



## STAKEHOLDER RELATIONSHIPS

### Social and relationship capital

<b>KEY ELEMENTS</b>	<b>0,085</b> LTIFR ACHIEVED PER 200 000 HOURS WORKED (2013/14: 0,087)
	<b>R140,7 MILLION</b> SPENT ON SED INITIATIVES (2013/14: R124,4 MILLION)
	<b>11</b> CONSECUTIVE YEARS INCLUDED IN THE JSE'S SRI INDEX
	<b>81,09%</b> VERIFIED LEVEL THREE B-BBEE CONTRIBUTOR
<b>KEY PRIORITIES GOING FORWARD</b>	EXTEND 'ZERO HARM' CAMPAIGN TO RELEVANT STAKEHOLDERS
	STRENGTHEN STRATEGIC PARTNERSHIPS WITH PRIVATE FARMERS
	TRANSITION TO NEW AGRI-BEE SCORECARD

### STAKEHOLDER ENGAGEMENT

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 on-going and includes identifying key groups based on the degree to which they influence or are impacted by the business, and documenting the various

proactive engagements that are already in place as the business seeks to further strengthen these relationships. The company's operations require the support and participation of a diverse and extensive range of stakeholders and these are outlined in the table on the following page.

	Nature of engagement	Priorities	Outcomes
<b>Shareholders, investors and analysts</b>	<p>Annual and interim results presentations and publications</p> <p>Roadshows both locally and abroad</p> <p>Annual general meeting</p>	<p>Clear communication of the company's strategy and prospects going forward</p> <p>Return on investment and growth in value</p>	<p>The company continues to improve on reporting its strategy and prospects</p>
<b>Private farmers</b>	<p>Groups are organised according to logistical areas of operation - includes meetings and forums with farmers</p>	<p>Maximum return in terms of revenue received for sugarcane and maize</p> <p>Support from the company towards the long-term sustainability of private sugarcane farmers</p>	<p>Access to maximum quality seed cane and cost savings on key inputs such as fertiliser and herbicides</p> <p>The company works to unlock grant funding from relevant authorities</p> <p>Sustainable integrated farming model for staple foods implemented across SADC region</p>
<b>Government authorities and regulators</b>	<p>Partnerships on joint projects</p> <p>Forums discussing existing and emerging initiatives</p> <p>Ad hoc meetings</p> <p>Compliance monitoring</p>	<p>Compliance across operations with local, provincial and national regulations</p> <p>Effective partnerships towards achieving articulated government objectives, projects and policies</p> <p>Demonstrable company support towards sustainable socio-economic growth in the region</p>	<p>The company has efficient systems in place for complying with regulatory frameworks</p> <p>On-going partnership with relevant government agencies on various initiatives including sugar expansion in rural communities and land conversion activities</p>
<b>Local communities</b>	<p>Regular and ad hoc local forums with traditional and community leaders</p> <p>Development of small-scale private farmers in the communal areas identified for sugarcane expansion</p> <p>Regular interaction at local level through the SED provision of basic needs and services</p>	<p>Access to sustainable jobs and economic opportunities</p> <p>Affordable education, training and access to healthcare, basic amenities and infrastructure</p> <p>The conservation of the community's way of life, culture and environment</p>	<p>Additional direct and indirect jobs SED investment addressing a broad range of needs in Mozambique, South Africa, Swaziland and Zimbabwe</p> <p>Health programmes for all employees extend to communities, including counselling, screening and treatment for both HIV/AIDS and malaria</p> <p>On-going schooling and infrastructure development projects involving local communities</p>
<b>Employees</b>	<p>Regular collaboration on topics of employee protection, diversity and performance management</p> <p>A variety of internal communication channels, including the company intranet, internal newsletters and briefings</p>	<p>Stable employment relationships and job security</p> <p>A working environment that guarantees health, safety, fairness and equal opportunity</p> <p>Opportunities for upward and sideways movement within the organisation</p> <p>Freedom of association and the right to collective bargaining</p> <p>Training and development</p>	<p>Sound corporate governance practices aligning remuneration with performance Managers across operations interact with trade unions in an open and constructive manner</p> <p>On-going healthcare and wellness programmes across rural operations, particularly in Mozambique, Swaziland and Zimbabwe</p>
<b>Customers, suppliers and service providers</b>	<p>Regular interaction on procurement processes, responsible sourcing standards and supply chain management</p> <p>Regular interactions with customers on various matters</p>	<p>Local procurement</p> <p>High quality products at competitive prices that attract consumers and encourage brand loyalty</p> <p>Product innovation and growth of the business</p> <p>Professional and mutually beneficial trade relationships and robust supply chain mechanisms</p> <p>Product responsibility and food safety</p>	<p>The company continuously improves the quality, taste and innovative features of products at reasonable prices</p> <p>The company operates under the relevant regulations, standards and laws to ensure the quality and safety of all its products</p> <p>Long-term relationships with key suppliers</p>

## SOCIO-ECONOMIC DEVELOPMENT (SED)

SED is an integral part of Tongaat Hulett's operations and is closely linked to the company's overall strategic objective of developing sustainable indigenous farms to support and grow rural communities. The company exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2015. For this period, Tongaat Hulett invested R140,7 million in its SED initiatives (2013/14: R124,4 million), including the cost of company-sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 84 percent of the total amount invested in SED initiatives. Key elements of SED spend for the period are as follows:

### Healthcare

- With the majority of operations being located in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
- R76 million was invested in health-related activities during the period, of which R4 million was specifically allocated to dealing with the impact of HIV/AIDS.

### Education

- R17,6 million was invested in education initiatives across the company.
- This included the purchase of exercise and textbooks and new chairs in the estate schools in Mozambique, Swaziland and Zimbabwe.

### Basic needs

- R10,7 million was invested in basic needs and social development, which includes food security projects and the provision of basic materials, in order to uplift communities around company operations.

## Sports, arts and culture

- The company acknowledges the important role that arts, sports and culture can play in the development of successful rural communities.
- R5,9 million was invested in these initiatives during the year.

## FOOD SECURITY

As a member of the UN Global Compact, Tongaat Hulett is committed to accelerating its disaster risk reduction activities and seeking to make food production systems more resilient and capable of absorbing the impact of disruptive events.

Tongaat Hulett promotes food security imperatives by implementing sustainable agricultural practices which increase farmers' yields while reducing the inputs of fertiliser, pesticides and water. Investment in small-scale farming is essential to ensuring long-term localised food supply and contributing to poverty alleviation.

## PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett practices a range of conservation methods and land-use strategies to ensure that every field is environmentally assessed before planting. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions and nitrogen prevalence for the subsequent sugarcane crop. This is implemented with the view that better farming practices will halt and in some instances reverse the negative process of soil degradation. At the same time, farmers are encouraged to use existing farmland more efficiently. Sustainable farming solutions include not tilling the land, crop rotations, bringing vegetation back to degraded land and planting vegetation around fields to prevent erosion.

## SUPPLY CHAIN

Tongaat Hulett is committed to sustainable and innovative procurement initiatives to deliver value to the business and



### CASE STUDY BRIGHT NZUZA

In 2009, Ogwini High School decided to have one of their learners, Bright, represent them at a disability summit in Durban, which was held in partnership with Tongaat Hulett.

To read more about Bright, go to [www.tongaat.com/2015/bright\\_nzuzi.pdf](http://www.tongaat.com/2015/bright_nzuzi.pdf)



### CASE STUDY THE CHILONGA FEEDLOT PROJECT

The Chilonga Feedlot Project is contributing to increasing the quality of livestock in the Lowveld region of Zimbabwe and the empowerment of local communities.

To read more about this project, go to [www.tongaat.com/2015/chilonga.pdf](http://www.tongaat.com/2015/chilonga.pdf)



local communities in which it operates. In order to achieve alignment and sustained benefits, high-level cross-functional teams involving strategic sourcing, human resources, SHE and various business operations are working closely on sourcing projects with the potential to deliver positive economic, social and environmental outcomes, including:

- **Project SETH (Sourcing Excellence in Tongaat Hulett)** - a fundamental reconfiguration and transformation of the company's approach to procurement. The team is building long-term sustainable procurement and strategic sourcing capabilities, skills and business systems.
- **Local procurement and enterprise development projects** - a set of policy guidelines to accelerate the visibility and impact of local procurement and enterprise development projects in the various countries in which the company operates. The strategic sourcing team will improve focus in South Africa on new broad-based black economic empowerment (B-BBEE) strategic imperatives, as well as formulate an enterprise development framework.
- **Green procurement initiatives** - a good business imperative is that suppliers of the company demonstrate commitment to research, development and delivery of safer, resource-efficient and environmentally-friendly goods and services. Of particular interest are current trials of organic fertilisers which, if successful, could replace chemical-based fertilisers on a wider commercial scale.

## PREFERENTIAL PROCUREMENT

The objective of preferential procurement under the Department of Trade and Industry's current B-BBEE Codes of Good Practice (in South Africa) includes the promotion of B-BBEE compliance by all supplying entities and has targets for procurement from Exempted Micro Enterprises (EMEs), Qualified Small Enterprises (QSEs), black-owned EMEs and black women-owned EMEs. 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 and create jobs.

Tongaat Hulett is committed to supporting suppliers, improving their empowerment credentials and introducing SME's, black-owned and black women-owned suppliers to the business. The company's Preferential Procurement score during the previous assessment period was 13,65/20. In respect of the Procurement Scorecard for Tongaat Hulett, and based on the expenditure for the period ending 31 March 2014, out of a total available spend (defined as total procurement spend less allowable exclusions) of R8,303 billion, B-BBEE procurement spend from all suppliers based on B-BBEE procurement recognition levels as a percentage of total measured spend, was R5,741 billion (69,14 percent). R157,9 million was in relation to QSE B-BBEE Spend, R587 million in relation to EME B-BBEE Spend, R137,5 million was in relation to >50 percent black owned EME suppliers and R44,5 million was in relation to >30 percent black women owned EME suppliers.



## TRANSFORMATION

Tongaat Hulett is proud that it has met its internal transformation targets. The sixth B-BBEE rating audit by AQRate was conducted in 2015, with Tongaat Hulett being categorised as a level three contributor and scoring 81,09 percent. The business will transition to the Agri-BEE Scorecard rating which has more stringent benchmarks.

## SAFETY, HEALTH AND ENVIRONMENT (SHE)

The prevention of harm to people and the environment remains a core value of Tongaat Hulett's business principles. SHE issues are entrenched in the sustainability framework encapsulated in the 'zero harm' campaign.

Tongaat Hulett pursues a transformational management approach aimed at encouraging positive behaviour change among its employees and their kin. The approach promotes an injury-free, healthy and sustainable business culture which enjoys the support of the company's entire stakeholder network.

The company has therefore extended its SHE programmes beyond just employees to include contractors, suppliers, service providers, farmers and members of surrounding communities. These stakeholders are thereby also able to benefit from this focused improvement drive.

The CEO and senior management oversee the allocation of resources and provide strategic guidance on implementing the

relevant SHE initiatives. Progress towards 'zero harm' is reviewed at various levels of the organisation, including the Risk, SHE, Social and Ethics Committee and various SHE committees at executive level.

## SAFETY

Regrettably, two lives were lost in separate work-related incidents during the year 2014/15, resulting in a Fatality Injury Frequency Rate (FIFR) of 0,004 compared to a FIFR of 0,002 recorded in 2013/14. Tongaat Hulett remains determined to fully manage all fatality risks and effectively stop further loss of lives.

In the past three years, High Fatality Risk Incidents (with potential fatal consequences but not necessarily having resulted in fatalities) were managed comprehensively as part of reactive interventions. In addition, proactive peer reviews were undertaken which involved testing the effectiveness of existing fatality risk controls and identifying business unit and country-specific fatality risk reduction actions.

The above challenges notwithstanding, Tongaat Hulett's safety performance continues to improve in terms of serious injuries that result in loss of time. A total of 42 Lost Time Injuries (LTIs) were recorded in 2014/15 compared to 45 suffered in 2013/14, representing a reduction of almost 7 percent. A Lost Time Injury Frequency Rate (LTIFR) of 0,085 was recorded. An encouraging

improvement of LTIFR was observed during the past four years as shown in the table below:

	2011/12	2012/13	2013/14	2014/15
LTIs	59	56	45	42
LTIFR	0,10	0,094	0,087	0,085

A robust risk management framework forms the foundation of the various SHE management systems in place at all operations, and these are subjected to annual third-party audits for National Occupational Safety Association (NOSA) certification and or Occupational Health and Safety Assessment Specification (OHSAS) 18001 codes of practice.

## FOOD SAFETY

Over time, Tongaat Hulett has developed a reputation as being a producer of high-quality products. To ensure that this reputation is maintained and the company continues to meet the needs of customers in the food industry, Tongaat Hulett manages its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. In addition, on-going attention is paid to the requirements of FSSC 22000 (a Food Safety System Certification used by food manufacturers which is aligned with ISO 22000 and includes Good Manufacturing Practices), ISO 22000 and ISO 9001, in terms of quality and food safety standards at all operations.

Sugar or sucrose is a natural plant product. It is produced by the sugarcane plant in much the same way that other plants, such as fruit and vegetables, produce sugars. Neither white nor brown sugar contains additives or preservatives of any kind.

The excessive consumption of any foodstuff, no matter how harmless, is not conducive to good health. Sugar is a natural and healthy contributor to the enjoyment of food as part of a sensible and balanced diet.

## HEALTH

Tongaat Hulett appreciates the relationship between workplace and community health and understands the importance of addressing occupational health issues in a manner which extends beyond the workplace. The company aims to achieve a balance between minimising potential harm in the workplace, improving employee health and wellbeing while simultaneously optimising productivity among its operations.

## HIV and AIDS

The business continues to run HIV/AIDS management initiatives across its operations, including Voluntary Counseling and Testing (VCT), HIV Counseling and Testing (HCT) and Anti-Retroviral Treatment (ART). Male Medical Circumcision (MMC) is a preventative measure that has been shown to reduce transmission of HIV in men by up to 60 percent and has been established at most of the operations. More than 83 percent of Tongaat Hulett's employees presented for VCT/HCT during the year. In addition, a total of 15 166 contractor employees



presented for VCT/HCT offered for free by the company. The number of employees and contractor employees enrolled on the company's ART programme during the year was 3 617 and 989 respectively. This represents a total of 4 606 people being offered ART by the company at a cost of R2 147 036. The success of the ART programme has resulted in more HIV-positive employees remaining at work as opposed to leaving employment through death or medical retirement.

**The World Health Organisation (WHO) issued a challenge to eliminate HIV/AIDS by 2030. The "90:90:90" challenge comprises the following goals:**

- 90 percent of target population would be tested for HIV
- 90 percent of HIV positive people requiring treatment would be on treatment
- 90 percent of those on treatment would remain on treatment

Tongaat Hulett is committed to taking on this challenge and will continue to partner with governments and non-governmental organisations alike to help achieve its objectives. To this end, the following existing key actions will be progressed:

- Stretching VCT/HCT targets
- Intensifying awareness campaigns
- Extending ART to all permanent and seasonal employees where practicable
- Promoting Male Medical Circumcision at all operations



### Primary healthcare

The company seeks to consolidate existing healthcare programmes, primarily covering employees and their families at operations that are far from major urban centres with limited access to government-supported health facilities. Primary healthcare includes the provision of maternal child health care, control of communicable diseases, for example cholera, tuberculosis and measles and treatment of acute ailments, such as colds.

### Malaria

Tongaat Hulett will continue to partner with regulatory authorities and non-governmental organisations in the provision of malaria control programmes, particularly in Zimbabwe, Swaziland and Mozambique where the disease is a major health risk. Existing control programmes include indoor residual insecticide spraying, larviciding, chemo-prevention with Deltaprim, use of mosquito repellents and long-lasting insecticide-treated mosquito nets. Community-based health education awareness campaigns at these operations are on-going.

Regrettably, a single malaria-related fatality was recorded at one of Tongaat Hulett's operations in Mozambique during the year 2014/15. There was a three percent decrease in the number of malaria cases recorded in 2014/15 when compared to the previous year, with Mozambique operations achieving a 23 percent reduction during the same period. The decrease was attributed to the following interventions:

- New insecticides being introduced to control malaria.
- Investment in facilities, equipment and training.
- Use of a malaria consultant to conduct training and audit programmes ensuring that best practices are being applied.
- On-going awareness programmes to employees and communities.
- Use of mosquito nets as a preventive measure.
- Focusing on spraying insecticides at mosquito breeding habitats.
- Working closely with governments and non-governmental organisations in supply of chemicals, sharing of technical expertise, training of sprayers and provision of mosquito bed nets.

### Occupational healthcare

There were no occupational health cases with irreversible health effects registered in 2014/15. A total of 10 occupational health cases with reversible effects were recorded compared to 13 recorded in the previous year. Most of the incidents involved tenosynovitis, an inflammation associated with sugar cane cutting. All cases were reversed within a short timeframe and employees were trained on how to manage this inherent risk.