. We are particularly interested in the information that was provided, information that was not included, the data reported on and the design of the report.

PLEASE CONTACT:

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GRI INDEX

For detailed Global Reporting Initiative G3 sustainability reporting indicators:

Refer to www.tongaat.co.za/annualreport2012/gri.pdf



Safety awareness is a priority

Independent Assurance Statement

TO THE BOARD AND STAKEHOLDERS OF TONGAAT HULETT:

SustainabilityServices.co.za (SS) was commissioned by Tongaat Hulett to provide independent third party assurance (ITPA) over the sustainability content within their 2012 Integrated Annual Report (the 'Report', covering the period 1 April 2011 to 31 March 2012). The assurance team comprised primarily of Michael H. Rea, our Lead Certified Assurance Practitioner (CSAP), with 13 years' experience in environmental and social performance measurement, including sustainability reporting and assurance, and Lauren Stirling, an Associate CSAP.

ACCOUNTABILITY AA1000S (REVISED, 2008)

To the best of our ability and significant experience in sustainability report assurance, this engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type I (Moderate) requirements.

INDEPENDENCE

Previously, SS assisted Tongaat Hulett with the provision of ITPA over their 2010 and 2011 Annual Reports, but has not undertaken any other commissions that would compromise our independence, nor has SS been responsible for the preparation of any part of this Report. Responsibility for producing this report was the responsibility of Tongaat Hulett. Thus SS is, and remains, an independent assurer over the content and processes pertaining to this report.

ASSURANCE OBJECTIVES

The objective of the assurance process was to provide Tongaat Hulett's stakeholders an independent 'moderate level assurance' opinion on whether the sustainability content within the Report, in its printed format, meets the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness, as well as to assess the degree to which the Report has met the Global Reporting Initiative (GRI) G3 guidelines Application Level B reporting requirements.

ASSURANCE APPROACH AND LIMITATIONS

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, the GRI's G3 Application Level requirements, as well as other best practices in sustainability reporting assurance. Our approach to assurance included the following:

- A review of sustainability measurement and reporting procedures at Tongaat Hulett's corporate offices to determine the context and content of sustainability management by the company;
- A review of the information and/or data collection, collation and reporting procedures undertaken by Tongaat Hulett, to define the content of the Report by looking at the materiality of issues included in the Report, determination of sustainability context and coverage of material issues;
- A review of Board and Committee meeting minutes, as well as media reports, to assess the accuracy and/or completeness of Tongaat Hulett's materiality assertions;
- A review of the approach of management to addressing topics discussed in the Report;
- Reviews of drafts of the Report for errors, anomalies and/or potentially unsupported assertions; and,
- GRI G3 gap analyses to determine whether the requisite numbers of profile and performance indicators were reasonably covered within the Report to meet Tongaat Hulett's GRI G3 Application Level assertion (B+).

The process was limited to the content and assertions made within Tongaat Hulett's printed Report for the period under review, and did not extend to an analysis of the accuracy, reliability, completeness and/or consistency of data presented by Tongaat Hulett, either in the Report or on the internet. Rather, data was subjected to reasonability tests during final proof editing. The process was also limited to reviewing policies and procedures for stakeholder engagements, and did not extend to the physical engagement of any stakeholders to arrive at our assurance opinion.

FINDINGS

Based on our review of the Report, as well as the processes employed to collect and collate information reported herein, it is our assertion that:

- Tongaat Hulett's 2012 Integrated Annual Report demonstrates year-on-year improvements in the form and function of the policies, procedures and systems deployed to meet reasonable integrated reporting expectations. These include, but are not limited to, improvements in the systems employed to collate, collate and report key sustainability performance indicator data, such as water consumption. However, the way in which the report is presented does not fairly reflect the quality of data improvements. Moreover, the report does not fairly meet the principle of 'neutrality', opting to focus almost exclusively on the company's successes, without clearly discussing any on-going challenges or performance gaps.
- Tongaat Hulett adequately adheres to the Accountability principles of Inclusivity, Materiality and Responsiveness, although room for improvement exists with respect to both proactive stakeholder engagement (i.e., Inclusivity) and feedback on stakeholder-specific concerns (i.e., Responsiveness).
- The Report adequately meets the GRI G3's requirements for Application Level B (responses to all required indicators, as well as no fewer than 20 Core indicators, with at least one from each of Economic, Environment, Human Rights, Labour, Society and Product Responsibility). However, it should be noted that some indicators were only covered in the GRI Content Index Table, rather than within the body of the Report. Moreover, it was found that the reporting of performance against some indicators require either data quality improvements, or further detail in disclosure. These gaps are clearly identified with the GRI Content Index Table.

CONCLUSIONS AND RECOMMENDATIONS

Based on the information reviewed, SustainabilityServices.co.za is confident that this report provides a reasonably comprehensive account of Tongaat Hulett's environmental, safety and social performance for the period under review. The information presented is based on a systematic process and we are satisfied that the content of the Report adequately represents Tongaat Hulett's adherence to the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness. Moreover, and although the quality or quantity of data of some GRI G3 indicators can be improved, including the presentation of data in a comparable manner, this Report appears to meet the GRI G3's requirements for Application Level B (B+ with this assurance engagement).

The following recommendations have however been identified:

- With respect to adherence to AccountAbility's principle of Inclusivity, Tongaat Hulett should ensure that stakeholder engagement continues to progress towards the active inclusion of all significant stakeholders, and that systems and controls formally consolidate stakeholder concerns for consideration at the relevant management and/or board levels. With specific reference to sustainability matters, Tongaat Hulett should ensure that the proactive engagement of stakeholders occurs to confirm or refute the company's assumptions regarding the materiality of key sustainability issues. Moreover, the Report should ultimately reflect how engagement is deployed throughout the organisation to affect – where necessary – business decision-making, processes and/or controls.
- With respect to adherence to AccountAbility's principle of Responsiveness, Tongaat Hulett should continue to ensure that feedback to stakeholders on sustainability matters occurs in line with King III's recommendations for 'Integrated Reporting', such that all presentations of results – including interim results – include a reasonable discourse regarding Tongaat Hulett's most material sustainability issues. Any such reporting should adhere to the principle of 'neutrality', by clearly defining and explaining on-going challenges and/or performance gaps.
- Having been subjected to three consecutive cycles of AA1000AS Type I (Moderate) assurance, and noting that Tongaat Hulett has made significant strides in improving systems for collecting, collating and reporting key performance indicator data, Tongaat Hulett should seek Type II (Moderate) assurance for the 2013 Integrated Annual Report, including the quality testing of data for no fewer than 10 key sustainability performance indicators at no fewer than three significant sites (operations).

For more information about the assurance process employed to assess the Sustainability section within the Report email michael@csap.co.za.



SustainabilityServices.co.za
Durban
24 May 2012

