

JB Magwaza, Chairman



### INTRODUCTION

The period under review was a positive one for Tongaat Hulett. Revenue, earnings and cash flow have grown compared to the previous year and significant progress was made with many activities that contribute to the creation of value for all stakeholders.

This integrated annual report provides an overview of the business environment, performance and strategic positioning, with all the relevant detail in the various sections of the report.

### SUSTAINABILITY

Tongaat Hulett's commitment to principles of business sustainability is entrenched in the organisation's activities and practices. It is evidenced in the organisation's deliberate efforts to conduct business in a responsible, ethical manner that acknowledges accountability and integrity, whilst creating value for its stakeholders. The sustainability report which commences on page 26 considers the key themes of Environmental Stewardship, Social Stewardship and Economic Sustainability, and demonstrates the various initiatives undertaken by the business.

Tongaat Hulett's corporate citizenship initiatives extend well beyond its own operations to the wider communities across the six SADC countries within which it operates. With some 40 000 employees (including seasonal employees) working with its customers, suppliers, partners, shareholders and other stakeholders, Tongaat Hulett takes great pride in sharing knowledge and expertise. The sustainability report and CEO's review provide more detail in the efforts undertaken by the company to advance the needs of various stakeholders including private farmers in the region.

The safety of employees across all operations continues to be an area of high priority, with the company currently having adopted a safety initiative termed "zero harm approach" to develop its workforce to the level that employees no longer solely depend on management support and systems, but rather individuals looking after each other to prevent injuries across the company. Despite all continued efforts to ensure the highest standards of safety and occupational health, regrettably there were three fatalities recorded during the year under review, which the CEO expands upon in his report. Our heartfelt condolences go out to all affected families, friends and colleagues. Management conducted an analysis of the fatalities that occurred across the organisation in the past five years, and the findings are articulated in the sustainability report on page 35.

As a proponent of environmental stewardship, Tongaat Hulett continues on the crucial journey of advancing various initiatives in this arena, which include renewable energy, carbon management, water resource management, effluent and waste management, climate change and promoting sustainable agriculture. The CEO's

review highlights in detail the significant progress made on these and other key strategic thrusts for the year to 31 March 2013.

The board is confident of the company's ability to meet the many challenges and exciting opportunities in achieving its business sustainability objectives, given its clear strategic platform, sustainable agricultural and business practices and astute stakeholder engagement.

## DIVIDEND

A final dividend of 190 cents per share has been declared. The final dividend, together with the interim dividend of 150 cents per share, amounts to a total dividend of 340 cents per share for the financial year ended 31 March 2013, which compares with the 290 cents per share of the previous year, reflecting an increase of 17,2%.

## STAKEHOLDER ENGAGEMENT

Tongaat Hulett has an established history of maintaining constructive relationships with a wide range of stakeholders. The process to improve the company's understanding of its stakeholders is ongoing and includes various proactive engagements that are already in place as the business seeks to further strengthen and build on these existing relationships. Tongaat Hulett interfaces regularly, in an open and honest manner with the investment community, shareholders, governments, small-scale and commercial private farmers and their representative bodies, communities, employees and people impacted by company operations or expansion activities.

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 aspects which require management attention and focus.

## BOARD AND GOVERNANCE

Effective implementation of corporate governance principles and ethical leadership form part of the fabric of Tongaat Hulett. The board, as the custodian of corporate governance, continues to maintain its commitment to principles of corporate discipline, ethical leadership, transparency, integrity and accountability. The board confirms that it effectively applies the principles embodied in King III and its recommendations as appropriate for the business, as can be seen in the corporate governance section of this integrated report. The company complies with the listing requirements of the JSE, the Companies Act 2008 and other pertinent legislation by which it is bound.

At the last AGM held in 2012, my term of office was extended for a further period of two years, to lapse in July 2014 when I will retire from the board of directors. A succession process is well underway in terms of the board chairmanship and to add to the non-executive director skill-set on the board.

## APPRECIATION

Tongaat Hulett's shareholder base includes many Southern African and international long-term institutional investors, whose continued support to the business as it continues to deliver on its strategic objectives is greatly appreciated.

I conclude by recording my appreciation to the board for its continued guidance, support and wise counsel. To Peter Staude, the executive directors and executive team, the board joins me in thanking you for the sterling work in managing the business and positioning it for greater success now and into the future. Finally, I also wish to express our sincere appreciation to all our stakeholders for their continued support and commitment.



**J B MAGWAZA**

CHAIRMAN

Amanzimnyama

Tongaat, KwaZulu-Natal

23 May 2013