



Entrance to Kliprivier Mill

ACHIEVEMENTS

- The South African Department of Labour commended Tongaat Hulett for surpassing its numerical goals in terms of race and gender per its Employment Equity Plan
- The Product Water Footprint for 1kg of refined sugar in South African operations is lower than the global average
- Hippo Valley Estate's HIV/AIDS management program has been acknowledged as a globally commended program by the Global Business Coalition
- Achieved a Lost Time Injury Frequency Rate (LTIFR) of 0,094 per 200 000 hours worked
- Xinavane Agriculture operations, with an average of 6 590 employees, completed 27 678 600 lost time injury (LTI) free hours
- Mafambisse achieved 16 761 567 LTI free hours, surpassing the previous record of 10 million LTI free hours

PRIORITIES

- Facilitating the development of successful indigenous sugarcane farmers and contributing to job creation and rural development in the regions which the company operates
- Working with indigenous private farmers to develop farming models that enable efficient sugarcane growing and meet the food security imperative
- Energy efficiency and reduction of GHG emissions
- Efficient water resources management
- Focus on safety improvement

STRATEGY AND ANALYSIS

Tongaat Hulett has a significant presence in agriculture and agri-processing sectors in the Southern African Development Community (SADC). The business works with communities, Governments and other partners to meet some of SADC's pressing challenges: including job creation, food security, rural development and the provision of renewable energy. The company places value on being regarded as a responsible corporate citizen and therefore continues to strive towards creating value for its stakeholders in a responsible manner, that considers relevant legislation and key sustainability themes of safety, health and environment. Tongaat Hulett is of the view that good communication and open dialogue are vital components of understanding and meeting the expectations of the investment community, small-scale and commercial private farmers, local communities, governments, its employees and all other stakeholders. The business is committed to creating value for its stakeholders in an ethical manner, that takes cognisance of ongoing developments in its environment and therefore the organisation aims to report on its activities in a transparent way.

The company joined the United Nations (UN) Global Compact in 2012. This initiative was started in 1999 by the UN to promote good corporate citizenship and companies can, on a voluntary basis, comply and report on the principles published on the website of the UN Global Compact - www.unglobalcompact.org. The Compact comprises ten major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption. Tongaat Hulett is committed to implementing the principles embodied in the Global Compact into its operations. As such, part of the communication on progress is included in some of the elements in this integrated annual report.

The company is in its fourth 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 and resourceful land use to ensure food security. This includes training youth from rural sugarcane communities on relevant agronomy techniques.



External recognition

- Effectively managing the opportunities and risks created by climate change and responsible carbon management.
- Ensuring that management is able to address sustainability in all areas 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 strategic procurement.

The attainment of these parameters is underpinned by the company's employees who play a significant 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.

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 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 integrated annual report.

Reporting Boundaries

Following the previous integrated annual report, published for the period 1 April 2011 to 31 March 2012, this report covers all of Tongaat Hulett's operations in Botswana, Mozambique, Namibia, South Africa, Swaziland and Zimbabwe for the 12 months ended 31 March 2013. Tongaat Hulett's geographical presence is contained on page 11 of this integrated annual report.

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 Integrated Reporting & Assurance Services (IRAS). Tongaat Hulett is committed to the principles of sustainability which encompass the organisation doing business in a responsible manner that acknowledges accountability to its stakeholders. This report considers the key themes of Environmental Stewardship, Social Stewardship and Economic Sustainability.

There have been no re-statements of any data previously reported by Tongaat Hulett.

Where We Operate

Botswana, Mozambique, Namibia, 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, Hulett's, Blue Crystal, Marathon, Equisweet, SUGAlite and Sugar Joule.



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.

As at, 31 March 2013, Tongaat Hulett had 39 246 employees, working in 27 locations in 6 SADC countries, Botswana, Mozambique, Namibia, South Africa, Swaziland, and Zimbabwe. The water-food-energy nexus is an evolving 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.

The company evolved from a diversified business, previously known as The Tongaat-Hulett Group Limited, to a focused business with the final step being the listing of Hulamin and the renaming to Tongaat Hulett Limited. The business was originally formed when the Tongaat Group Limited merged with the Hulett's Corporation Limited. The Tongaat Group Limited evolved from a partnership between Edward Saunders and W J Mirrlees, which dates back to 1875, while the Hulett's Corporation has its beginnings in the 1850's. Tongaat Hulett has a primary listing on the Johannesburg Stock Exchange, which dates back to 1952, and a secondary listing on the London Stock Exchange, which dates back to 1939.

Value Chain



Sustainability Indicators

INDICATOR	2010/11 (12 months)	2011/12 (12 months)	2012/13 (12 months)	Performance
Revenue	R9,681 bn	R12,081 bn	R14,373 bn	↑
Annual Dividend per share (cents)	250	290	340	↑
Number of employees at year end	39 314	41 777	39 246	↓
Fatalities	4	2	3	↑
LTIs	50	61	56	↓
Water used in manufacturing	-	10 258 167 m ³	8 400 685 m ³	↓
Carbon footprint (total tons of CO ₂ -e)	1 120 634	1 027 569	1 246 234	↑

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 three fatalities for the year ended 31 March 2013. 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. There was a reduction of some one thousand four hundred seasonal and contract employees during the current period. In addition, changes in operational requirements resulted in the retrenchment of 43 employees.

SUSTAINABLE PERFORMANCE BENCHMARKING

External Recognition

- Tambankulu Estate, Swaziland and Voermol Feeds retained NOSCAR status rating in the NOSA based integrated occupational Health, Safety and Environment management systems.
- Tongaat Hulett Mozambique's agriculture operation was recommended for ISO14001 certification by a third party certifying body.
- 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 2012, for the fifth consecutive year.
- In 2012, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) Index for the ninth year in a row.

- Tongaat Hulett has been identified as one of the leading companies in surpassing targets for its Employment Equity Plans by the Department of Labour.

ENVIRONMENTAL STEWARDSHIP

Business Approach

Tongaat Hulett is dependent on constrained natural resources. It is therefore in its best interest to protect the environment for future generations. The business is improving its environmental efficiency and is involving its stakeholders in activities to optimise environmental performance along the value chain. The company's environmental approach is premised on the concept of building value for all stakeholders while working in harmony with nature. It 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.

Effectively dealing with the impacts that climate change and water security could have directly on Tongaat Hulett and indirectly, through its value chain, remains a key challenge. When viewed within the context of a growing and increasingly affluent global population that is consuming more natural resources and producing more waste, there is increasing pressure on the environment. Key potential impacts include ecosystem disruption, food scarcity and rising energy costs, which further highlights the need for the business to constructively engage with the relevant stakeholders to identify solutions to mitigate these risks.

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. 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

Climate change has the potential to impact on the availability of clean water and hence the long-term provision of continuous, safe, high-quality raw materials. Tongaat Hulett believes society must take measures to reduce air emissions and to adapt to climate change.

SUSTAINABILITY CONTINUED

The company has identified potential risks and opportunities due to climate change and is taking action to mitigate and adapt to these risks whilst taking advantage of emerging opportunities. The business is committed to lowering the greenhouse gas (GHG) emissions associated with the production and distribution of its products. Tongaat Hulett is focused on working to improve the energy efficiency of its operations which includes switching to cleaner fuels, where necessary. The generation of renewable electricity from bagasse and the blending of biofuel with petrol and diesel will help consumers to lower their own GHG emissions. The business continues to work with private farmers to improve their resilience to climate change.

Tongaat Hulett's property development activities make use of both mitigation and adaptation measures towards proactively responding to climate change realities. These measures include appropriate and sensitive land use and spatial planning, compact city approach to density and intensity, appropriate stormwater management, extensive rehabilitated and managed natural habitat and water and energy demand management measures.

Tongaat Hulett's climate change policy recognises the importance of proactively managing the impacts of climate change, and positively commits the business to implementing both mitigation and adaptation programs where appropriate. The business 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

Climate change is integrated into the business's company-wide risk management processes and a detailed discussion on this important topic is included in Tongaat Hulett's latest submission to the Carbon Disclosure Project (CDP). The CDP is 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 fourth carbon

footprint analysis and 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 CDP (www.cdproject.net). Tongaat Hulett tracks and monitors its GHG emissions and will continue to improve the accuracy and reporting of its carbon footprint.

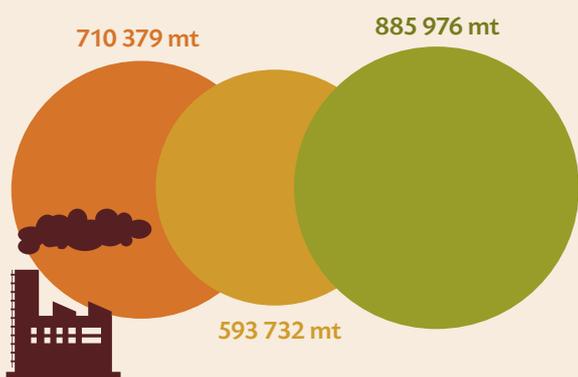
Direct or Scope 1 emissions are those arising directly from owned or company controlled sources. These include, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles and emissions from chemical production in owned or controlled process equipment. During the year, business operations emitted 885 976 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 360 258 tons of CO₂. Scope 3 covers all other indirect emissions that arise as a consequence of the business's activities. The total Scope 3 emissions were 7 571 tons CO₂ covering business travel, supply chain transport and distribution by third party companies. In the reporting period, employees booked nearly 3 219 business trips, flying more than 6 142 746 kilometers, resulting in 1 179 tons CO₂ being emitted from business travel. All 2012 Scope 3 emissions were offset with a project based in Durban. The total Scope 1 and Scope 2 CO₂ emissions for the period under review was 1 246 234 tons equivalent (-e) and the turnover was R 14,373 billion, which equates to 86 grams of CO₂ emitted per rand generated.

Carbon tax legislation in South Africa is currently evolving. The South African sugar operations could benefit from the carbon capture and storage of CO₂ in the growing of sugarcane. Consequently this part of the business should be well placed to offset a substantial part of its emissions on this basis.

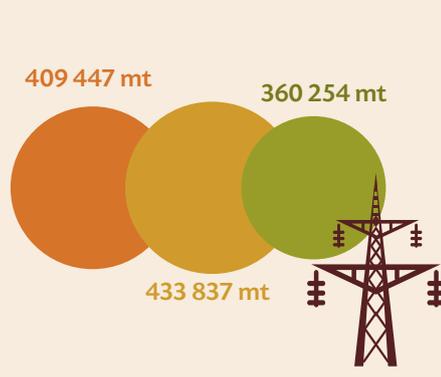
Total South African emissions of 763 578 tons CO₂-e include emissions of 539 429 tons CO₂-e emanating from the South

Carbon Footprint

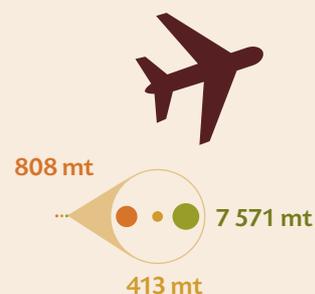
● 2011 ● 2012 ● 2013



SCOPE 1 Combustion Fuels



SCOPE 2 Purchased Electricity



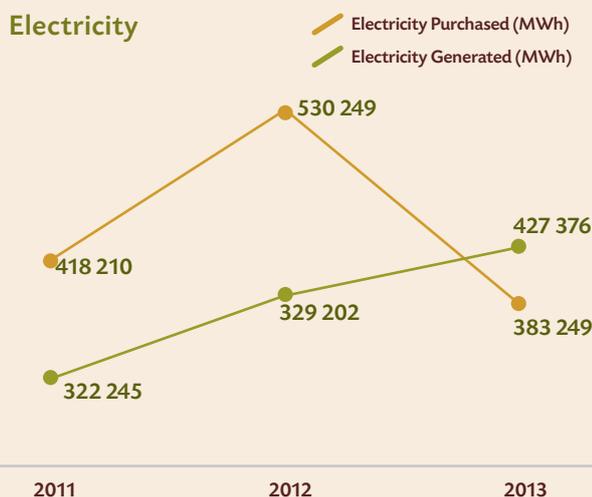
SCOPE 3 Business Travel & Other

African sugar operations. In factoring carbon sequestration, a possible offset of 12 tons per hectare from sugarcane produced on 27 659 hectares (grown from Tongaat Hulett owned and leased land) equates to 207 521 tons CO₂-e. The GHG emissions have been verified by a third party service provider.

Energy

Tongaat Hulett is continuously identifying and where appropriate, implementing opportunities to reduce the energy and water footprints in each of its operations, with its factory operations being prioritised. The imminent introduction of a suitable regulatory framework in South Africa will result in Tongaat Hulett expanding the business's 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 some 30 percent. This energy efficiency improvement will be critical to enable full utilisation of the bagasse for electricity generation.

Sugarcane is a highly effective convertor of sunlight into biomass, and globally is a key raw material for a rapidly growing industry in biofuel 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. 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 a 20 percent saving on electricity costs.



For the period to 31 March 2013, Tongaat Hulett used 774 302 MWh of electricity in all its operations and offices. It generated 427 376 MWh from its sugar mills, predominantly from bagasse and sold 36 323 MWh. In the previous reporting period ended 31 March 2012, Tongaat Hulett used 530 249 MWh of electricity, generated 392 202 MWh and sold 29 223 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. The South African sugar operations have submitted applications for their air emission licenses, particularly in the context of the new standards.

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. The refinery is currently in negotiation with the authorities regarding revised emission targets in line with the development of innovative process technology, which will have significant energy efficiency benefits. An R18 million budget for a plant to test this technology has been approved and the project is targeted for commissioning in 2014.

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 was completed during 2012.

Biodiversity and Land Management

Tongaat Hulett controls over 20 000 gross hectares of land in South Africa of which some 13 500 hectares have been assessed as having high potential for conversion from agriculture to other uses at the appropriate time. This conversion is carefully managed in a coordinated and planned manner in line with broader Government objectives and spatial policies. At the same time the business continues to rehabilitate currently unproductive land to agriculture in support of government's agricultural and rural development goals and objectives, while also securing additional sugarcane supply to its mills.

These conversion activities are based fundamentally around sustainable development principles and will see over 5 000 hectares of land being rehabilitated into natural habitat, with formal management models being created to ensure the long term sustainable maintenance of these assets for the benefit of the broader region. In terms of the socio-economic



legs of the sustainable development philosophy, conversion of this land will also see the creation of new employment, housing, social, recreational and commercial opportunities as well as the associated new capital investment. These development opportunities will be facilitated as an integral component of the growth of sustainable cities premised on appropriate densities, public transportation, mixed and multi uses and integration of surrounding communities.

The business continues to work 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 the region's needs and government's spatial planning policies and objectives.

Water Resource Management

Tongaat Hulett continues to address water challenges with key partners that include private farmers, local communities and the relevant authorities. The business is a signatory of the UN Global Compact CEO Water Mandate and is committed to effective water resource management throughout its operations. A growing population in the SADC region, demographic shifts from rural areas to cities and the impacts of climate change are contributing to concerns related to fresh water availability. With two-thirds of all fresh water used in agriculture and demand for water set to rise by some 50% by the year 2030, water scarcity is a possible scenario for a third of the world's population.

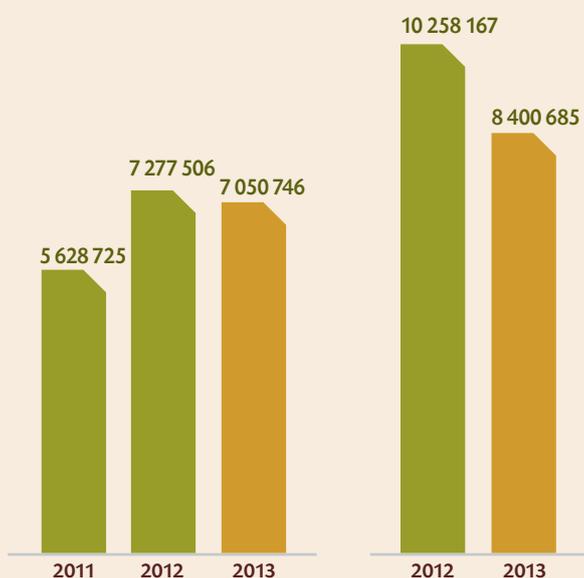
The Water Policy which documents Tongaat Hulett's view on key elements include: prioritising sustainable management and effective use of water resources, local water resource optimisation and protection. It continues to identify opportunities for water recycling, efficient use and responsible waste water 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 in South Africa 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.

Water Usage

Water Produced from Sugarcane

Water Used in Product Manufacturing

m³



During the reporting period, Tongaat Hulett completed the Product Water Footprint for 1kg of refined white sugar in South Africa using a global standard. This assessment was performed on behalf of the business by an external service provider and confirmed that the water required by Tongaat Hulett to produce 1kg of refined white sugar is lower than the global average as stated by the Water Footprint Network.

Tongaat Hulett reported its water usage in the product manufacturing process for the period under review as 8 400 685m³, with a further 6 007 061m³ 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 2012, Tongaat Hulett used 10 258 000m³ with a further 65 851 291m³ sold to municipalities as potable water.



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.

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. A significant increase in recycle material volumes was noted for this reporting period.

The starch operations have contributed to the considerable increase in recycled waste volumes. Some of the new practices implemented included the recycling of coal ash into block making and the recycling of the fats and proteins generated from the glucose manufacturing process into farming material. In addition, the implementation of onsite separation of general waste into recyclable and non-recyclable waste has also contributed to the growth in this number.

In line with the legal requirements in Zimbabwe, boiler ash has been re-classified as hazardous waste, during the reporting period, thereby resulting in the growth of this number when compared to the prior period. Initiatives are continuing to improve the level of reporting.

PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett is using sustainable sugarcane agriculture practice to promote and increase good practices that are environmentally sustainable. The practices seek to protect the natural resource base, prevent degradation of soil and water, conserve biodiversity, ensure a safe and high-quality supply of agricultural products and consequently safeguards the livelihood and wellbeing of agricultural private farmers, employees and their families.

To meet the needs of the growing population, agricultural production must double by 2050. This challenge is made even more daunting by the combined effect of climate change and increasing competition for land, water and energy sources. 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 three 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. Where appropriate, the World Wildlife Fund standards are used to facilitate training of private farmers in order to ensure that sustainable principles are employed.

Period	General Waste (tons)	Scrap Metal (tons)	Hazardous Waste (tons)	Recycled Waste (tons)
2012	11 853	1 815	302	36 466
2013	11 436	4 152	3 084	53 694

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.



Promoting sustainable agriculture

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 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.

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 refer 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 operational activities that result 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 559 Level 1 complaints and two Level 2 complaints. One of the Level 2 complaints was received at the Maidstone Sugar Mill and another one was received at the Xinavane Sugar Mill. Incidents of illegal

dumping at the South Africa agricultural operations remain the major contributor to Level 1 incidents.

The Maidstone complaint related to an irrigation pipe burst. The remedial actions implemented included clean-up and remediation of area affected, together with a repair of the pipeline. Implemented action plans were communicated to relevant authorities and stakeholders and a long term plan regarding the future of irrigation in this area is currently under review.

The second Level 2 complaint related to environmental issues raised through a media broadcast at the Xinavane operation. There were allegations regarding water pollution of the river system emanating from mill effluent discharge. Xinavane currently conducts regular water testing both upstream and downstream of the mill operations, as well as of some of the agricultural locations. The operation uses the services of an external third party laboratory, which has confirmed that the results of the water tests continue to fall within the business's minimum standards.

THIRD PARTY CERTIFICATIONS

Tongaat Hulett subscribes to various management systems that are certified by third party certifying bodies with reputable accreditation in line with international standards. In this regard, annual 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 are certified under the ISO 14001 Environmental Management System with the exception of Botswana, Namibia and Mafambisse, which are at different stages of the certification programme. Xinavane's agriculture operation was recommended for certification to ISO 14001, while its mill operation was scheduled to go through Stage 2 of the certification audit in June 2013. Tongaat Hulett's sugar and development operations were audited by NOSA on the integrated star rating system and are all certified. All four starch mill operations are certified as ISO 9001, ISO 14001 and OHSAS 18001 compliant. 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 22 000 certified and the Maidstone Mill and the Refinery are partly certified. Plans are in place to pursue the ISO 14001 as well as HACCP/ISO 22 000 within the next five years.

SOCIAL PERFORMANCE

Business Approach

Tongaat Hulett continues to promote a core value of providing a safe and healthy workplace combined with good environmental stewardship. Safety, health and environmental (SHE) matters being components of an integral part of Tongaat Hulett's business, have specific plans with clear deliverables that are implemented within defined timeframes. The focus is on ensuring operational



sustainability against risks of occupational SHE liability. Guided by the fundamental principle of ‘zero harm’, Tongaat Hulett’s efforts in managing SHE issues are a consolidation of the participation of several stakeholders. Employees, contractors, suppliers, service providers, private farmers involved with Tongaat Hulett and surrounding communities in areas where Tongaat Hulett operates were identified as key stakeholders who have an important role to play in promoting SHE values.

The Tongaat Hulett Risk, SHE, Social and Ethics Committee oversees the performance of the company against set SHE targets and objectives. 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’s labour intensive operations reflect a workforce complement rising to nearly 40 000 during the season’s peak period and consequently exposes the company to occupational safety risks, considering that the bulk of the workforce would be engaged in manual activities and the operation of machinery. The company is driving a ‘zero harm’ campaign that seeks to transform its organisational culture from one that influences stakeholders to be dependent on management support and systems, to an interdependent culture where individuals look after each other and prevent injuries across the company’s stakeholder society.

During the past decade, the company’s safety performance improved significantly in terms of fatalities and serious injuries that result in loss of time. While three fatalities recorded in 2012/13 seem to have reversed a fatality reduction trend observed from

eleven in 2009/10 to four in 2010/11 and two in 2011/12, fatality risk controls in place are deemed to be appropriate. An analysis of fatalities recorded at Tongaat Hulett operations during the past five years revealed that 79 percent of them were related to vehicle operations, 13 percent to safety fundamentals, 4 percent to working at heights and another 4 percent to material handling activities. All of these causal factor categories form part of Tongaat Hulett’s six main fatality risk control standards, commonly known as Huley Rules. Additional interventions that include peer review exercises are being applied to complement the effectiveness of these controls and thereby eliminate fatalities. More focus is being directed at managing the highest risks associated with vehicular operation, where specific interventions include enhancing Tongaat Hulett customised defensive driver training, increasing vehicle performance monitoring devices on high risk vehicles and introducing a ‘Safe Driver Competition’ with a view to encouraging safe driving performance by employees whose occupations entail driving.



A Lost Time Injury Frequency Rate of 0,094 was achieved for the first time since formal SHE management systems were established. The LTIFR of 0,094 reflects an improvement from a stagnant LTIFR of 0,10 recorded in the previous two years.

Tongaat Hulett continues to work towards influencing stakeholders with a view to encouraging safe behaviour and participation in various SHE initiatives, so as to realise ‘zero harm’. Private cane farmers were identified as some of Tongaat Hulett’s important stakeholders, with an almost direct impact on the safety performance of the organisation considering their continuous involvement with Tongaat Hulett’s operations, particularly in cane delivery where farmers’ vehicles enter Tongaat Hulett’s

PERIOD	Actual 12 months to 31 December 2011		Actual 12 months to 31 March 2012		Actual 12 months to 31 March 2013		Limits 12 months to 31 March 2014	
	LTIs	LTIFR	LTIs	LTIFR	LTIs	LTIFR	LTIs	LTIFR
Sugar	42	0,08	45	0,09	47	0,08	-	0,07
Starch	8	0,53	8	0,40	8	0,58	4	-
Developments	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	50	0,10	61	0,10	56	0,094	-	0,095

premises. A structured engagement process to secure buy-in and subsequent take up of Tongaat Hulett's SHE management systems will be enhanced in the coming year.

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 lifestyle diseases such as diabetes, cardio-vascular disease and obesity, especially in children, has focused the attention of policy makers and the media on the consumption of sugar, and the potential contribution of this essential ingredient to the lifestyle disease 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. During 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 healthcare programmes that include environmental health, occupational health, primary health and general wellness.

HIV and Aids

HIV and AIDS still remains the single biggest health challenge. While all operations now have Voluntary Counseling and Testing ((VCT) / HIV counseling and Testing (HCT)) and Anti-Retroviral

Treatment (ART) being offered in one way or another, varying models of HIV and AIDS management are employed at the various centres. The company is working towards introducing a single HIV and AIDS Management Standard which will ensure uniformity throughout the various operations. The South African National Standard for Wellness and Disease, including TB and HIV Management System (SANS 16001: 2013) is being evaluated and plans are underway to implement this standard throughout Tongaat Hulett.

Male Medical Circumcision (MMC) in combination with other HIV preventative measures, has been shown to reduce the transmission of HIV in men by sixty percent and in light of this, the business is encouraging MMC to its employees. Chronic non-communicable or "lifestyle" diseases, such as diabetes and hypertension, are noted to be an issue of concern. The introduction of SANS 16001:2013 will also assist in developing a systematic approach to managing these conditions.

The VCT / HCT campaign is well entrenched as demonstrated by an uptake by 83 percent of the company's employees during the year under review. The company's commitment to the ART program is reflected through spend of R1 926 793 extended to this exercise for employees participating in 2012/13.

Malaria

In Mozambique, Swaziland and Zimbabwe, malaria remains a significant health risk. The operations in Swaziland and Zimbabwe continue to successfully implement integrated malaria control programmes that include vector control, awareness, personal protection, diagnosis and treatment. The prevention of mosquito bites is one of the key elements in the fight against malaria, and in this regard, every affected operation is facilitating anti-malaria spray programmes and access to mosquito bed nets by every household member at Tongaat Hulett operations. The effectiveness of current malaria interventions was demonstrated by a 55 percent reduction realised in malaria cases attended to at the Zimbabwe operation medical facilities between 2011/12 and 2012/13 fiscal years.



Starch and glucose are used in a range of food products

Occupational Health

Occupational health risk assessments identified noise, dust and chemicals as principal risks requiring effective interventions. Active steps are being taken to prevent the occurrence of occupational diseases, particularly those resulting from exposure to principal risks. All operations have established occupational health management systems that are certified to either NOSA systems or OHSAS 18001. Medical surveillance programmes are revised every year and continuously being monitored to ensure that employees exposed to high risk activities are not negatively affected by inherent occupational health risks. Surveillance programmes also provide an opportunity for urgent medical interventions to be taken and reverse early detection of symptoms of occupational illnesses.

Resources are being mobilised at operations to provide for reliable and effective emergency Medical Response systems, which are essential for ensuring appropriate early management of injuries to potential workplace accident victims.

HUMAN CAPITAL

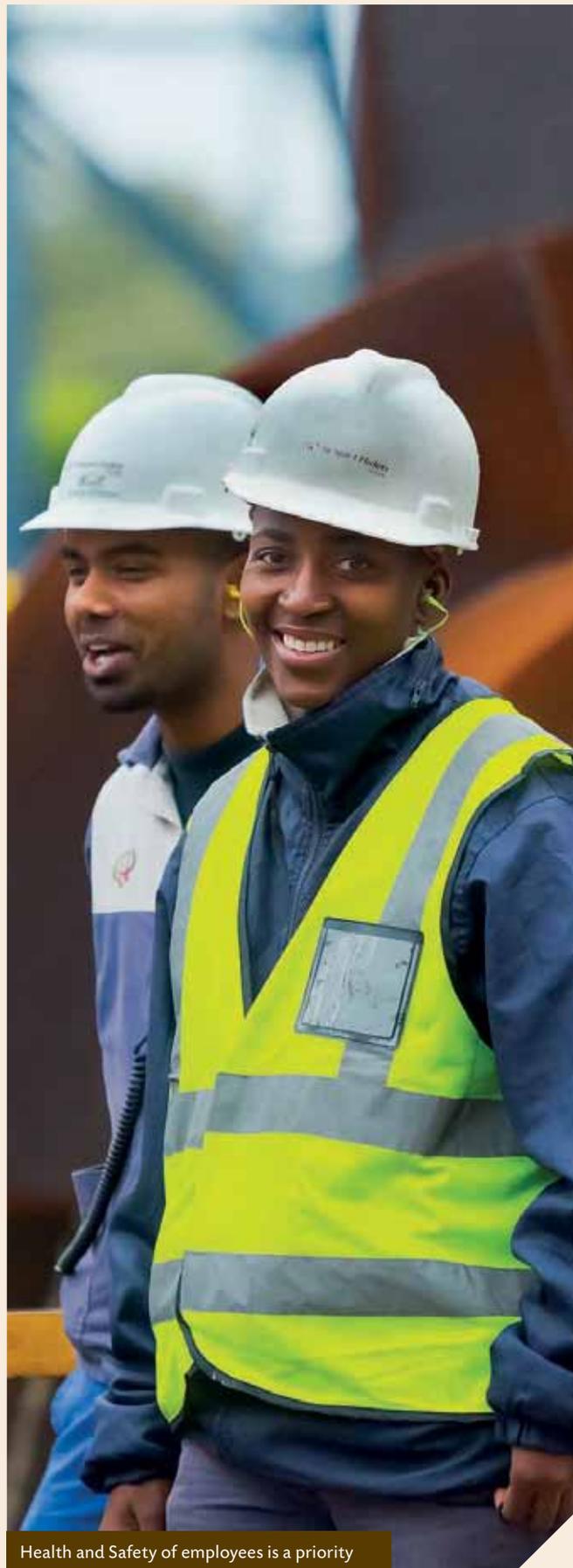
Talent Management and People Development

Tongaat Hulett seeks to attract, employ, retain and develop high calibre and diverse employees who are able to contribute to the achievement of the business's strategic goals. Building capacity and capability include the continuous assessment of the capability profiles of teams and individuals against the required competencies and appropriate actions taken to address the gaps that are identified. Some of the interventions include the clarification of roles, responsibilities and relationships, making key appointments, dealing with transformation and employment profile requirements and addressing succession planning gaps by ensuring an appropriate pipeline of skilled people to meet longer term strategic capability requirements, leadership, management and supervisory development, talent management processes coupled with fast tracked development, focused technical and engineering skills upliftment, coaching and mentoring, project assignments, job rotation and encouraging employees to embark on self-directed as well as structured development programmes.

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.

Existing Skills

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 multi-skilling



Health and Safety of employees is a priority

and multiple relationships. This transformation includes improved region wide communication and instilling 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 Electrical Engineering/Process Control, the University of KwaZulu-Natal, Mangosuthu Technikon and the Durban University of Technology.

Employment Equity and Indigenisation

The total workforce as at 31 March 2013 across all countries was 39 246 compared to a total of 41 777 the previous year (full time employees, casuals and contractors).

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 2013, 61,2 percent of management and 84,6 percent of skilled and supervisory positions are filled by black employees. Women constitute 36,2 percent of the workforce across South African operations. Within the South African operations, 74,2 percent of the 609 graduates and diplomates employees are black, with women constituting 46,1 percent.

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, development and training programmes, coaching and mentoring and innovative management development practices.

The employment equity report for Tongaat Hulett's South African operations, as at 31 December 2011, as submitted to the Department of Labour (DoL) is available online.

CASE STUDY

KAREN PETERSEN

Karen (or Nomsa, as she is often referred to by her colleagues) was the first female project manager appointed at the then Moreland in 2006, as part of its drive to include more women in its project management operations in the company.

Appointed as the Development Manager for the Cornubia project, in the former Commercial and Industrial portfolio, she was promoted to Development Executive in 2009. This move meant greater responsibilities across the overall project as well as other smaller landholdings in and around Tongaat.

In January 2013, she was promoted to her present position as Human Settlements Executive, also the first woman ever appointed to the Tongaat Hulett Developments Board. "In this role, I am providing leadership on all aspects relating to Human Settlements by improving the quality of living conditions of those at the lower end of the socio-economic strata" and says "it was the best 41st birthday present ever!".



To read more about Karen go to:
www.tongaathulett.com/2013/talent_case.pdf



Training related information in respect of the South African operations for the period 1 April 2012 to 31 March 2013

Total training spend	R36,2 million
1 percent skills levy	R13,6 million
Training spend as a % of leviable amount	2,7 % (excluding 1% skills)
Number of person days trained	10 040
Number of person days available	1 660 830
% trained person days	0,6 %
Number of persons trained	1 740
Expenditure on African, Coloured & Indian Employees	R22 389 863
Expenditure on African, Coloured & Indian Women	R9 690 162
Expenditure on Employees with Disabilities	R198 934

The overall proportion of black representation in management as at 31 March 2013 was 61,2 percent of permanent staff at this level, compared to 57,4 percent at 31 March 2012. It is envisaged that by 2015, black representation at management level (D band and above) will be approximately 65,0 percent. Females at senior management level increased from 12,3 percent to 14,5 percent as at 31 March 2013, the proportion of black females in top management increased from 19,2 percent to 22,2 percent as at 31 March 2013 and black females in management increased from 19,6 percent to 20,9 percent in March 2013.

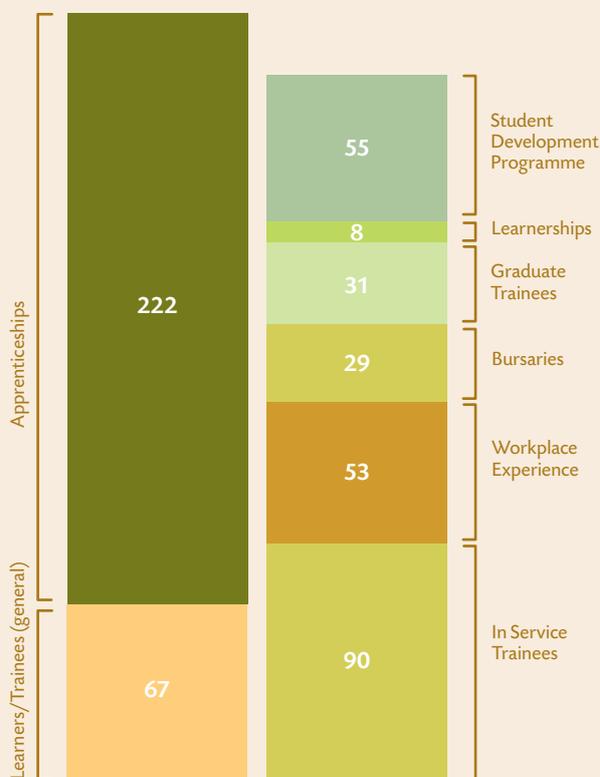
There were 80 employees with disabilities as at 31 March 2013, which constituted 1,2 percent of the employee complement (81 employees with disabilities as at 31 March 2012).

Existing Skills In All Countries

Period	Number (as at 31 March 2013)	Average Age (as at 31 March 2013)	Number Terminated (1 April 2012 - 31 March 2013)	Number Appointed (1 April 2012 - 31 March 2013)
Degrees/Diplomas	1 107	40	42	76
Artisans	520	40	25	38

Formal Training Programmes

Actual as at 31 March 2013



24 624
employees sent on training

148
employees on Company Assisted Study Aid Schemes

25 327
in TOTAL

Human Rights

Within its sphere of influence, Tongaat Hulett implements 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 and/or 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.



Creating an enabling environment for employees to develop

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 12 different unions as at 31 March 2013 and approximately 74 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 recognised are:

- Botswana – Botswana Beverages and Allied Workers Union (BBAWU)
- Mozambique – Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)
- Namibia – Namibian Food and Allied Workers Union (NAFAU)
- South Africa – Food and Allied Workers Union (FAWU); National Sugar and Refining and Allied Industries Employees Union (NASARAIEU); South African Agricultural Plantation and Allied Workers Union (SAAPAWU); United Association of South Africa (UASA) National Union of Democratic and Progressive Workers (NUPDW); Chemical Energy Paper Printing Wood and Allied Workers Union (CEPPWAWU)
- 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 two strike incidents which resulted in one day lost in Swaziland and at the Sugar Refinery, 438 employees went on strike, which resulted in five days lost with a financial cost implication of R7,9 million for the period under review.

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 ENGAGEMENT AND SOCIAL INNOVATION

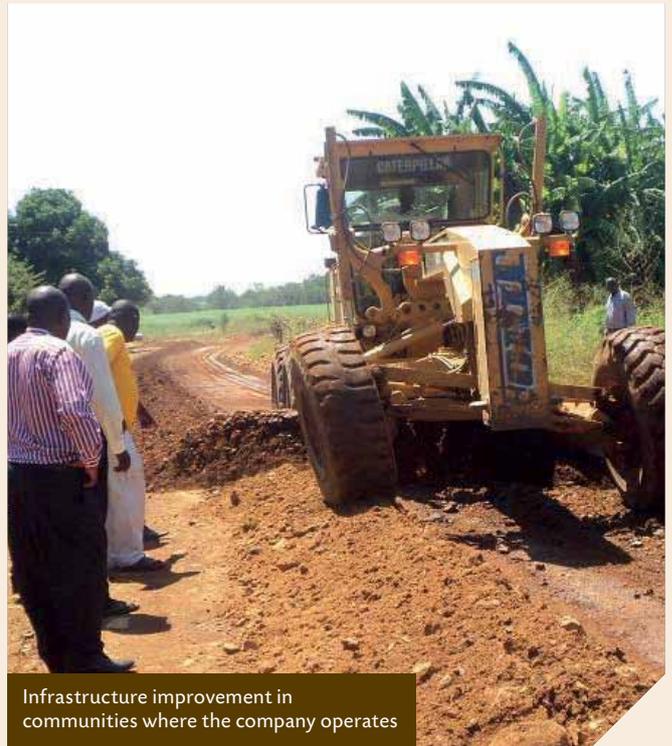
Tongaat Hulett has a well-established history of maintaining constructive relationships with a range of stakeholders. The process to improve Tongaat Hulett's understanding of its stakeholders is ongoing. It includes confirming the identity of stakeholders based on their impact / significance / influence etc. on the business, and documenting the various proactive engagements that are already in place, as the business seeks to further strengthen / build on these existing relationships. The business interfaces regularly, in an open and honest manner with a range of shareholders, 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 2012/13, followed the release of its 2012 Integrated Annual Report, and 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.

The expectations of shareholders, investors and analysts are to ensure that 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 plus roadshows are undertaken in the United Kingdom and North America, in order to articulate the company's performance and prospects.

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, Tongaat Hulett is able to provide the necessary support to ensure their long-term sustainability. Tongaat Hulett works with this grouping to unlock grant funding and facilitate maximum saving in key inputs like fertilizer, good quality seed cane and herbicides. In so doing it contributes to the sustainability, growth and profitability of this stakeholder. 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 interactions, further growth and development opportunities for both Tongaat Hulett and these stakeholders are being identified.

Expectations of government authorities and regulators' are that the business operates in accordance with all local, provincial and national laws and regulations, as well as subscribing to and demonstrating support for articulated government objectives and policies. 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 the company's strategy can support the growth strategies of these countries. This approach ensures that there is alignment of community, government and business operations of Tongaat Hulett. Ongoing engagement with government takes place at a provincial level and where necessary a national level.



Infrastructure improvement in communities where the company operates

Local communities are engaged in order to develop a broader understanding of their concerns and to align priorities in areas where there will be maximum impact. Particularly within the context of sugarcane developments in the rural areas of Mozambique, South Africa and Zimbabwe, the business's ongoing Enterprise Development and Socio-Economic Development initiatives create regular opportunities for stakeholder engagement opportunities with this constituency.

Engagement with the media takes place on a formal and 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 that 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 is used, 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. The company will report on progress in this regard in its next report.

Expectations of customers, suppliers and service providers' 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 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.

It is anticipated that the evolving approach to improving the company's understanding of its key stakeholders will include Tongaat Hulett being able to communicate matters of importance to the business. This includes its Code of Business Conduct and Ethics and other items of relevance which are specific to each stakeholder. Tongaat Hulett's approach to ethical behaviour is an important aspect to be understood and communicated, particularly within the context, of the high degree of importance that is placed on this underlying business principle by both management and the Board.

Social innovation makes reference to organisations that are developing innovative practical approaches to transform society and the environment, thereby uplifting communities.

ECONOMIC SUSTAINABILITY

Business Approach to Empowerment and Indigenisation

Transformation, equal opportunity and the creation of a diverse employee base remain key performance areas for the SADC geographical region where Tongaat Hulett operates. The company is committed to the development of successful rural communities in the regions that surround its operations and the business will continue to identify how best it can further partner with farmers, communities and governments, in order to achieve this objective. Tongaat Hulett believes that agriculture is the foundation of developing economies. The health of the agricultural sector depends on the sustainability of farming methods. Farming practices must therefore not only protect the long-term productivity of the land, but must also ensure profitable yields and the well-being of farmers and farm workers.

From a South African perspective, the fifth B-BBEE rating audit by AQRate was conducted in 2012, with Tongaat Hulett being categorised as a Level Three Contributor. The drop from Level Two is a result of the second set of five year targets becoming applicable on Employment Equity and Skills Development.

In Zimbabwe, Tongaat Hulett embarked on a comprehensive private farmer rehabilitation program to increase sugarcane production substantially, with the objective being to rehabilitate 15 880 hectares

B-BBEE Scorecard		Score		
Element	2011	2012	2013	
Equity Ownership	18,16%	17,34%	18,34%	
Management & Control	8,43%	8,43%	8,81%	
Employment Equity	11,54%	11,69%	9,15%	
Skills Development	10,19%	12,14%	9,99%	
Preferential Procurement	18,17%	15,58%	15,17%	
Enterprise Development	15,00%	15,00%	15,00%	
Socio Economic Development	5,00%	5,00%	5,00%	
Total	86,49%	85,18%	81,46%	
BEE Level Rating	2	2	3	

Data within the table above is sourced from AQRate as per their B-BBEE verification process

of private farmer land. There are currently 670 active farmers, who employ some 5 500 people. By the time that phase 1 is completed, there will be 870 farmers employing just under 8 000 people.

In Mozambique, Xinavane estate has a total of 3 520 hectares under sugarcane, for small and medium scale farmers delivering cane to its factory for crushing. The areas are comprised of groups and/or associations of farmers. Prior to the recently completed private grower developments, there have been three long-standing associations with a total of 478 hectares under sugarcane that had been developed under Government-supported donor projects. The Mafambisse private farmer development program has developed 380 hectares involving 14 farmers.

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.

Tongaat Hulett is committed to supporting suppliers, improving their empowerment credentials and introducing Small to Medium Enterprises (SME's), black-owned and black women-owned suppliers to the business. The preferential procurement score element was set at 15,17. In respect of the Procurement Scorecard for Tongaat Hulett, and based on the expenditure for the period ending 31 March 2012, out of a total available spend (defined as total procurement spend less spend on parastatals and the importation of goods not locally produced) of R7,650 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend, was R6,044 billion (79 percent).

Spend with companies which are more than 50 percent black owned totaled R252 million, whilst spend with QSE's or EME's totaled R1,680 billion. Spend with companies which are more than 30 percent owned by black women was R79 million.

Socio-Economic Development

Socio-Economic Development within the context of Tongaat Hulett operations forms an integral part of the businesses activities, and is closely linked to the company's overall objective of contributing to the creation of successful rural communities. The business has traditionally focused its SED spend (particularly in the case of Mozambique, South Africa and Zimbabwe) on improving the quality of life of communities that surround company operations and its employees. Tongaat Hulett is now in the process of shifting this focus, to its private farmers. This shift, which is ongoing, will ensure that private farmers receive the support required for them to be sustainable into the future, and includes actions related to unlocking land for sugarcane development and grant funding from Government. The reporting period highlighted the significant contribution that Tongaat Hulett continues to make towards the welfare of private farmers, rural communities that surround company operations and its employees in Zimbabwe, Swaziland and Mozambique. Consequently, some 86 percent of total SED spend was invested in these countries.

During the reporting period, R62,8 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 R9,6 million was spent on education, which included costs

CASE STUDY

NDWEDWE REGION

Within the Tongaat Hulett context, the activities undertaken by the business in the Ndwedwe region on the North Coast of KZN, demonstrate a relevant example of the company working towards its strategic objective of increasing sugarcane supplies, while contributing towards stakeholder value creation. The business's Socio-Economic Development initiatives and its approach to stakeholder engagement are fundamental elements that are contributing to the overall success of this project.

To read more about Ndwedwe go to: www.tongaathulett.com/2013/ndwedwe_case.pdf



for repairs to schools, stationery and education support. The Zimbabwe operations provide support for 21 schools, with an enrolment of just under 12 000 pupils, the Swaziland operation supports two schools, while the Xinavane and Mafambisse operations provide support to the local schools that are in close proximity to company operations.

Tongaathulett regards its Socio-Economic Development initiatives as an important component to ensuring the sustainability of the private farmers that supply its operations.



Land under cane

In addition, these initiatives continue to support the business’s objective of rural development in the communities that surround company operations. The total SED spend for the 12 months to 31 March 2013, including the cost of company sponsored occupational and primary health care services, was R142,7 million. This was above the company’s commitment to allocate one percent of annual headline earnings to SED on a company wide basis annually.

FOOD SECURITY

Tongaat Hulett is of the view that a sustainable food system should 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 Operation Vuselela Project, more commercially viable. The business is of the view that it can partner 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, rural communities businesses and governments.

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.

Value Added Analysis

For the Year Ended 31 March 2013

Rmillion	2013	2012
Revenue	14 373	12 081
Bought-in materials and services	(9 327)	(7 893)
VALUE ADDED BY OPERATIONS	5 046	4 188
Dividends and other income	358	203
Capital profit on land	16	3
Capital loss on other fixed assets	(1)	
TOTAL VALUE ADDED	5 419	4 394
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	2 748	2 081
TO PAY PROVIDERS OF CAPITAL	953	815
Interest on borrowings	596	527
Distributions to shareholders	357	288
TAX	389	351
RE-INVESTED IN BUSINESS	1 329	1 147
Depreciation	472	366
Retained earnings after distribution to shareholders	857	781
TOTAL VALUE DISTRIBUTED	5 419	4 394

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

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

At the same time, Tongaat Hulett appreciates the circumstances experienced by many cities, around which it operates, as well as the ever increasing issues of poverty, unemployment and inequality that are prevalent throughout the region. In response to these dynamics, Tongaat Hulett works closely with local and provincial



Working with communities to provide water and ensure food security - Luwamba community, Northern KZN

municipalities in facilitating the conversion of agricultural land to other uses, at the appropriate time and in locations aligned with municipal and provincial spatial policies and plans. This land conversion enables the provision of new housing, employment, economic, social and recreational facilities for growing cities and increasing urbanisation but significantly, is carefully managed and undertaken in synergy with the extensive cane and rural development initiatives.

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 to not compromise on the safety of its products.

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. 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.

Supply Chain Sustainability

Tongaat Hulett is developing a green procurement policy framework, with a view to optimising resource usage, increasing its product value and reducing its product carbon footprint and other negative environmental impacts. This is being achieved by collaborating with suppliers and customers throughout the value chain, to identify opportunities for adopting innovative technologies, products and business solutions with definitive potential for reducing environmental and climate change impacts, enhancing the safety and health of employees and communities, as well as reducing operational costs.



Increasing sugarcane supplies to Tongaat Hulett



Development at Kindlewood Estate

Special attention is being given to packaging products, energy and water management, as well as industrial and agricultural chemicals. Robust initiatives are being developed to ensure alignment with critical activities involving procurement, transportation and logistics, storage, usage and disposal of sensitive products. Some of the key themes in this process include:

- Focus on the total product life cycle impacts in the context of individuals and communities
- Use of renewable resources including recycled products and extended life cycles
- Encouraging use of eco-friendly products and use of transportation methods with minimum environmental impacts
- Asset and resource optimisation initiatives, including emphasis on usage efficiencies, inventory and waste management
- Increased research efforts into water conservation technologies and lean and clean production techniques.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2013 Sustainability Report. The company is particularly interested in the information that was provided, information that was not included, the data reported on and the design of the report.

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GRI Index

For detailed Global Reporting Initiative G3 sustainability reporting indicators:
Refer to www.tongaat.com/annualreport2013/gri.pdf