

CHAIRMAN'S STATEMENT



**CB SIBISI
CHAIRMAN**

I am pleased to present my first statement to stakeholders as Chairman. Tongaat Hulett has attained solid results under challenging conditions in the sugar industry. Substantial value continues to be unlocked in land conversion and development activities, and the starch operations have delivered a strong performance. Looking ahead, with its enhanced strategic positioning over recent years, the company will continue to build on the multiple strategic thrusts and creating value for all stakeholders.

CHAIRMAN'S SUCCESSION AND DIRECTORATE

There were some key changes to the composition of the Board during the period under review. JB Magwaza retired at the last annual general meeting on 30 July 2014, having reached the mandatory retirement age. JB, as he is affectionately known, served the company diligently for 39 years, both in an executive and non-executive capacity, and as Chairman of the Board since 2009. Both the company and the Board benefited greatly from his knowledge, inspired leadership and wise counsel. We extend to him our gratitude and very best wishes for the future.

The Board appointed Jenitha John, an independent non-executive director and currently chairman of the Audit and Compliance committee, as Lead Independent Director as required by the JSE Listings Requirements and in accordance with King III. In situations where my participation in the Tongaat Hulett BEE equity structure impacts my independent status as Chairman, she will assume that role. This appointment was also with effect from 30 July 2014.

Adriano Maleiane, an independent non-executive director since 2009, was appointed as Minister of Economy and Finance in Mozambique. As a result of this appointment, Mr Maleiane resigned from the Board with effect from 1 February 2015, with well wishes from the Board on this key assignment.

The Board was pleased to welcome two new independent non-executive directors, who add valuable insights and perspectives

to the Board in light of the broad geographic spread of our operations. Stephen Beesley, a seasoned director with extensive multinational business experience in many countries including Botswana, Namibia, Tanzania, Zambia, Mozambique and Zimbabwe, was appointed with effect from 17 June 2014. Tomaz Salomão, a Mozambican national, is a former Executive Secretary of SADC, Minister of Transport and Communications, and Minister of Finance and Planning, amongst his many other achievements, and was appointed to the Board on 25 May 2015. Their appointment enhances the dynamics and skills of the Board.

BUSINESS SUSTAINABILITY

Sustainability is anchored in the corporate strategy and represents an integral part of Tongaat Hulett's corporate culture. This is reflected in the relentless drive towards an all-inclusive approach of value creation for all stakeholders. With a footprint in six SADC countries, business is not viewed in isolation, the company's role and responsibility as a business, to actively address socio-economic pressures such as job creation, food security and rural development across all areas of operation, is taken seriously. Sustainability efforts and focus are therefore geared towards not only growing the business optimally, but simultaneously delivering tangible social value creation, whilst using natural resources responsibly, and maintaining sound relationships with our stakeholders.

Safety continues to be a high priority for the company, with the sustainability framework being driven through the zero harm campaign. The company is pursuing an interdependent safety culture targeted at transforming the mindset of all stakeholders where individuals are required to be subconsciously safe, healthy, environmentally responsible, resourceful and supportive of one another in an effort to prevent injuries across the company's stakeholder society. Despite the continued initiatives to ensure the highest standards of safety and occupational health, regrettably two lives were lost in separate work related incidents during the year. On behalf of Tongaat Hulett, I extend my heartfelt condolences to affected family, friends and colleagues, and emphasise the company's

determination and commitment to preventing further loss of lives.

Tongaat Hulett continues to improve on its journey of advancing various sustainability initiatives, which include renewable energy, carbon management, water resource management, effluent and waste management, climate change and sustainable agriculture. Various sustainability components are addressed throughout this report, and are indicated and described within a broad framework of six capitals of value creation (natural, capital, manufacturing, social, financial and intellectual).

The company continues to maintain its membership on the UN Global Compact, an initiative started in 1999 by the United Nations to promote good corporate citizenship. This comprises 10 major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption and the company is committed to ensuring it upholds these principles across its operations. Furthermore, with the signing of the CEO Water Mandate, the company formally confirmed its intention of managing this resource responsibly.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett's proud history of creating and maintaining positive relationships with all stakeholders continues unabated. I am pleased with the processes implemented by the company to improve the understanding of the needs of its stakeholders. Throughout this report, the nexus between various stakeholders and the company's success in delivering on strategic thrusts is highlighted. Regular interface with the investment community, shareholders, employees, communities, various governments across the SADC region, small-scale and commercial private farmers and their representative bodies, remains a priority and is reflective of the company's continued holistic success as a business.

DIVIDEND

The Board declared a final gross cash dividend of 210 cents per share. The final dividend, together with the interim dividend of 170 cents per share, amounts to a total dividend of 380 cents per share for the financial year ended 31 March 2015, which compares with the 360 cents per share paid out in the previous year, reflecting an increase of 5,6 percent.

GOOD FUNCTIONING OF THE BOARD AND CORPORATE GOVERNANCE

The Board remains vigilant in ensuring the company's high regard for corporate governance, which is visible in how the company operates within principles of corporate discipline, ethical leadership, transparency, integrity and accountability. Part of Tongaat Hulett's continued success rests in the Board's recognition of the inextricable link between effective governance and sustainable business performance. I am proud of the pivotal role played by the Board in providing ethical leadership and setting a tone of integrity in the company.

The Board confirms once again that it applies in all material respects the principles embodied in King III, the JSE Listings Requirements, the Companies Act and other pertinent legislation by which it is bound. We continue to strive to embed best practice corporate governance principles whilst building a lasting legacy for future generations and creating long-term value for stakeholders. For the year under review, an assessment of the Board's performance as well as that of the various committees against the respective mandates was conducted. This process presented an opportunity to reflect on areas that should receive increased focus, and to look at the year ahead with increased vigor.

APPRECIATION

The Board is looking to the future challenges and many exciting opportunities that lie ahead for the company with enthusiasm. The business strategies and plans are robust and inspiring, and with our culture of strong performance and innovation, we are poised for further growth and success, and to weather any storms that may lie ahead.

I am proud of the leadership demonstrated by management in a dynamic and often complex business environment. On behalf of the Board, I thank Peter Staude and the executive team for once again performing commendably and for their continued sterling efforts in navigating this business to greater heights and often times, uncharted territory. In addition, I would like to express my gratitude and appreciation to the Board. Tongaat Hulett is fortunate to have on its Board a wide range of experienced individuals who possess a wealth of experience, whilst adding valuable diversity and insight. To conclude, I applaud the loyalty, support and dedication of all stakeholders, particularly employees, to whom much of the company's great success can be attributed.



CB Sibisi
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015