2016 Tongaat Hulett
INTEGRATED ANNUAL REPORT

VALUE CREATION FOR ALL STAKEHOLDERS
THROUGH AN ALL-INCLUSIVE APPROACH
TO GROWTH AND DEVELOPMENT

ABOUT THIS REPORT

Tongaat Hulett endorses the principles of transparency and accountability and particularly the concomitant commitment to report on the business's performance, strategy and prospects in a manner that is meaningful to all stakeholders.

This integrated annual report is Tongaat Hulett's primary communication to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, employees, customers, suppliers and service providers. It provides an overview of Tongaat Hulett's financial and non-financial performance for the 12 months ended 31 March 2016, with comparative data for the prior year.

MATERIALITY PROCESS

The content of the integrated annual report was developed by considering regulatory requirements, guidelines, and previous reports, as well as a materiality determination process that included a diverse group of stakeholders. The principles embodied in the King Report on Governance for South Africa and the King Code on Governance Principles 2009 (King III), the International Integrated Reporting Framework and the Global Reporting Initiatives (GRI) Guidelines (3.1) contributed to the compilation of this report. The company will be using GRI G4 in the next reporting period. Matters that have a high likelihood of impacting the company's ability to create value in the short, medium and long term were considered material.

ASSURANCE AND APPROVAL

Tongaat Hulett has adopted a combined assurance strategy and framework to provide assurance to the Board on the company's performance in the context of material matters in its operating environment. The Audit and Compliance, Risk, SHE and Social and Ethics Committees consider all material matters facing the company to ensure that these are adequately managed and that internal assurance activities are integrated and coordinated efficiently and proficiently. The following service providers provided external assurance of various elements of the integrated annual report:

- Annual financial statements - Deloitte & Touche
- Review of internal controls and risk review - KPMG
- Sustainability - Environmental Resources Management (ERM)

This report is the product of several iterative processes of approval and refinement, with oversight at executive level. It was approved by the Board for release to shareholders on 26 May 2016.

THE SIX CAPITALS

Tongaat Hulett's impact on and contributions to the six capitals of value creation described in the <IR> Framework are addressed in an integrated manner throughout this report.

The following table provides an overview of how the capitals are indicated in the report and where the bulk of the commentary pertaining to each can be found:

Manufactured capital	Tongaat Hulett profile section	Page 08
Financial capital	Financial and operations review	Page 28
Human capital	Human resources section	Page 34
	Stakeholder relationships section	Page 43
Social and relationship capital	Stakeholder relationships section	Page 43
Intellectual capital	Intellectual property section	Page 52
Natural capital	Environment section	Page 54

Tongaat Hulett's GRI Index provides a thorough breakdown of the financial and non-financial information which the company has reported and is available for download at www.tongaat.com/annualreport2016/gri.pdf.

NAVIGATION

This icon indicates where more detail can be accessed online
This icon indicates where more detail can be accessed elsewhere in this report

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2016 integrated annual report, including the accessibility of the information provided and opportunities to expand and improve the company's future reporting.

Please contact:
Corporate Affairs, Tongaat Hulett, P O Box 3, Tongaat, 4400, South Africa
(email: info@tongaat.com/telephone: +27 32 439 4114)

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AT A GLANCE

Tongaat Hulett

AGRICULTURE AND AGRI-PROCESSING (SUGARCANE/SUGAR AND MAIZE/STARCH) WITH RENEWABLE ENERGY OPPORTUNITIES (ELECTRICITY GENERATION AND ETHANOL PRODUCTION)

PORTFOLIO OF LAND FOR CONVERSION (UNIQUE PORTFOLIO AND WELL-ESTABLISHED DEVELOPMENT PLATFORM IN KWAZULU-NATAL)

OPERATIONS LOCATED IN SIX COUNTRIES IN SUB-SAHARAN AFRICA

LARGEST PRIVATE SECTOR EMPLOYER IN BOTH MOZAMBIQUE AND ZIMBABWE

APPROXIMATELY ONE MILLION PEOPLE IN SOUTH AFRICA ARE DIRECTLY IMPACTED BY THE SOUTH AFRICAN SUGAR INDUSTRY. TONGAAT HULETT IS THE MAJOR PLAYER NORTH OF DURBAN

Agriculture and agri-processing is a fundamental element of socio-economic development in Africa - particularly in the development of rural communities, farming activities, food security and water management, housing and land conversion to development as urban areas expand. This is also linked to the socio-political dynamics of the region. Tongaat Hulett is well positioned in the nexus of these dynamics.

TONGAAT HULETT CREATES VALUE FOR ALL STAKEHOLDERS THROUGH AN ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT, WHICH FOLLOWS THE INTERCONNECTED NATURE OF ITS ACTIVITIES.

STARCH OPERATIONS

- 630 000 tons of maize converted to starch and glucose per annum
- Available wet-milling capacity and enhanced product mix
- Only wet-miller of maize in Africa south of Egypt

SUGAR OPERATIONS

- 199 917 hectares (own and third-party) of sugarcane supplying eight Tongaat Hulett sugar mills
- Growing sugar production from the current low point of 1 million tons
- Intensive agricultural improvement programmes
- Low-cost incremental sugar production from existing 2,1 million tons milling capacity

LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- 7 970 hectares of developable land identified for conversion. 488 developable hectares sold in the past three years
- Momentum established and increasing
- Substantial value realisation and cash generation

CONSTRUCTIVE INTERFACE WITH GOVERNMENTS AND SOCIETY

SALIENT FINANCIAL FEATURES OF 2015/16

THE RESULTS FOR THE YEAR ENDED MARCH 2016 WERE ATTAINED WITH

- the starch operations delivering a record performance;
- land conversion and development activities continuing to unlock substantial value and delivering a record operating profit;
- a substantial reduction in sugar production as a result of poor growing conditions (the operations are volume sensitive, with sugar milling and cane growing having a high proportion of fixed costs); and
- positive achievements in the sugar operations in terms of substantial cost reductions in real terms over the past three years and securing and improving local market positions.

STARCH OPERATIONS

- Operating profit grew to R658 million (2015: R561 million)
- Improvements in sales mix, co-product recoveries, plant efficiencies and competitive maize costs

SUGAR OPERATIONS

- Sugar production of 1,023 million tons (2015: 1,314 million tons) and operating profit of R124 million (2015: R806 million)
- Impacted by weather conditions and low sugar prices

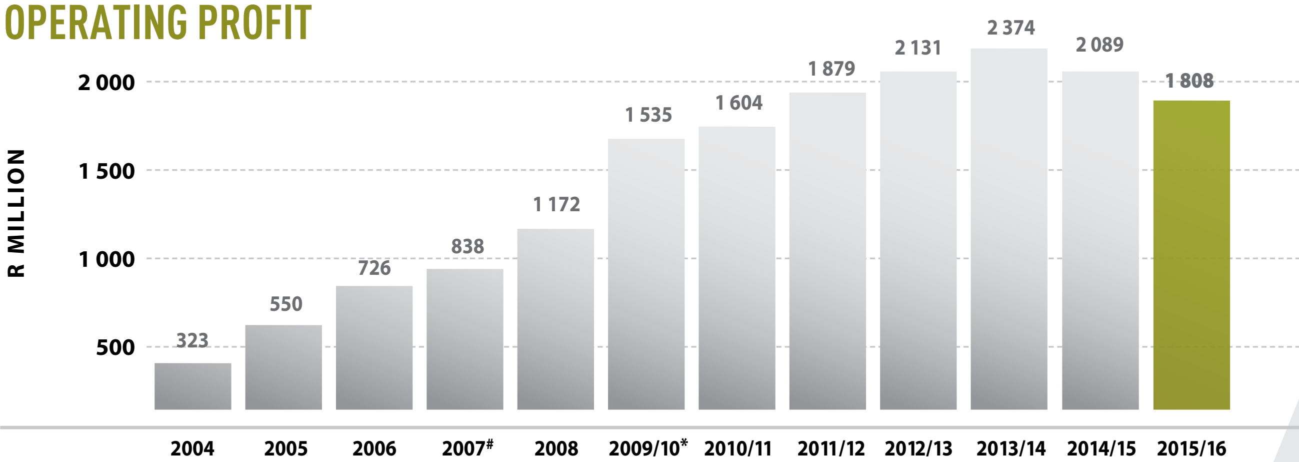
LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- Profit of R1,115 billion from the sale of 121 developable hectares (2015: profit of R829 million from sales of 108 developable hectares)

REVENUE	OPERATING PROFIT	HEADLINE EARNINGS	CASH FLOW FROM OPERATIONS	ANNUAL DIVIDEND
R16,676 BILLION	R1,808 BILLION	R783 MILLION	R1,262 BILLION	230 CENTS PER SHARE
+3,2%	-13,5%	-17,1%	-50,2%	-39,5%
(2015: R16,155 BILLION)	(2015: R2,089 BILLION)	(2015: R945 MILLION)	(2015: R2,533 BILLION)	(2015: 380 CENTS PER SHARE)

Cash flow from operations was lower than operating profit, largely as a result of debtors increasing by some R1,3 billion due to the timing of inflows in respect of land conversion activities

OPERATING PROFIT



2007 and prior: profit from Tongaat Hulett operations within the old Tongaat-Hulett Group * Change in financial year end from December to March

INVESTMENT CASE

FROM AN INVESTOR PERSPECTIVE, TONGAAT HULETT'S STRATEGIC POSITIONING AND OBJECTIVES FOCUS ON THE FOLLOWING KEY POINTS:

STARCH AND GLUCOSE - ENHANCED SALES AND PRODUCT MIX

- Growing sales of more attractive products, supplied from existing available wet-milling capacity, through customer growth in local, African and other export markets and by replacing imports.

RECOVERING AND INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE

- Better cane yields leading to higher sugar production, from the current low point, with substantially reduced unit costs.
  - Primary focus is on increasing cane supplies through higher yields from existing hectares under cane, benefitting when there are better growing conditions and improving the sugar content/extraction, leading to additional sugar production which typically has a low incremental cost of 4 to 6 US c/lb (compared to a world sugar price that has essentially varied between 10 and 30 US c/lb over the past decade), as milling and agricultural costs per hectare are mostly fixed.
  - Weather and growing conditions in the past summer have masked the progress being made with the intensive agricultural improvement programmes. Current annual sugar production is approximately 1 million tons (2 years ago production was already at 1,4 million tons, with more land under cane subsequently becoming available to harvest).
  - Tongaat Hulett has more than 2,1 million tons of installed milling capacity and requires little capital expenditure to use the additional available capacity which has a replacement cost of more than R20 billion.
  - Concerted cost reduction processes are underway, with substantial reductions in the cost base already achieved over the past three years. There is scope for further reduction in the flexible and non-value-add activities, eliminating waste, and to challenge paradigms on costs that have traditionally been seen as fixed. Unit costs of sugar production will benefit substantially from future volume increases.
  - Increasing stability in future water supply with new dams and diversified water catchment areas, particularly in Mozambique (Xinavane) and Zimbabwe.
- Multiple strong sugar market positions with protected, growing domestic markets.
  - Multiple market positions, strong brands, distribution, packing and market opportunities - local, regional, African, EU and other international markets.
  - Domestic markets, where Tongaat Hulett produces sugar, are the primary focus, with growing consumption-driven demand. They are increasingly protected, in line with world norms.
  - Flexibility to adjust export destinations and market positions outside the domestic markets - which are world price linked and earn a premium - realigning positions in both the EU (on-going duty free access) and Africa. Sub-Saharan Africa deficit market opportunities are increasing as consumption grows in the region. The region's demand currently exceeds production by nearly 1 million tons per annum.

LAND CONVERSION - SUBSTANTIAL VALUE CREATION

- Unique land portfolio and well established development platform in the fastest growing area of KwaZulu-Natal.
- Increasing momentum and pace of land conversion, with a substantial step-up in value being unlocked, with corresponding cash generation.
- Positive, constructive and inextricable link to sugarcane farming activities and rural socio-economic development.

LEADERSHIP AND STRENGTH OF MANAGEMENT TEAM

- Ability and track record - multiple advanced core competencies, good governance, strong executive and Board leadership.

SOCIO-ECONOMIC POSITIONING AND CONSTRUCTIVE INTERFACES WITH GOVERNMENTS AND SOCIETY

- Strategic positioning in the region is underpinned by the fundamental link between agriculture, sugar production, rural jobs and community development, government and local authorities, unlocking infrastructure investment, and the conversion of cane land to development.

SOUND SUSTAINABILITY STRATEGY AND TRACK RECORD

- From environmental stewardship through to the specifics of safety at each and every operation.

STRONG BALANCE SHEET WITH HIGH QUALITY ASSETS

FOCUS ON INCREASING EARNINGS AND CASH FLOWS

- Leading to higher dividends.

ADDITIONAL FUTURE GROWTH OPPORTUNITIES

- Platform for future downstream brownfield/ greenfield sugar and starch regional expansions, to be the partner of choice for countries growing their local markets and industries.
- Ethanol production - to replace export sugar.
- Electricity generation - to generate more electricity from sugarcane fibre than at present, using modern technology.

BUSINESS MODEL

PEOPLE | LAND | COMMUNITIES

BUSINESS PROCESSES AND INPUTS

STARCH OPERATIONS

SUGAR OPERATIONS

LAND CONVERSION AND DEVELOPMENT

MAIZE SUPPLIES

SUGARCANE FARMING AND SUPPLIES

AGRICULTURAL LAND IDENTIFIED FOR DEVELOPMENT

MILLING PRODUCTION DISTRIBUTION

CONVERSION AND DEVELOPMENT ACTIVITIES OVER TIME

OUTPUTS

ANIMAL FEEDS FROM MAIZE AND SUGARCANE

CO-PRODUCTS

RENEWABLE ENERGY ELECTRICITY AND ETHANOL

COMMUNITY PARTICIPATION

GOVERNMENT PARTNERSHIPS

LONG-TERM REGIONAL SUSTAINABILITY

STARCH PRODUCTS

SYNERGIES AND PRODUCT INNOVATION

SUGAR PRODUCTS

HOUSING

SOCIO-ECONOMIC DEVELOPMENT

JOB CREATION

OUTCOMES

EMPLOYMENT, FOOD SECURITY, ECONOMICALLY ACTIVE COMMUNITIES

REGIONAL DEVELOPMENT, JOB CREATION, LAND AND PROPERTY DEVELOPMENT

KEY STAKEHOLDER RELATIONSHIPS UNDERPINNING STRONG SOCIO-ECONOMIC POSITIONING	SHAREHOLDERS, INVESTORS AND ANALYSTS	GOVERNMENT AUTHORITIES AND REGULATORS	SOCIETY AND COMMUNITIES	PRIVATE FARMERS	EMPLOYEES	CUSTOMERS, SUPPLIERS AND SERVICE PROVIDERS

GEOGRAPHIC FOOTPRINT

- TONGAAT HULETT'S EIGHT SUGAR MILLS ARE SUPPLIED BY SOME 199 617 HECTARES OF SUGARCANE, SOURCED FROM A COMBINATION OF OWN ESTATES, LARGE-SCALE, SMALL-SCALE AND LAND REFORM FARMERS
- TONGAAT HULETT HAS BEEN SELLING TO REGIONAL MARKETS FOR MORE THAN 30 YEARS AND HAS ESTABLISHED OPERATIONS IN SIX COUNTRIES
- TONGAAT HULETT IS THE THIRD LARGEST MAIZE BUYER IN SOUTH AFRICA
- TONGAAT HULETT IS THE ONLY MAIZE WET-MILLER SOUTH OF EGYPT
- TOTAL PORTFOLIO OF 7 970 HECTARES AVAILABLE FOR LAND CONVERSION IN SOUTH AFRICA

KEY

- OFFICES
- STARCH MILLS
- CANE FARMING
- SUGAR MILLS
- SUGAR/ETHANOL REFINERIES
- DISTRIBUTION AND PACKAGING FACILITIES

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SUGARCANE HECTARES SUPPLYING TONGAAT HULETT'S MILLS IN 2015/16

SOUTH AFRICA	121 530HA	61%
ZIMBABWE	44 952HA	22%
MOZAMBIQUE	29 297HA	15%
SWAZILAND	3 838HA	2%

TONGAAT HULETT PROFILE

MANUFACTURED CAPITAL

KEY ELEMENTS

>630 000 TONS OF MAIZE CONVERTED TO STARCH AND GLUCOSE PER ANNUM

ONLY MAIZE WET-MILLER IN SUB-SAHARAN AFRICA

>2,1 MILLION TONS INSTALLED SUGAR MILLING CAPACITY

7 970 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION

Tongaat Hulett is an agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize. Its on-going activities in agriculture have resulted in the company having a substantial land portfolio within the primary growth corridors of KwaZulu-Natal with strong policy support for conversion at the appropriate time. A core element of Tongaat Hulett's strategic vision is to maximise the value generated from the conversion of land in the portfolio by responding to key demand drivers and identifying its optimal end use for all stakeholders. Through its sugar and starch operations, Tongaat Hulett produces a range of refined carbohydrate products from sugarcane and maize, with a number of products being interchangeable. Global sweetener markets continue to be dynamic and the business seeks to optimise its various market positions, leveraging off its current base to maximise revenue from these products. The business's sugar operations are well placed to benefit from evolving dynamics of renewable electricity and ethanol in South Africa, and the Southern African Development Community (SADC) region. Tongaat Hulett continues to focus on value creation for all stakeholders through an all-inclusive approach to growth and development and regards its constructive interfaces with governments and society to be of significant importance.

The business as it stands today, arose from the merger of the Tongaat Group Limited and the Huletts Corporation Limited, and its operations date back to the mid-1800s. The company has a primary listing on the Johannesburg Stock Exchange which dates back to 1952, and a secondary listing on the London Stock Exchange since 1939.

Tongaat Hulett has, over many years, developed strong relationships with various stakeholders. These partnering relationships continue to contribute towards the achievement of the business's strategic goals, while also meeting the objectives of its various stakeholders, including shareholders, governments, private farmers and their representative bodies, communities, employees and people impacted by the company's operations and its growth and development activities.

A key operational objective is the promotion of agricultural sustainability. Tongaat Hulett has policies in place which ensure that land management practices integrate agricultural and sustainability aspects towards achieving broader development imperatives, for example, food security. This approach includes the participation of affected communities, the promotion of community development, improving farm production and farming systems, infrastructure development and land resource planning, conservation and rehabilitation.

SUGAR OPERATIONS

SOUTH AFRICA

The company's South African sugar operations on the KwaZulu-Natal north coast and in the Zululand region operate four sugar mills at Maidstone, Darnall, Amatikulu and Felixton. These mills have an installed capacity to produce more than 1,040 million tons of sugar per annum. Cane supplies come from a combination of predominately rain-fed own-estates, large-scale commercial and small-scale private farmers in rural KwaZulu-Natal. At the beginning of the 2015/16 season, the South African operations were supplied by 121 530 hectares. The operation's central refinery in Durban produces some 600 000 tons of high-quality refined sugar per annum, with the primary product being the leading Huletts® brand. The South African sugar product range offers a total sweetener solution including a range of high-intensity sweeteners.

ZIMBABWE

The sugar operations in Zimbabwe consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of more than 660 000 tons. At the beginning of the 2015/16 season, the Zimbabwe operations were supplied by 44 952 hectares of sugarcane land (own-estates and private farmers) with a potential to produce in excess of 4 million tons of sugarcane. The total refined sugar installed capacity is 140 000 tons and the Triangle ethanol plant has an installed capacity of some 40 million litres over a 48-week production season. The Huletts Sunsweet® brand is the leading sugar brand in the country. The Lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructure for irrigation, is recognised globally as a highly competitive sugar producer. The Zimbabwean operations include the business running the largest cattle herd and extensive game reserves, which have significant potential for tourism.

MOZAMBIQUE

The Mozambique sugar operations comprise the expanded sugar mills and estates surrounding Xinavane and Mafambisse. At the beginning of the 2015/16 season, 29 297 hectares supplied Tongaat Hulett operated mills. Sugar production capacity at the Xinavane mill is more than 250 000 tons in a 32-week crushing season, while the Mafambisse mill has an existing 90 000 tons of sugar production capacity. The two operations have a combined installed milling capacity in excess of 340 000 tons of sugar per annum. The sugar estates are irrigated and are generally located in areas with favourable growing conditions, resulting in high cane and sucrose yields. These favourable agricultural conditions, close proximity to ports, and the technical support from South Africa, position the Mozambique operations well for further growth. The operations also include extensive landholdings, which border the Kruger National Park, and have high tourism potential.

SWAZILAND

Tongaat Hulett's Tambankulu sugarcane estate in Swaziland is situated in the north east of the country and comprises 3 838 hectares of fully-irrigated farms of which approximately 3 768 hectares are harvested annually. The estate has consistently achieved excellent sucrose yields due to the good soil and growing conditions in the region and delivers its cane to the nearby Simunye and Mhlume sugar mills. The estates have the capacity to produce a Raw Sugar Equivalent (RSE) of some 60 000 tons per annum.

NAMIBIA AND BOTSWANA

The Namibian operation has the capacity to pack and distribute 80 000 tons of sugar per annum while in Botswana, Tongaat Hulett has a 60 000 tons per annum packing and distribution operation. Tongaat Hulett will benefit from future growth in consumption in Botswana and Namibia with its leading Blue Crystal® and Marathon® brands.

RENEWABLE ENERGY

The eight sugar mills in Mozambique, South Africa and Zimbabwe all generate electricity from bagasse during the sugarcane crushing season. In some instances, these operations

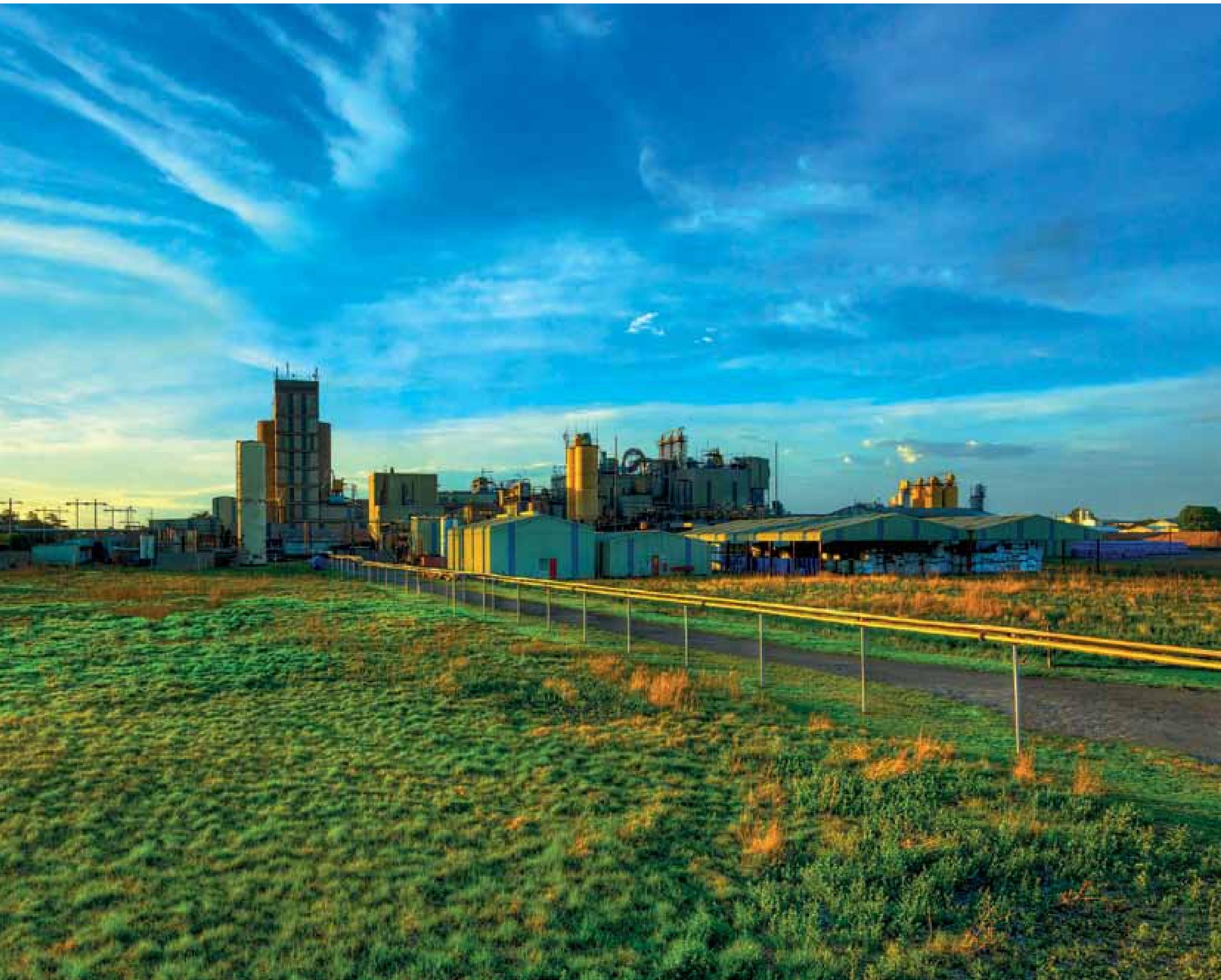
supply electricity to the grid. In Zimbabwe, Triangle has an ethanol plant which provided 20 million litres for blending with petrol during the 2015/16 year. Tongaat Hulett is well placed to benefit from evolving renewable energy dynamics with the potential to build large-scale renewable electricity plants, as well as the opportunity to convert its export sugar to ethanol in its southern African operations.

VOERMOL FEEDS

The company's animal feeds operation, Voermol Feeds, is located at the Maidstone mill in Tongaat, KwaZulu-Natal. Tongaat Hulett manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its Voermol® brand, using bagasse and molasses. The production and marketing of high-quality, cost-effective products over the past 50 years, combined with the development of long-term relationships with farmers, agricultural companies and suppliers, has established Voermol Feeds as the market leader in the molasses and pith-based animal feeds industry in South Africa.

STARCH AND GLUCOSE OPERATION

Tongaat Hulett's wet-milling operation is the major producer of starch and glucose on the African continent. Established in 1919, the starch operation has grown to be an important supplier to a diverse range of South African and African industries. Operating four wet-milling plants - located in Kliprivier, Germiston and Meyerton in Gauteng and Bellville in the Western Cape - Tongaat Hulett converts more than 630 000 tons of bought-in maize per annum into starch and starch-based products. The business manufactures a wide range of products, from unmodified maize starch to highly-refined glucose products, which are key ingredients for manufacturers of foodstuffs, beverages and a variety of industrial products. The company's Amryal® corn starch, Hydex® and Vaalgold® Gluten 60 remain some of the leading starch, glucose and feed ingredient brands in South Africa. The co-products that are produced during the starch and glucose manufacturing process supply the animal feed industry. The business operates a dedicated Sorbitol facility, which is located in Chloorkop in Gauteng, and has distribution networks and facilities in Zimbabwe, Australasia and the Far East.



The world is continuing to evolve in terms of the selection of a feedstock for the production of sweeteners, with both maize and sugarcane being suitable alternatives. Tongaat Hulett's significant investments in the production of sweeteners using both feedstocks will ensure that the business is well positioned to benefit from global developments in this area.

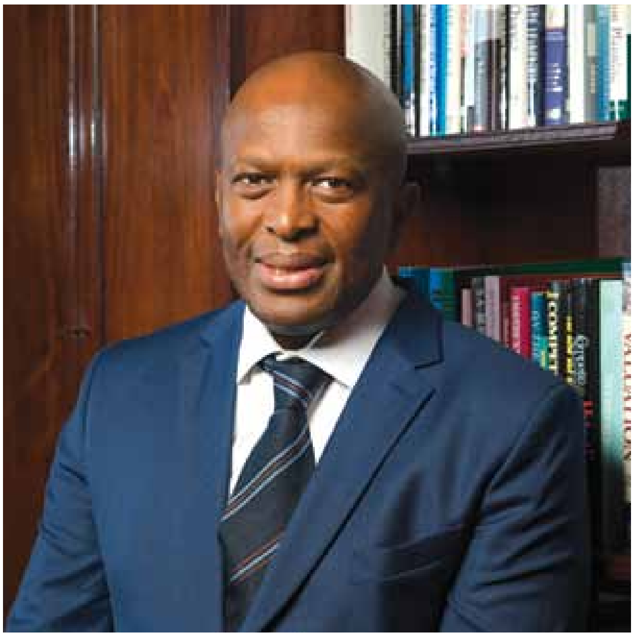
LAND CONVERSION ACTIVITIES

Tongaat Hulett has an unequalled portfolio of some 7 970 developable hectares of land in prime positions near Durban and on the north coast of KwaZulu-Natal earmarked for conversion from agriculture to a range of urban and tourism uses over time. The value created for all stakeholders is increasing through an integrated approach to land conversion and development. This reflects progress made on the various value-unlocking activities sustaining the land conversion process together with government, related organisations and key stakeholders in the property industry.

These activities are underpinned by on-going use of the land under agriculture throughout the development cycle and commence with collaborative planning with authorities on optimum use of land for all stakeholders. These lead to the release from agriculture and other development approvals, simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land.

Further details are provided in Tongaat Hulett's Portfolio of Land for Conversion in KwaZulu-Natal, available at www.tongaat.com.

CHAIRMAN'S STATEMENT



The year ended 31 March 2016 has seen a number of challenges for Tongaat Hulett as well as a number of successes, which are expanded upon in this integrated annual report. Severe drought conditions in KwaZulu-Natal and poor growing conditions in Zimbabwe and Mozambique owing to low rainfall and restricted irrigation levels resulted in a substantial reduction in sugar production. The starch operation delivered a record performance, as did the land conversion and development activities, with substantial value continuing to be unlocked. The company will continue to build on its multiple strategic thrusts, with a positive impact on earnings and cash flow.

BUSINESS SUSTAINABILITY

Tongaat Hulett continues to create value for all stakeholders through a sustainable and integrated approach to growth and development. Various sustainability components are addressed throughout this report, and are indicated and described within a broad framework of the six capitals of value creation (natural, financial, manufactured, social and relationship, human and intellectual). Tongaat Hulett continues to improve on its journey of advancing various sustainability initiatives, which include carbon management, water resource management, effluent and waste management, climate change and sustainable agriculture.

The safety of all stakeholders including employees continues to be a high priority for the company. The zero harm campaign is the anchor of our safety framework and is regarded as one of the core values of the company. Various stakeholder engagement initiatives are being pursued by the company to ensure that employees, contractors, service providers and surrounding communities actively participate in the company's safety programmes in order to entrench an interdependent safety culture for the benefit of all. Despite best efforts and continued initiatives to ensure the highest standards of safety, regrettably five lives were lost in separate work related incidents during the year, which the CEO expands upon in his report. These fatalities have increased the impetus for the review and re-energising of the company safety programme across all the operations. Each fatality is one too many and the company seeks to consistently apply the lessons learned from every reported incident. On behalf of Tongaat Hulett, I extend my heartfelt condolences to affected families, friends and colleagues.

Tongaat Hulett continues to actively participate in various sustainability reporting initiatives, including the UN Global Compact (an initiative started by the UN to promote good corporate citizenship amongst other objectives), CEO Water Mandate and the Alliance for Water Stewardship. The company will continue participating in the FTSE/JSE Responsible Investment Index series, CDP carbon disclosure, CDP water disclosure, and sustainable development goals (SDGs). The sustainability element of this report provides more detail of our commitment and activities in the business sustainability arena. By participating in these initiatives and incorporating best practice principles into the strategies, policies and procedures, and embedding a culture of ethics and integrity in the company, the Board believes that people and the environment will greatly benefit, and the company will continue to be sustainable and primed for long-term success.

The commitment to social sustainability and innovation that yields practical and impactful outcomes in the communities where Tongaat Hulett operates continues to be a priority. This is reflected in the relentless drive towards an all-inclusive approach to socio-economic development and corporate social responsibility initiatives in the various countries of operation. With a footprint in six SADC countries, the company's role and responsibility in community upliftment and rural development continues unabated. The sustainability element of this integrated report addresses these and various other milestones achieved by the company in relation to this important topic.

STAKEHOLDER ENGAGEMENT

A continuing high priority is the regular interface with shareholders on key strategic themes and the performance of the company, through various presentations and scheduled meetings, in the company's investor relations programme. This includes roadshows in South Africa and overseas, and participating in selected national and international conferences. A wide range of information is available on the company website to all shareholders, including the integrated annual report, land portfolio document, results announcements, roadshow presentations and supplementary information.

Tongaat Hulett's approach to stakeholder engagement is inclusive in nature, with the company having implemented processes to improve the understanding of the needs, expectations and interests of its stakeholders. The company appreciates that tangible value creation and the achievement of key strategic objectives depends on managing stakeholder relationships effectively. The various governments across the SADC region, small-scale and commercial farmers and their representative bodies, institutional investors, shareholders, employees and surrounding communities all continue to be a priority and this reflects the company's commitment to the continued success of all stakeholders. It is pleasing to note the company's continued progress on multiple initiatives in all of its sugar operations to develop successful, indigenous small-scale farmers. Furthermore, the past year has seen more progress in the company facilitating an increase in the number of black property developers, owners and service providers throughout the property value chain. The link between the on-going interface with various stakeholders and the company's success in delivering on strategic thrusts is highlighted throughout this integrated report.

DIVIDEND

The Board declared a final gross cash dividend of 60 cents per share. The final dividend, together with the interim dividend of 170 cents per share, amounts to a total dividend of 230 cents per share for the financial year ended 31 March 2016, compared to the 380 cents per share paid out in the previous year, and which was considered prudent in view of current sugarcane growing conditions.

CORPORATE GOVERNANCE, BOARD CHANGES AND GOOD FUNCTIONING OF THE BOARD

The Board continues to provide effective leadership premised on an ethical foundation and setting the tone of integrity and accountability in the company, thus ensuring that the business remains poised for sustainable performance and long-term growth. The Board confirms once again that it continuously 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 in order to create long-term value for all stakeholders. Increased focus is being given to the governance of ethics within the context of not only ensuring that the company's ethics management plans and policies are effectively managed, but that they are also successful in establishing an ethical culture and behavior within all levels of the organisation, including for all our stakeholders.

During the period, the Board appointed Tomaz Augusto Salomão as an independent non-executive director on 25 May 2015, and he was elected as a director by shareholders at the AGM held on 29 July 2015. The Board now comprises eleven directors, with seven being independent non-executive directors. The Board is also sufficiently gender diverse with five non-executive directors being women. The most recent Board evaluation process confirmed that the Board was currently satisfied with its composition, level of skills, experience and demographic diversity. The evaluation process presented an opportunity to reflect on areas that should receive increased focus.

ACKNOWLEDGEMENTS

My sincere gratitude goes to Peter Staude and the executive team who have continued to perform admirably even through a challenging year. I am proud of the focused leadership that has undoubtedly resulted in the continued success of the company. In addition, I would like to acknowledge the support and wisdom of the Board. It is a privilege for me to chair such a diverse and experienced Board who help steer the company through challenges while capitalising on opportunities. To conclude, I am proud of the calibre of Tongaat Hulett employees across the various operations, and this year I particularly applaud the dedication and support of all stakeholders throughout this period.

CB Sibisi
Chairman

Amanzimnyama,
Tongaat, KwaZulu-Natal

26 May 2016

CHIEF EXECUTIVE'S REVIEW

Rosario Cumbi
MD Sugar Mozambique

Michael Deighton
MD Land Development

Sydney Mtsambiwa
MD Sugar Zimbabwe

Peter Staude
Chief Executive Officer

Charlotte Mokoena
Human Resources Executive

Murray Munro
Chief Financial Officer

Martin Mohale
MD Sugar South Africa

Garth Macpherson
MD Starch and Glucose

The past year has seen the starch operation and the land conversion and development activities deliver record performances, while weather and market conditions adversely impacted the performance of the sugar operations. Significant progress was made in improving protection from imports and increasing sugar prices in the domestic markets, while further progress was made in the drive to reduce the cost of sugar production. The implementation of multiple actions related to the sugar operations' intensive agricultural improvement programmes are on-going and, together with more regular growing conditions, will substantially improve sugarcane yields in the future.

Tongaat Hulett continues to focus its actions on the success drivers that will lead to increased profitability and cash generation. There has been substantial progress in achieving goals in key focus areas and further significant outcomes are targeted for the year ahead.

IMPROVING STARCH AND GLUCOSE PRODUCT AND MARKET MIX

The commissioning of the R135 million investment for the coffee creamer sector and further investments at the Meyerton facility have ensured that Tongaat Hulett's starch operations are well-positioned to replace imported volumes and to continue to improve the mix of its product and market portfolios. In the coming year, these mix and volume improvements will provide some offset to the impact of higher South African maize prices, due to the impact of the current drought. A weaker Rand is also of benefit to the business.

Tongaat Hulett's starch operation currently has about 15 percent of its installed up-stream wet-milling capacity available after servicing existing markets. The operation has a well-developed source of raw materials, a strong South African domestic market presence and access to regional markets, all of which are in an upward starch and glucose consumption phase.

During the 2015/16 financial year Tongaat Hulett and its customers imported 12 152 tons of glucose to support local production. The recent investment in the coffee creamer sector will allow for the replacement of these imports by local production and provide more effective use of the upstream capacity.

In addition to the investment for the coffee creamer sector, further improvements have been made at the Meyerton facility during the last year to increase starch production capacity and to commission new boilers. These investments will facilitate an increase in production of modified starches for the prepared food sector, for both the local and export markets during the current year. Market development is well advanced, with the products being approved by local and export customers.

The prevailing drought conditions are expected to result in a maize crop of 7,1 million tons (2015/16: 9,96 million tons) and will require South Africa to import maize during the 2016/17 season. Current expectations are that the worst affected areas in South Africa will be the white maize producing areas of the western and north-western parts of the country. Tongaat Hulett, which processes mostly yellow maize, sourced in the Mpumalanga area, will not be impacted to the same extent by the physical shortages as other maize users. The evolving sales contracting mix over the past few years has seen an increase from 33 percent to 45 percent in the proportion of customers who have sales pricing that is linked to movements in the maize price and whose pricing, in the current year, will reflect the higher maize prices.

The starch operation continues to prioritise improvements in efficiencies and capacity utilisation, following further improvements in the 2015/16 financial year, particularly in the area of protein recovery.

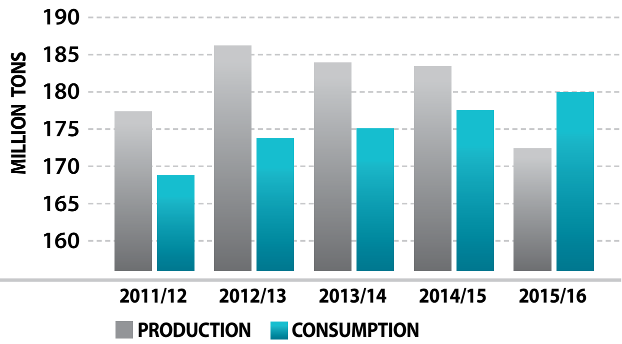
RECOVERING AND INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE

GLOBAL SUGAR MARKETS AND PRICES - THE END OF FIVE YEARS OF SURPLUSES

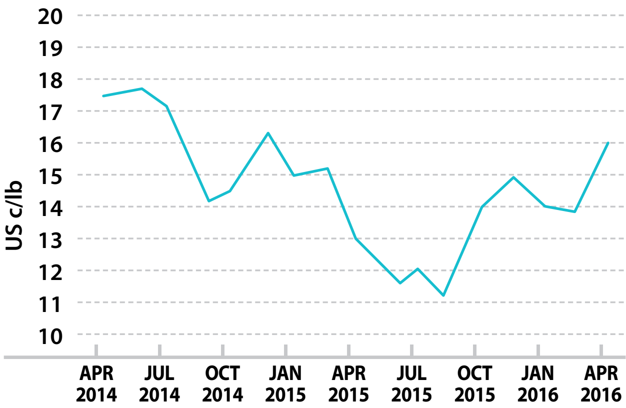
Following five years of surplus production a consensus of commentators' views points to a deficit in global sugar production of some 5 - 10 million tons in the international production year to September 2016. International sugar market prices of late have begun to strengthen, as hedge funds anticipate the impact of the looming global production deficit, but remain below the levels required for sustainable farming and sugar production.

- On the demand side, global demand for sugar has been consistently rising at some 1,5 percent per annum, equal to some 2,7 million tons of additional demand each year. Growth in global consumption is primarily driven by increasing demand in developing countries, which historically have a low per capita consumption rate as a result of limited availability, affordability and distribution capability.

GLOBAL PRODUCTION AND CONSUMPTION



WORLD MARKET RAW SUGAR PRICE



- Increases in sugar prices can happen rapidly based upon emerging farmer behaviour and weather patterns. The trend of declining prices over the past three years has impacted negatively on the replanting of cane and the extent of fertiliser and other inputs used by some farmers.
- The probability of sizable investments in sugarcane growing and milling assets being triggered, at current pricing levels, is remote.

DOMESTIC MARKETS, WITH SUPERIOR REALISATIONS, ARE THE PRIMARY FOCUS FOR MAXIMISING THE VALUE THAT CAN BE EARNED FROM SUGAR

Sugar is not a staple food and has one of the highest rates of job creation in agriculture, particularly in rural areas. Sugar industries therefore generally receive strong support from governments. In the domestic sugar markets in which Tongaat Hulett operates, governments have increasingly acted positively to protect local producers and grower communities against imports from surplus producers.

- In Zimbabwe, sales in the domestic market stabilised following the import protection measures that were implemented in 2014/15, despite trying macro-economic conditions. There is an import duty of 10 percent plus US$100 per ton and all imports require a permit.
- Sales over the past year in Mozambique regained ground lost to imports in the prior year following the implementation of enhanced import protection measures. The reference price used to calculate import duty on brown sugar has recently increased to US$806 per ton (36,6 US c/lb) and the reference price on white sugar is now US$932 per ton (42,3 US c/lb).
- In South Africa the reference prices for sugar is currently US$566 (25,7 US c/lb) per ton.
- The benefit of improved import protection and higher prices in the various local markets was largely not yet reflected in revenue earned in the 2015/16 year due to the timing of the increases.
- Measures continue to be implemented to strengthen non-tariff barriers as well as actively monitoring imports and adherence to import protection measures, thereby establishing domestic market prices that support development of sustainable cane growing communities.

Domestic market sales will benefit from population growth, product availability and economic development.

- This is particularly relevant where low levels of per capita consumption are evident as is the case in Mozambique, where demand is at a low 8 kg per person per year as compared to neighbouring countries that are at 30 - 35 kg. Zimbabwe per capita consumption of 21 kg is lower than where it traditionally has been.
- In Mozambique, with its extensive geographic spread, and to some extent rural Zimbabwe, the non-availability of sugar is impeding consumption growth. Tongaat Hulett strategies to grow sales include how best it can increase the availability of small sugar pack sizes in rural communities, thereby improving consumers' access to sugar and growing sugar consumption.

ASK AFRIKA ICON BRANDS 2015/16
TOP 10 MOST USED AND LOVED BRANDS

1. KOO BAKED BEANS
2. **HULETTS SUGAR**
3. ALL GOLD
4. COCA COLA
5. MCCAIN
6. ALBANY BREAD
7. BOSTIK
8. NOKIA
9. KFC
10. MUGG AND BEAN

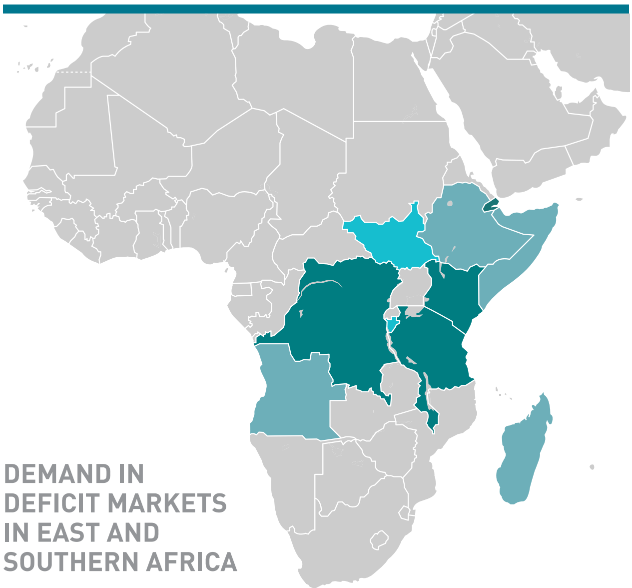
Tongaat Hulett continues to develop its premium Huletts®, Huletts SunSweet®, Blue Crystal® and Marathon® sugar brands in the domestic and regional markets to drive the value earned from the premium-priced domestic markets. Huletts® has been classified as one of the top five Icon Brands in the ASK AFRIKA survey over the past four years, attaining second place in the 2015 survey as well as being rated as the top brand in the sugar category.

TONGAAT HULETT HAS THE FLEXIBILITY TO RAPIDLY ADJUST EXPORT DESTINATIONS AND MARKET POSITIONS TO ACHIEVE BEST POSSIBLE PRICES

- The business priority remains to first utilise installed existing capacity to supply increasing demand in its countries of operation before considering other markets.
- The current market mix is being adapted to achieve an optimal balance between the EU and the regional deficit markets.

GROWING REGIONAL PRESENCE

- Tongaat Hulett has more than 30 years' experience in the markets of south and south eastern Africa.
- Sales by Tongaat Hulett in the past year into the regional markets were impacted by lower sugar production levels in the South African Sugar Industry where quantities available for export were constrained by the lower levels of production. Market presence was partially maintained by importing sugar from Brazil for refining and subsequent export to the region.
- Good progress was made in accessing regional markets with sugar from Zimbabwe.
- Existing alliances are being deepened to better penetrate the markets more rapidly with increased volumes.
- Options to move down the value chain by establishing local packing, selling and distribution capabilities, similar to operations in Botswana and Namibia, are being developed.
- The company's premium brands, already present in African markets, will be leveraged to further develop market penetration.



DEMAND IN DEFICIT MARKETS IN EAST AND SOUTHERN AFRICA

	TONS (000)		
COUNTRY	**2015/16**	**2018/19**	**INCREASE**
Burundi	44	50	6
Eritrea	110	130	20
Ethiopia	630	710	80
Kenya	855	990	135
Rwanda	57	70	13
Somalia	338	390	52
South Sudan	112	130	18
Angola	390	460	70
DRC	435	500	65
Madagascar	176	200	24
Total	**3 147**	**3 630**	**483**

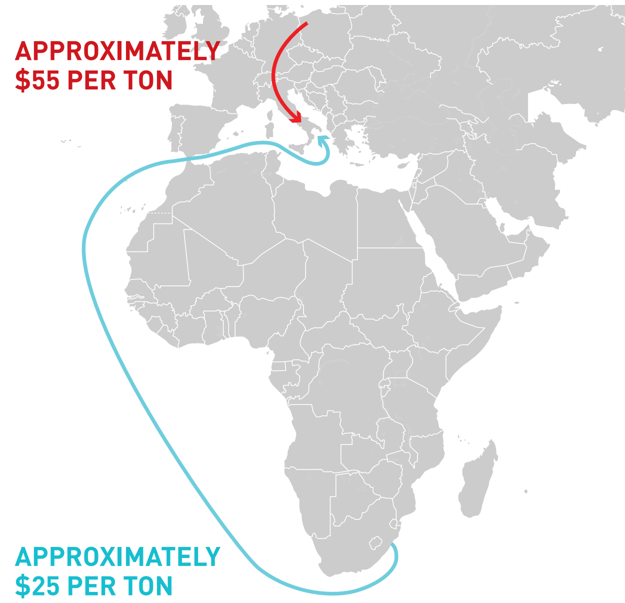
- Annual demand for sugar in eastern and southern Africa is currently 8,5 million tons, while production in this region is 7,6 million tons. Demand for sugar is expected to grow by some 1,5 million tons sugar over the next four years, of which more than 40 percent will arise in markets that have a deficit of supply over demand. Concrete signs of significant new milling and cane growing capacity being created to fill the expected growth in the region are yet to emerge.
- Deficit markets where sugar production is absent tend to be valued for sellers at international market prices plus a premium to reflect relative geographical advantage and differential risks. Deficit markets where production is less than demand tend to be more complex in nature and often subject to import barriers that do not allow the importer to benefit from the protection afforded to the local sugar producers. All sugar producing countries in the region are reviewing and strengthening the measures to ensure that domestic markets are secured for the benefit of local farming communities.
- Tongaat Hulett's sugar operations are well placed to supply the deficit markets.

Tongaat Hulett continues to explore opportunities to become the strategic partner of choice for countries that have the potential to competitively expand their own sugar production.

TONGAAT HULETT'S APPROACH TO THE EU MARKET

Prices in the EU market were under pressure and are increasingly moving in tandem with world market prices as the end of the current regime on 30 September 2017 approaches.

- The value associated with the on-going duty free access afforded by the EU to countries including Mozambique and Zimbabwe has been declining over the past 24 months.
- EU values present a premium, albeit variable, to world market realisations as the supply-side dynamics post-October 2017 continue to emerge.
- EU prices are likely to be at a considerable premium to world prices in times of sugar deficits.
- Lower shipping costs from southern Africa to some EU destinations, when compared to internal EU logistics costs, will continue to provide a premium selling price to raw sugar sellers. Tongaat Hulett will be able to take advantage of these premiums by reason of the continued preferential access to the EU sugar market that is available to the business.



- Tongaat Hulett is flexible and is steadily readjusting its market mix away from the EU to regional markets so as to achieve a better balance between end-market destinations.
- Tongaat Hulett has recently commenced delivering high value, special brown sugar to EU buyers from its two Mozambican sugar mills. Those products are expected to grow to a meaningful proportion of Tongaat Hulett's deliveries of sugar to the EU in future.

HIGHER SUGAR PRODUCTION FROM THE CURRENT LOW POINT

The severe drought in KwaZulu-Natal together with poor growing conditions in Mozambique and Zimbabwe led to a low point in sugar production of 1,023 million tons in 2015/16. These conditions are masking the benefits from extensive agricultural improvement programmes that Tongaat Hulett is implementing in the four countries where it farms some 97 280 hectares under cane, including the planting of 21 428 additional hectares over the past five years (a further 8 346 hectares are still to be planted with funding received from the Jobs Fund). Given extended regular growing conditions, this should lead to annual sugar production of some 1,6 million tons.

The replacement cost of the unutilised capacity (2015/16) is more than R20 billion. Increased sugar production from existing cane land through better yields and sugar content has a low incremental cost of 4 to 6 US c/lb as milling and agricultural costs per hectare are mostly fixed.

AGRICULTURAL IMPROVEMENT PROGRAMMES

Substantial progress is being made on these programmes that have as their primary focus higher cane yields, improving sugar content and sugar extraction. Key themes include the following:

- Various initiatives to improve the quality and quantity of the cane have been implemented and include soil health, root management and crop nutrition, optimising soil moisture management, adjustments to match fertiliser application to soil and crop requirements, cover cropping/green manure (alternative crop to break mono cropping cycle) and additional measures to control weeds, pests and diseases. The work undertaken is also improving the crop age and positioning for optimal harvesting.
- Improving water efficiencies, including the implementation of more efficient irrigation methods and upgrades to drainage

Tongaat Hulett sugar production	2013/14	2014/15	2015/16	2016/17 Estimate	Milling Capacity
South Africa	634 000	541 000	323 000	352 000 - 398 000	> 1 040 000
Zimbabwe	488 000	445 000	412 000	379 000 - 440 000	> 340 000
Mozambique	249 000	271 000	232 000	206 000 - 255 000	> 660 000
Swaziland (RSE)	53 000	57 000	56 000	53 000 - 57 000	> 60 000
Total production	1 424 000	1 314 000	1 023 000	990 000 - 1 150 000	> 2 100 000

systems, particularly in Mozambique. This process has also included actions to improve the availability of equipment, particularly for items related to the irrigation of cane.

- Extensive training programmes have been implemented over a number of years to ensure that employees in the agricultural operations are equipped to diligently execute good farming practices. These programmes have been augmented with changes in management structures, including the appointment of additional field managers.
- Dissemination of best practices across operations.
- A common reporting framework, and the implementation of a peer review system is enabling benchmarking and improved management of operational efficiencies.
- An example of the success of the programme to date, is the company's major sugar operation in Mozambique, the Xinavane mill, where a yield of 97,7 tons cane per hectare (tcph) was previously achieved. In 2015/16, the yields were down to 88,4 tcph, due to the weather and poor growing conditions. The agricultural improvement programmes should lead to yields of 105 tcph based on soil conditions, given regular growing conditions.

AREA UNDER CANE SUPPLYING THE MILLS

During 2015/16, 199 617 hectares (sourced from a combination of own estates, large-scale, small-scale and land reform farmers) supplied Tongaat Hulett's sugar mills. A further 8 346 hectares, utilising grant funding from the Jobs Fund in South Africa, is planned once weather conditions improve. Further additional cane expansion will depend on sugar price prospects going forward and whether attractive funding mechanisms can be found.

- The business continues to use existing and emerging opportunities for cane development, to prioritise the establishment of indigenous black farmers in collaboration with communities, local governments and other relevant stakeholders, in all its areas of operation.

MITIGATING AGAINST THE IMPACT OF PERIODS WITH BELOW-AVERAGE RAINFALL

- The rainfall in the summer of 2016/17 will determine the size of the crop in the 2017/18 season, with a substantial recovery under regular growing conditions possible in South Africa. A recovery in the dam levels in Zimbabwe and Mozambique could see a substantial step-up in production in Zimbabwe and Mozambique in the 2018/19 season, with some improvement in 2017/18.
- In Zimbabwe and Mozambique, which are irrigated sugarcane growing operations, water availability and electricity supply are key elements to improving cane yields. It is estimated that the 1,8 million ML Tokwe-Mukorsi dam in the Lowveld of Zimbabwe will commence impounding water during the 2016 summer rainfall season. In Mozambique the building of the 760 000 ML Moamba dam, which will supply the Xinavane operation commenced in October 2015. Water supplies to the Xinavane operation will be further augmented by the current additions to the Corumana dam, which will result in the dam capacity being increased by 380 000 ML. The increasing stability in future water supply with new dams and diversified water catchment areas, in the short to medium term, will ensure that the Zimbabwean and Mozambiquan operations are less susceptible to adverse weather conditions in the future.
- In South Africa progress is being made to mitigate the impact of the lack of cane in adverse weather conditions by further developing the flex mill concept - the number of mills run during the milling season is based on the size of the cane crop. Application of the flex mill concept resulted in the Darnall mill not running in the 2015/16 season and for the 2016/17 season it is envisaged that the Amatikulu mill will not crush any sugarcane.

TONGAAT HULETT IS REDUCING THE FIXED COST COMPONENT OF ITS SUGAR OPERATIONS, PARTICULARLY DURING PERIODS OF LOW CANE AVAILABILITY

Tongaat Hulett is re-examining the paradigm of what costs are considered to be fixed and what costs are variable. This is particularly relevant in instances where growing conditions are poor. An example of the actions underway to reduce costs in the South African operations, is the move towards a flex mill concept.

- In the 2015/16 season, the operation crushed one of its lowest crops and this highlighted the high fixed cost element of its milling operations.
- Building on the experience developed from running three of its four sugar mills in the 2015/16 season, the business has developed improved expertise and know-how to anticipate the potential crop size for the next season, based on the growing conditions in the summer months, and determine if milling resources (and costs) can be suspended, as well as determining the level of off-crop maintenance spend required.
- For the 2016/17 year, it is anticipated that the Amatikulu mill is not likely to crush cane due to the low crop. Tongaat Hulett is well-placed to execute the deployment of its Amatikulu staff into vacancies in other operations, while utilising some of the employees to carry out in-house engineering work, which would ordinarily have been contracted out to third parties.

REDUCING THE COST OF THE SUGAR PRODUCTION VALUE CHAIN, FROM CANE GROWING TO THE DELIVERY OF SUGAR TO THE CUSTOMER

Concerted, rigorous and intense cost reduction processes are underway, with substantial reductions in the cost base already having been achieved over the past three years.

- There is a particular focus on costs related to bought-in goods and services, transport, marketing, salaries and wages. Over the past three years an effective cost reduction equivalent to R1,39 billion in money of today has been achieved, together with the impact of lower volumes. This is calculated after adjusting for indicative price increases, salaries and wage rate increases and inflation over the years applicable to the costs.
- The implementation of the intensive agricultural improvement programmes is contributing to savings on electricity and fertiliser cost, in particular, as the benefits of improved irrigation and precision farming are realised.
- There is scope for further reduction in the flexible and non-value-add activities, as well as eliminating waste.

VOLUME COST RELATIONSHIP

Unit costs of production will benefit from future volume increases, given the high proportion of fixed costs inherent in sugar milling and cane growing activities.

- Generally, 85 - 90 percent of sugar milling and overhead costs are fixed. When sugar volumes increase, despite the total variable costs increasing, the unit cost of production decreases. On average the sugar milling and overhead costs account for 30 percent of the total cost of sugar production.

- Agricultural costs related to sugarcane farming are largely fixed or directly linked to the extent of hectares being farmed. Costs related to cane farming on average account for 50 percent of the total cost of sugar production.
- Harvesting, loading and transport costs vary depending on the distance to the sugar mill, and generally mills are supplied by sugarcane that is farmed within a 100 kilometre radius. On average these associated costs account for 20 percent of the total cost of sugar production.

INCREASING VALUE OUT OF MOLASSES AND THE FIBRE IN SUGARCANE - ANIMAL FEEDS, ETHANOL AND ELECTRICITY

- Molasses, which is the liquid co-product arising from the production of raw crystal sugar at the sugar mills is a valuable component of the sugar value chain. Tongaat Hulett is in the process of moving from a local approach in the use of molasses to a regional approach in which the molasses arising from the various mills is utilised in the optimal way, taking account of the logistics costs involved in moving the product within the region. Currently, the majority of Tongaat Hulett's molasses is being used in animal feed and ethanol production.
- Tongaat Hulett has been producing fuel grade ethanol in Zimbabwe for blending in the local market for the last few years, and is planning a significant increase in ethanol production for the 2016/17 production season. In South Africa, a decision by any of the sugar companies to invest in the production of fuel ethanol is dependent on regulatory certainty around the price support mechanism for sugar based ethanol and finalisation of all of the details around the regulatory framework. The Minister of Energy, in her budget vote speech, has stated that the policy paper on bio-fuels will go to the cabinet before the end of 2016, following which the industry will be in a position to access the viability of bio-fuel from sugar opportunities.
- In South Africa, progress on the renewable energy and cogeneration independent power producer procurement programme nationally has been slow in the last 18 months. The cogeneration independent power producer procurement programme implemented to date only caters for small, fast implementation projects and is not suitable for major projects. A cogeneration programme for major projects still needs to be issued by the Department of Energy. Tongaat Hulett and the South African Sugar Industry are continuing to engage with government at various levels to move the possibilities for electricity from cane fibre forward. It is not expected that any bidding will be possible in 2016.
- Both ethanol and electricity provide promise for significant rural development and job creation, and hence are very important for the future development of the industry.
- The combined impact of Tongaat Hulett's Voermol operation and the co-product volumes produced by the starch operation, results in Tongaat Hulett having a significant footprint in the animal feeds industry. The business continues to explore opportunities to expand this footprint in the region, particularly at its Mozambique and Zimbabwe operations.

MOMENTUM IN LAND DEVELOPMENT

Tongaat Hulett is converting cane land to alternative uses where appropriate. The process takes many years and involves planning, release from agriculture, EIA application processes, zoning and infrastructure investment before the conversion can take place. Currently the momentum is growing and the conversion rate over the past three years has seen 488 hectares realise some R3,023 billion. Profit per hectare generated varies depending on usage and location. The land conversion process is undertaken in a manner that it creates substantial socio-economic benefit for societal stakeholders.

THE MOMENTUM IN LAND CONVERSION AND DEVELOPMENT ACTIVITIES CONTINUES TO INCREASE, WITH GOOD PROGRESS ON NUMEROUS ACTIVITIES THAT INCREASE DEMAND, UNLOCK SUPPLY OF LAND AND INCREASE VALUE ACROSS THE PORTFOLIO

- There are various demand drivers that differ according to numerous usage categories which include high-intensity urban mixed use; predominantly residential neighbourhoods; urban amenities for residential neighbourhoods; high-end markets; office market; warehousing, logistics, industrial, manufacturing and big box rental; and unique clusters of opportunity.
- Over the past three years, 488 developable hectares have been sold, generating operating profit of R3,023 billion while the net cash flow was R1,620 billion. The conversion of profits into cash varies with the nature of the transactions concluded and there have been a number of larger transactions that have a lead time before transfer.
- Sales in the 2015/16 financial year yielded operating profit of R1,115 billion from the sale of 121 developable hectares at a rate of R9,2 million per developable hectare. The profits achieved per developable hectare were in line with expected value ranges for various usage categories and demand drivers. Transactions concluded over the past year have been across a number of usage categories including mid-market residential, high-end residential, retirement, high-intensity mixed use, urban amenities for residential neighbourhoods, warehousing and business parks, offices, retail and business education. The affordable and government assisted housing and hotel and resort categories were not represented in the sales mix during the year.

The fourth edition of the portfolio of land for conversion in KwaZulu-Natal which provides further detail of the opportunities available to Tongaat Hulett within its land conversion and development activities, is circulated in hard copy accompanying this report and is available at www.tongaat.com.

The preparation of land for sale involves a number of processes to unlock supply side levers leading to land that is shovel ready. A major milestone in the past year was to increase the number of hectares with approval for release from agriculture for development, in terms of Act 70 of 1970, by 2 622 developable hectares to 3 085 developable hectares. EIA approvals were achieved over a further 245 developable hectares during the past year.

A wide range of stakeholders benefit substantially from Tongaat Hulett's land conversion processes. Society at large is deriving increasing benefit, as Tongaat Hulett continues to improve its processes to attract fixed investment to the region and achieve urban spatial integration and integrated residential neighbourhoods. The land conversion process creates a platform for increased public sector income generation through rates and taxes, and maximises the returns from infrastructure investment, both financially, and in terms of enterprise development, job creation and local economic development.

KEY SOCIO-ECONOMIC OUTCOMES FOR SOCIETAL STAKEHOLDERS

- Attraction of fixed investment to the region
- Urban spatial integration linking communities, jobs and amenities
- Integrated residential neighbourhoods
- Triggers investment in new/additional agricultural development and enhances rural livelihoods
- Sustained public sector income generation through rates, taxation and user charges
- Catalysing local socio-economic development
- Job creation, skills transfer and enterprise development during construction phase
- Creation of permanent jobs
- Organised and empowered communities
- Co-ordinated and efficient infrastructure roll-out
- Efficient return on infrastructure investment
- Provides property solutions that enable new markets to be developed

The table below provides an update of the possible 5-year sales outcomes based on consideration of demand drivers and usage categories, progress on the supply of shovel ready land, achievements of the past year and an assessment of the sales approaches most appropriate for each usage category. The net cash profit per developable hectare varies with the usage category, in a range between R2 million and R39 million per developable hectare.

USAGE CATEGORY		DEVELOPABLE HECTARES SOLD IN THE YEAR TO 31 MARCH 2016	LATEST POSSIBLE 5-YEAR SALES OUTCOMES			
			Range of developable hectares		Range of Profit per developable hectare	
			From	To	From	To
High Intensity Urban Mixed Use		**7**	**75**	**120**	**22.0**	**39.0**
Predominantly residential neighbourhoods	Mid-market neighbourhoods	21	125	175	3.5	7.5
	Integrated affordable neighbourhoods	-	50	250	2.5	3.8
	Public sector facilitated residential neighbourhoods	-	150	450	2.0	2.4
Urban Amenities for Residential Neighbourhoods		**15**	**60**	**115**	**3.8**	**6.0**
High-end Markets	City hotels and residences	-	6	16	12.0	25.0
	Coastal resorts catering to domestic, charter markets	-	10	50	3.5	5.0
	High-end residential developments	29	65	120	6.0	12.0
Office Market		**22**	**20**	**50**	**6.0**	**15.4**
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		**13**	**100**	**300**	**5.0**	**9.5**
Unique Clusters of opportunity		**14**	**25**	**100**	**4.0**	**7.5**

These sales are expected to be achieved primarily from within the 3 679 developable hectares in the areas and landholdings as tabulated on the following page.

AREAS FROM WHICH THE RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES ARE EXPECTED TO COME - AS AT 31 MARCH 2016

	AREA	Developable hectares	
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION	927	2 942 developable hectares from a total of 4 384
	Ridgeside Remaining Precinct 1	8	
	Ridgeside Precinct 2	31	
	Ridgeside Precinct 4	0	
	uMhlanga Ridge Town Centre - Commercial	1	
	uMhlanga Ridge Town Centre - Residential	4	
	Izinga	64	
	Kindlewood	11	
	uMhlanga Ridge Extension - Cornubia New Town Phase 2	178	
	uMhlanga Ridge Town Centre Western Expansion	25	
	N2 Business Park	2	
	uMhlanga Hills	43	
	Marshall Dam Residential	12	
	Marshall Dam Town Centre	39	
	Consolidating Urban	43	
	Integrated Residential	14	
	Cornubia Industrial	6	
	Cornubia North	624	
	Integrated Residential	200	
	Medium Density Residential	100	
	Consolidating Urban	85	
	N2 Business Park	69	
	Industrial	170	
	COASTAL/LIFESTYLE/LEISURE/HIGH-END RESIDENTIAL	256	
	Zimbali Lakes	48	
	Sibaya Node 1	30	
	Sibaya Node 5	76	
	Sibaya Node 4	103	
	AIRPORT REGION BUSINESS AND RESIDENTIAL	1 725	
	uShukela Drive - Airport Linked Industrial, Retail and Logistics	49	
	Amanzimnyama - Office/Business/Industrial and Logistics Park	345	
	Compensation (East) - Industrial and Manufacturing	73	
	Compensation Western Expansion - Industrial and Manufacturing	152	
	iNyaninga East - Industrial/Logistics/Manufacturing	550	
	iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban Expansion of oThongathi (Tongaat)	556	
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	34	
WEST OF DURBAN	URBAN EXPANSION WEST OF DURBAN	467	467 developable hectares from a total of 1 086
	Ntshongweni - Residential Infill/Consolidation	57	
	Ntshongweni - Retail and Urban Core	64	
	Ntshongweni - Logistics and Business Park	161	
	Ntshongweni - Integrated Residential	185	
COASTAL NORTH OF BALLITO	COASTAL NORTH OF BALLITO	270	270 developable hectares from a total of 2 500
	Tinley Manor South Banks – Resort	270	
	GRAND TOTAL	3 679	3 679 developable hectares from a total of 7 970

AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME WITHIN WHICH

AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE

Increased new sales potential has been unlocked, opening up new development areas, with recent catalytic sales in node 1 of Sibaya at eMdloti, 14 hectares for a new retail centre as a catalyst for the Ntshongweni development west of Durban, the expansion of uMhlanga Ridge Town Centre westwards into Cornubia and on the sea facing slopes to the east in precinct 1 of Ridgeside and the new precinct 4. The decision to sell the 42 hectares in Ridgeside precincts 1 and 2 as multiple sales rather than a single sale is proving optimal.

The value created for all stakeholders is increasing through an integrated approach to land conversion and development. This reflects progress made on the various value unlocking activities underpinning the land conversion process together with government, related organisations and key stakeholders in the property industry. These activities are underpinned by on-going use of the land under agriculture throughout the development cycle and commence with collaborative planning with authorities on optimum use of land for all stakeholders, leading to release from agriculture and other development approvals, and simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land. An increasing number of significant black economic empowerment related land development transactions are taking place and further progress continues to be made to develop and grow the presence of black property developers, owners and service providers throughout the property value chain.

Notwithstanding suppressed economic conditions, the property market to the north of Durban has attracted significant investor interest, including many buyers who have responded well to Tongaat Hulett's strategy of making available larger portions of land that will be developed over a number of years.

SOCIO-ECONOMIC POSITIONING AND CONSTRUCTIVE INTERACTIONS WITH GOVERNMENTS AND SOCIETY

Tongaat Hulett operates in a societal environment that is impacted by numerous developmental challenges. The company's underlying philosophy is that, in partnership with society and government, it can contribute towards improving the prospects of a better life for many by making a substantial positive impact on multiple socio-economic challenges including job creation and security, transformation, attracting fixed investments, urban spatial integration, food security, youth development, infrastructure establishment and inclusive rural development.

The business has long-standing constructive relationships with rural communities, governments and other key stakeholders. The following are some examples of recent achievements:

- In Mozambique, where deep rural communities have limited access to healthcare and other basic facilities, Tongaat Hulett has played a significant role in improving the quality and extent of healthcare that is available to the communities that surround its Xinavane and Mafambisse operations. From the perspective of economic development of these rural economies, the number of small-scale indigenous farmers has grown from 249 in the 2007/08 season to 2 018 in 2015/16. During this time, sugarcane received from these farmers has grown from 45 528 tons to 334 715 tons. As a consequence of this growth, some R56 million was paid to small-scale farmers in the 2015/16 season.
- In South Africa, transformation, housing, job creation and rural economic development continue to be some of the primary developmental challenges. Tongaat Hulett is

actively involved in numerous traditional authority areas in rural KwaZulu-Natal through various agricultural and socio-economic development initiatives. A prime example of the activities that the company is involved in, is its partnership with the Jobs Fund, which to date has resulted in the planting of 3 654 hectares of sugarcane, the creation of 905 new permanent jobs, 343 beneficiaries being trained and the establishment of 27 agricultural cooperatives across 15 traditional councils.

- In Zimbabwe, Tongaat Hulett plays a significant role in the provision of primary healthcare to over 250 000 people that surround its operations. The business continues to work with the government and local communities on the orderly development of sustainable indigenous private farmers in the south-eastern Lowveld. The extent of sugarcane supplied by indigenous farmers has grown from 532 000 tons in the 2011/12 season to just over 1 million tons in 2015/16. During this time, the cumulative number of jobs created by these farmers has increased from 4 750 to 7 363 people and this has substantially contributed to the economic development of the region.
- The starch operation is the third largest purchaser of maize in South Africa, and is therefore well-positioned to influence and play a leading role in the transformation of the maize industry, as well as increasing the supply of maize in southern Africa.
- Tongaat Hulett's collaboration with numerous government, business and society groupings in converting agricultural land to optimum urban and tourism uses in KwaZulu-Natal is contributing to intensive and integrated urban development. This leads to increased investment, infrastructure, well-located and serviced housing and job creation in the key growth corridors north and west of Durban and on the coast north of Ballito. It also has the increasing opportunity to positively influence a change in the demographics of economic activity in this sector.

2007 BEE TRANSACTION

As part of the company's Broad Based Black Economic Empowerment deal in 2007, the Ayavuna and Sangena consortiums, rural communities via the Masithuthukisane and Mphakhathi trusts and company employees, via the ESOP and MSOP trusts, previously obtained voting and shareholder rights in Tongaat Hulett (see page 101 for further information).

STRIVING TOWARDS ESTABLISHING AN ORGANISATIONAL SAFETY CULTURE WITH A 'ZERO HARM' APPROACH AND VALUES THE HEALTH OF ITS PEOPLE WHILE LIMITING HARM TO THE ENVIRONMENT

Tongaat Hulett subscribes to the principle of 'zero harm'. The 'zero harm' philosophy is embedded in the company's business framework as a core value. The company's safety performance improved substantially during the past decade having been built up on established safety management systems and various safety improvement initiatives. Tongaat Hulett has been consciously introducing targeted fatality risk control initiatives that are being reviewed regularly. This executive intervention approach has been attributed to a sustained safety improvement realised so far.

The safety and the welfare of all employees, which amounts to some 40 800 people during the peak milling period, remains a key priority as the business strives towards establishing an organisational culture with a 'zero harm' approach. A lost time injury frequency rate (LTIFR) of 0,073 per 200 000 hours worked, is the lowest recorded since SHE management systems were established more than 10 years ago. It displays a consistent improvement on the LTIFR statistic reflecting on the LTIFR of 0,085 achieved in 2014/15 and 0,087 achieved in 2013/14.

The safety programme is continuously reviewed and a new approach to further manage fatality risks is being adopted. Key elements of this emerging safety approach involve the following:

- A proactive approach of senior executive involvement in taking a 'helicopter view' of issues compromising the ability of operations to effectively manage associated fatality risks.
- Continuing with the programme of implementing critical controls for high fatality risk areas at all operations.
- Taking an 'executive stand back review' of the total business climate for operations experiencing business challenges (including production and financial) to analyse various disrupting forces affecting the operation which could impact on safety performance and identify necessary interventions required. Examples of such disruptive forces may include community, socio-economic, geo-political and people issues. This initiative is influenced by the view that at times poor business performance is believed to be correlated to poor safety performance.

Regrettably five employees lost their lives in separate incidents across Tongaat Hulett's operations during the past year. Luis Joao Mutongopidua from the Mafambisse operation died while trying to board a moving trailer, Augustine Nyikadzino from Triangle Estate lost his life in a head on collision on a public road, Vinagran Ivan Pillay succumbed to injuries sustained while repairing a choke on a conveyor belt at the Amatikulu mill, Domingos Albano Saimone died when the grader that he was driving, in Mafambisse, veered off the road and David Nkambule from Tambankulu lost his life while repairing a cane grab loader.

Tongaat Hulett has malaria control programmes in place, at all of the operations where this is required. During the 2015/16 year, the actions underway in the Zimbabwe operations contributed to a nine percent reduction in the number of malaria cases reported.

All Tongaat Hulett operations retained certification to either NOSA 5 Star systems or OHSAS 18001 covering occupational health and safety. Of the 19 operations, 18 are certified to the ISO 14001 environmental management system with the remaining one being at an advanced stage of implementing its management system. During the year, Tongaat Hulett Namibia achieved certification to ISO 22000 for the first time. The starch operations, the Refinery and Triangle retained certification to FSSC 22000 on food safety management systems.

SOCIAL SUSTAINABILITY AND INNOVATION

Tongaat Hulett's evolution in the priority area of social sustainability demonstrates innovation in a number of areas. This includes a holistic approach to socio-economic development and corporate social responsibility.

- Social sustainability and innovation are fundamental to the business as Tongaat Hulett seeks demonstrable and practical outcomes in terms of positive social transformation, environmental stewardship and community-upliftment.
- The evolution of Tongaat Hulett, in continuing to be regarded as a responsible corporate citizen, has also over many years seen the business continue to embrace good corporate governance by adhering to legal and accepted business practices as embodied in the principles of the King III. The company continues to uphold the principles of corporate social responsibility by demonstrating to society its commitment to philanthropic and empowerment initiatives within the communities in which it operates.
- Tongaat Hulett has a substantial land footprint, with some 120 000 hectares of private land under maize supplying the four starch operations while in Mozambique, South Africa, Swaziland and Zimbabwe, more than 190 000 hectares of land supply cane to the business's eight sugar mills. It is within this context that the company subscribes to principles of sustainable development.
- The business's participation in various sustainability reporting initiatives, including CDP, CDP Water, the Nedbank Green Fund and its listing on the FTSE/JSE Responsible Investment Index for the twelfth consecutive year are testimony to Tongaat Hulett's approach to sustainability and stakeholder value creation.

FINANCIAL AND OPERATIONS REVIEW

FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL CAPITAL

R16,676 BILLION
REVENUE
+3,2% (2015: R16,155 BILLION)

R1,808 BILLION
OPERATING PROFIT
-13,5% (2015: R2,089 BILLION)

R1,262 BILLION
CASH FLOW FROM OPERATIONS
-50,2% (2015: R2,533 BILLION)

R1,115 BILLION
LAND CONVERSION PROFIT
FROM 121 DEVELOPABLE HECTARES

1,023 MILLION TONS
SUGAR PRODUCTION
PRODUCED 1,424 MILLION TONS IN 2013/14

R658 MILLION
STARCH OPERATING PROFIT
GREW BY 17,3%

R783 MILLION
HEADLINE EARNINGS
-17,1% (2015: R945 MILLION)

230 CENTS PER SHARE
ANNUAL DIVIDEND
-39,5% (2015: 380 CENTS PER SHARE)

The results for the year ended 31 March 2016 were attained with record performances from the starch operation and the land conversion and development activities being negated by the impact of the substantial reduction in Tongaat Hulett's sugar production as a result of poor growing conditions. The nature of sugar milling and cane growing is such that there is a high proportion of fixed costs. In total, revenue amounted to R16,7 billion and operating profit of R1,8 billion was generated, which is 13,5 percent below last year. Cash flow from operations was lower than operating profit, largely as a result of debtors increasing by some R1,3 billion due to the timing of inflows in respect of land conversion activities.

The starch and glucose operation increased operating profit to R658 million (2015: R561 million). There is on-going improvement in the sales mix, enhanced by value added products. Maize costs were competitive and the business benefitted from favourable co-product prices, on-going improvements in operating efficiencies, co-product recoveries and cost control. Sales volumes of prime products were one percent below last year, with gains in the alcoholic beverage sector being off-set by reductions in the confectionery, prepared foods, canning and paper making sectors.

Land conversion and development activities generated operating profit of R1,115 billion from the sale of 121 developable hectares (2015: R829 million from 108 developable hectares). Sales in this period came from Umhlanga Ridgeside precinct 1 (high-intensity urban mixed use: 3 hectares), Ridgeside precinct 4 (high-end residential: 20 hectares), Sibaya Node 1 (high-end residential: 19 hectares), Cornubia (industrial and office: 25 hectares), Umhlanga Ridge Town Centre (high-intensity urban mixed use: 3 hectares), Ntshongweni (retail: 14 hectares), Kindlewood (17 hectares), Izinga (19 hectares) and Bridge City (1 hectare). The profit per developable hectare averaged R9,2 million, in line with the value ranges detailed in the land portfolio document and enhanced through urban planning yielding higher land use integration and density.

The various sugar operations' total operating profit reduced to R124 million, from R806 million in the prior year. Sugar production volumes in the year to March 2016 reduced by a further 291 000 tons to 1,023 million tons (2015: 1,314 million tons and 2014: 1,424 million tons), in line with previous communication. Volumes were impacted by lower cane yields due to the severe drought in KwaZulu-Natal and poor growing conditions with low rainfall and restricted irrigation levels in Mozambique and Zimbabwe as a result of low water and dam levels. Electricity availability has, at times, also impacted on irrigation in Mozambique and Zimbabwe.

The benefit of improved import protection and higher prices in the various local markets was largely not yet reflected in revenue earned in the 2015/16 year due to the timing of the increases. In addition to lower sugar volumes, export revenues were also impacted by a lower international sugar price, with regional deficit markets and EU exports linked to that price. There are multiple currency dynamics, with positive and negative effects compared to last year. The cane valuations at year end reflect increased domestic market realisations going forward and the impact of a roots fair value cost increase in South Africa and Mozambique, reduced by lower cane yields than were expected at March 2015, in line with current growing conditions.

There has been a significant decrease in the cost base of the sugar operations over the past three years which, together with the impact of lower volumes, has resulted in a reduction of some R1,39 billion in respect of the cost of goods, services, transport, marketing, salaries and wages, in real terms compared to 2012/13.

The South African sugar operations, including agriculture, milling, refining and various downstream activities have seen an operating loss of R5 million (2015: R261 million profit). As a result of the drought (including the Darnall mill not being opened in the 2015/16 season) production volumes were 323 000 tons (substantially below the 541 000 tons of last year and the 634 000 tons of the year before). The overall reduction in volumes was partly off-set by focused cost reductions and some improvement in local market pricing earlier in the year, with a reducing impact of imports into the local market. The animal feeds operation was negatively affected by the shortage of feedstock.

The Tambankulu Estate in Swaziland recorded operating profit of R40 million (2015: R29 million), which reflects the impact of improving sugarcane prices, with a raw sugar equivalent of 56 000 tons being produced (2015: 57 000 tons).

The Mozambique sugar operating profit reduced to R74 million (2015: R130 million) due to lower volumes and lower export sales prices. Sugar production was 232 000 tons compared to 271 000 tons last year. The 29 percent local market price increase only came into effect towards the end of the year.

The Zimbabwe sugar operating profit reduced to R15 million compared to R386 million in the prior year. Sugar production of 412 000 tons was below the 445 000 tons of the prior year. There were both lower export sales volumes and lower export prices. Domestic market sales volume levels have been maintained. The strength of the US dollar has exerted pressure, particularly in respect of US dollar based costs (such as wages and salaries) and Euro based revenues.

Finance costs of R680 million (2015: R617 million) were commensurate with the borrowing levels and prevailing interest rates.

Cash flow from operations was some R1,3 billion (2015: R2,5 billion), after the absorption of R989 million in working capital (R44 million in the prior year). Capital expenditure increased by R509 million, mainly as a result of the starch coffee/creamer production facility expansion, various boiler and electricity related upgrades and a SAP ERP system implementation. After taking all of the aforementioned into account, net debt at 31 March 2016 was R5,1 billion (2015: R4,0 billion).

Headline earnings attributable to Tongaat Hulett shareholders amounted to R783 million (2015: R945 million). A final dividend of 60 cents per share has been declared, bringing the annual dividend to 230 cents per share (2015: 380 cents per share). The annual dividend cover of three times is considered prudent in view of current sugarcane growing conditions.

OUTLOOK

Tongaat Hulett will continue to enhance its strategic positioning, focusing on multiple strategic thrusts, all with a positive impact on earnings and cash flow, through the various cycles that the business experiences.

MULTIPLE STRONG SUGAR MARKET POSITIONS WITH PROTECTED, GROWING DOMESTIC MARKETS

Prices for sugar in the international market have been improving in the light of prospects for an increasing shortfall in global production after five years of surplus production, high stock levels and a low world price. Droughts in India and Thailand together with farmer behaviour worldwide, driven by low prices and input cost pressures, are exerting downward pressure on global sugar production levels. Global sugar consumption is predicted to continue to grow at a rate of some 1,5 percent per annum, with most of this growth coming from low per capita consumption in developing countries.

The domestic markets in countries where Tongaat Hulett produces sugar remain its primary focus. They are increasingly protected from imports, with government support, given the high rural job impact of these industries. In Zimbabwe and Mozambique, sugar refining matters are being addressed, which should lead to the replacement of imported industrial white sugar. Growth is expected in consumption per capita, off a low base, particularly in Mozambique and partly in Zimbabwe, supported by distribution and marketing initiatives. In South Africa, with its current low sugar production level, Tongaat Hulett is having to procure other producers' raw sugar for refining, to supply its local market white sugar position and plans to replace this with its own production in future. Tongaat Hulett has the leading sugar brands in South Africa, Zimbabwe, Botswana and Namibia.

Tongaat Hulett has key market positions and experience in both the EU and the region (southern and eastern Africa) for the sale of its additional sugar.

GROWING SUGAR PRODUCTION FROM THE CURRENT LOW POINT

Current weather and growing conditions are masking the substantial progress that is being made with intensive agricultural improvement programs, irrigation efficiency and power reliability. Tongaat Hulett has more than 2,1 million tons of installed milling capacity, which requires little capital expenditure to use the additional available capacity which has a replacement value of more than R20 billion. Production increases from higher yields on existing hectares under cane and using the existing installed milling capacity have a low marginal cash cost of some 4 to 6 US c/lb. The imminent completion in Zimbabwe of the Tokwe-Mukorsi dam and, in Mozambique (Xinavane), the raising of the Corumana dam wall and the construction of the new Moamba dam on the Incomati river will diversify the water catchment area and provide increased stability in future water supply.

REDUCING THE COST OF SUGAR PRODUCTION

The sustained decrease in costs achieved over the past three years (equivalent to some R1,39 billion in real terms) provides a good base for the next steps in the concerted cost reduction process in the sugar operations, particularly focused on bought-in goods, services, transport, marketing, salaries and wages. There is scope for considerable further reduction, with man-hour reductions focusing on flexible components and natural attrition, at the same time as eliminating non value-add activities and areas of waste. The paradigms around costs that have traditionally been viewed as fixed are being challenged, to mitigate against future potential volume volatility. Unit costs of sugar production will reduce further as these cost reduction processes continue, benefitting from future volume increases.

GROWING STARCH AND GLUCOSE

The starch and glucose operation is well-positioned strategically and is focused on growing its sales volume, with an enhanced product mix, by reducing imports and on the back of customer growth, including into Africa. This is underpinned by improving use of its available capacity and the efficiency of its operations. The expansion project for the coffee/creamer sector, that will enable the replacement of imported glucose, has been commissioned and production is being ramped up. Capital expenditure, including new boiler facilities, completed at the Meyerton plant, will enable further growth in the production of value-added modified starches for use in the prepared foods sector.

VALUE CREATION FROM LAND CONVERSION AND DEVELOPMENT

The momentum in Tongaat Hulett's land conversion and development activities continues to increase, with good progress on numerous activities that increase demand, unlock supply of land and enhance value across the portfolio of 7 970 developable hectares in KwaZulu-Natal earmarked for development. A major milestone in the past year was to increase the number of hectares with approval for release from agriculture for development, in terms of Act 70 of 1970, by some 2 600 developable hectares to more than 3 000 hectares.

An updated and enhanced land portfolio document is available at www.tongaat.com. It gives details of these activities and includes an update of the possible 5-year sales outcomes, indicating a range of hectares for each demand driver. The net cash profit per developable hectare varies, depending on the use, ranging from R2 million to R39 million per developable hectare. The various residential categories are expected to be the largest demand driver.

An integrated approach is being followed to ensure value creation for all stakeholders. Good progress is being made on the various value unlocking activities underpinning the land conversion process together with government, related organisations and key stakeholders in the property industry. These activities commence with collaborative planning with authorities on optimum use of land for all stakeholders, leading to release from agriculture and other development approvals, and simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land. An increasing number of important black economic empowerment related land development transactions are taking place. This all has a positive impact on economic development, including industrial, commercial, tourism and all levels of residential development in the Durban/KwaZulu-Natal North Coast area, and points to the potential for similar collaboration for rural development including new agricultural cane developments.

THE YEAR AHEAD

The next year should see Tongaat Hulett benefit substantially from improved local sugar market revenues (volumes and prices) following the import protection measures implemented in South Africa and Mozambique (higher US dollar based reference prices for the calculation of import duties) and Zimbabwe (import duties and import permit controls). Actions to reduce costs will continue. Total sugar production in 2016/17 is expected to continue to be impacted by the drought in KwaZulu-Natal and, in Zimbabwe, Mozambique and Swaziland, the quantum of irrigation has been reduced as a mitigation measure against poor rainfall and low dam levels. The estimate for sugar production in total for the 2016/17 season is between 990 000 and 1 150 000 tons, compared to 1 023 000 tons last year. Rainfall during the summer of 2016/17 will determine whether more regular production levels return in 2017/18.

The recent investments in the starch and glucose production capacity, together with evolving product and customer mix improvements through the displacement of imports and new product development will partly mitigate the impact of the higher maize prices. The prevailing drought conditions have resulted in South Africa having to import maize for the 2016/17 maize season. Maize prices have risen to import parity levels since December 2015 and are expected to remain at these levels for the 2016/17 financial year. The evolving sales contracting mix has restricted the impact of these higher maize prices to 55 percent of the starch operations sales volumes which are not contracted on a formula basis.

Increased land sales potential has been unlocked, opening up new development areas, with recent catalytic sales in node 1 of Sibaya at eMdloti, 14 hectares for a new retail centre as a catalyst for the Ntshongweni development west of Durban, the expansion of Umhlanga Ridge Town Centre westwards into Cornubia and on the sea facing slopes to the east in precinct 1 of Ridgeside and the new precinct 4. The decision to sell the 42 hectares in Ridgeside precincts 1 and 2 as multiple sales rather than a single sale is proving optimal. The land portfolio document details those areas where sales or negotiations have commenced or are about to commence. Over the past three years, 488 developable hectares have been sold, generating operating profit of R3,024 billion while the net cash flow was R1,620 billion. The conversion of profits into cash varies with the nature of the transactions concluded and there have been a number of larger transactions that have a lead time before transfer.

Overall, Tongaat Hulett's profit for the next year will continue to be influenced by a number of substantial and varying dynamics, both positive and negative, and the full impact is difficult to predict at this stage. Cash flow is expected to improve substantially, including a reversal of the working capital absorption of the 2015/16 year.

Tongaat Hulett continues to focus on value creation for all stakeholders through an all-inclusive approach to growth and development, with its footprint in six SADC countries, its ability to process both sugarcane and maize, animal feeds thrust, electricity generation and ethanol opportunities, increased momentum in land conversion and its socio-economic positioning and constructive interfaces with governments and society.

ACKNOWLEDGMENTS AND CONCLUSION

I am privileged to lead an organisation that together with its multiple stakeholders has such a significant impact on the development of the region.

Tongaat Hulett employs some 40 800 people during its peak milling period, working on 27 sites in Botswana, Namibia, Mozambique, South Africa, Swaziland, and Zimbabwe. The business is benefiting from the commitment, loyalty and energy that every employee gives towards the achievement of the company's strategic objectives. We continue to work towards equipping and developing the talent in our emerging leaders, for the future benefit of the organisation.

The company's profile as an agricultural and agri-processing business contributes to the extensive role that it plays in the rural communities that surround its operations, and the business continues to make a significant contribution to the growth and development of the areas that surround its landholdings through its land conversion activities. Tongaat Hulett values the relationships that it has established and remains committed to working together with small-scale and commercial private farmers, rural communities and governments to grow its contribution to job creation, rural development and an inclusive economy, thereby creating sustainable value for its stakeholders.

The support and input that Tongaat Hulett has received from its shareholders is greatly appreciated and the company is committed to regularly updating the investment community as it progresses delivery on its business objectives.

The on-going support and guidance that we have received from the Board and the Chairman are highly valued. Tongaat Hulett is fortunate to have a competent Board that provides ethical leadership.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2016

SUSTAINABILITY ELEMENTS

HUMAN RESOURCES

HUMAN CAPITAL

KEY ELEMENTS

LEADERSHIP BENCH STRENGTH

40 858 PEOPLE EMPLOYED ACROSS SIX SADC COUNTRIES (PEAK MILLING SEASON)

TONGAAT HULETT IS THE LARGEST PRIVATE SECTOR EMPLOYER IN ZIMBABWE AND MOZAMBIQUE

20 515 EMPLOYEES ATTENDED TRAINING DURING THE YEAR

EMPLOYEE BASE TRANSFORMATION

KEY PRIORITIES GOING FORWARD

LEADERSHIP CAPABILITY AND MANAGEMENT DEVELOPMENT

DIVERSITY AND TRANSFORMATION

TECHNICAL TRAINING IN CORE FUNCTIONS

Tongaat Hulett's human resource approach is aligned with and supportive of the company's strategic objectives and operating plans. This approach is informed by external dynamics, such as socio-economic, regulatory, market and legislative factors, as well as internal operational priorities and resources requirements. The effectiveness of Tongaat Hulett's human resources strategy is assessed on an on-going basis, with plans being implemented on a localised basis to ensure their relevance and impact within each specific operating context.

The business recognises the importance of providing a locally-relevant and competitive value proposition to attract, employ, retain and develop a diverse range of people who are able and motivated to contribute to the achievement of the business's strategic goals, within the framework of the company-wide employee transformation programme.

EMPLOYEE BASE

The total workforce as at 31 March 2016 was 31 230 (2014/15: 34 363), which includes full-time employees, fixed-term contractors, seasonal and casual workers. In light of existing operational challenges, employee costs is optimised without negatively impacting on operational requirements. The breakdown of Tongaat Hulett's employee base per country as at 31 March 2016 is as follows:

Operating country	Full-time (Permanent)	Fixed-term contractors	Seasonal and casual workers (Non-permanent)	Total	Peak Season Total[1]
South Africa	3 250	860	1 238	5 348	4 224
Mozambique	7 901	2 100	944	10 945	16 425
Zimbabwe	10 771	3 274	0	14 045	18 741
Swaziland	412	13	165	590	1 134
Botswana	105	9	0	114	117
Namibia	136	52	0	188	217
Total	**22 575**	**6 308**	**2 347**	**31 230**	**40 858**

[1] Employee total at the peak of the sugar milling season - October 2015

The total number of employees decreased by 10 percent compared to the previous year, with the largest reduction arising in the seasonal and casual workers category. Where required, the company will continue to focus on maximising the performance of its labour force to contain costs and improve productivity, while, where possible, preserving jobs and adequate skills supply.

PERFORMANCE MANAGEMENT

A formalised performance management process is used across the company. It is aligned with business goals and results, and formal assessments occur against pre-determined key performance indicators for reward purposes. This formal process also provides for the identification of high performers and talent for on-going performance enhancement and retention, while also providing input on areas for employee training and development aligned with operational requirements.

TRAINING AND DEVELOPMENT

SPECIALISED SKILLS

Tongaat Hulett's operations require skills in agriculture, marketing (milling and refining), technical and engineering, marketing, sales, distribution and commercial skills. As many of these are specialist requirements for the sugar and starch agri-processing functions, key positions demand appropriately qualified and skilled, highly specialised and experienced people. Tongaat Hulett aims to maintain the required human capital capacity by improving the skills of current employees and attracting new resources from the external labour market, while building future capacity through various interventions. The company's employees possess a range of skills, from highly skilled professionals to artisans and semi-skilled employees. The following table illustrates the spread of skills amongst professional and skilled employees across the company's value chain.

	Number (as at 31 March 2016)	Average age (as at 31 March 2016)	Number terminated (1 April 2015 to 31 March 2016)	Number appointed (1 April 2015 to 31 March 2016)
University and College qualifications	1 312	42	54	73
Artisans	721	38	47	21
Total	**2 033**	**80**	**101**	**94**

Other employees would be categorised as the semi-skilled and low-skilled. The company continues to focus on ensuring adequate skills supply.

EMPLOYEE TRAINING, DEVELOPMENT AND SKILLS PROGRAMMES

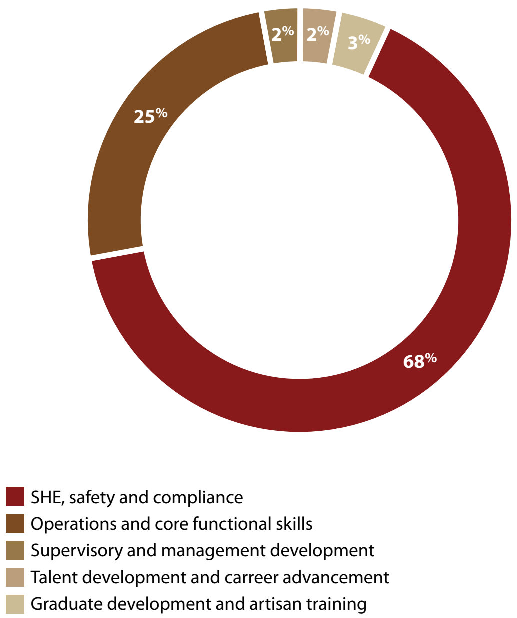
Employee development programmes are informed by the analysis of business needs and operating challenges compared against existing skills supply, levels of competence and performance, prioritising the core functions of the company. This includes consideration of compliance requirements in various functions. This resulted in the identification of five categories of skills improvement programmes included in the infographic on the following page.

2016 SKILLS IMPROVEMENT CATEGORIES

- SAFETY AND COMPLIANCE
- OPERATIONAL CORE FUNCTIONS
- LEADERSHIP AND MANAGEMENT DEVELOPMENT
- LONG-TERM SKILLS SUPPLY (GRADUATES)
- TALENT DEVELOPMENT AND CAREER ADVANCEMENT

A total of 20 515 employees received training during the 2015/16 financial year (2014/15: 22 420), with a total training and development spend of some R42,5 million (2014/15: R37,6 million).

TRAINING FOCUS AREA AS PERCENTAGE OF TOTAL TRAINING PROGRAMMES



Training and development programmes are prioritised differently across the operations, based upon their differing operational focus areas and competence requirements. As such, the report is comprehensive for all operations whilst interventions may vary at individual sites. Detail about the programmes follow.

SAFETY AND COMPLIANCE TRAINING AND CERTIFICATION PROGRAMMES

These programmes are considered high priority and have a continued focus on employee safety and welfare, and on operational goals. The safety and compliance training and certification programmes include Safety, Health and Environment (SHE) training and motorised equipment (such as forklift) training. New training interventions are implemented should additional key safety training requirements be identified.

Programme categories	Number of employees who attended training from 1 April 2015 to 31 March 2016	Percentage of total training programmes
Safety, compliance training and certification		
SHE	11 164	44,1%
Driver - forklift/crane/tractor	2 245	8,9%
First aid	867	3,4%
Advanced accident and emergency care	12	0,0%
Food safety	1 256	5,0%
Defensive driving	779	3,1%
Occupational Health and Safety legislation	356	1,4%
Alco meter use (Alcohol detecting machine)	68	0,3%
Fire fighting	566	2,2%
Total	**17 313**	**68,3%**

OPERATIONS/CORE FUNCTIONAL SKILLS TRAINING PROGRAMMES

To achieve the company's business goals at operational level, core competency interventions were rolled out, including agriculture, farm management, supervisory management, technical, production and manufacturing skills programmes. Training is extended to third parties who form part of the company's agriculture supply chain; specifically private and small-scale farmers.

Programme categories	Number of employees who attended training from 1 April 2015 to 31 March 2016	Percentage of total training programmes
Operations/core functional skills training		
Agricultural skills	4 735	18,7%
Engineering and technology	247	1,0%
Information technology	224	0,9%
Admin/business skills/finance	252	1,0%
Human resources	290	1,1%
Small growers programme	90	0,4%
Process training/boiler attendant programme	101	0,4%
Commercial and marketing	49	0,2%
Manufacturing and production	118	0,5%
Medical	319	1,3%
Total	**6 425**	**25,4%**

LEADERSHIP AND MANAGEMENT DEVELOPMENT PROGRAMMES

Tongaat Hulett has a pool of competent and experienced leadership in all its operations, as well as skilled technical and operational management teams, which have ensured continued company success over time.

As market dynamics evolve and operational excellence is pursued, the continued development of leadership bench strength and management resources for the future is prioritised. The recently completed leadership and management development programmes were based on a business driven action learning methodology, balancing company skills needs and individual employee development needs.

The management development programme (MDP) which focussed on operational excellence, included 85 candidates from five countries. The 39 senior management development programme (SMDP) candidates were mostly from the executive and professional layer within the operational and management teams of five countries. The architectures of these programmes, while academically sound, were framed and driven by business needs identified by the company leadership, based on operational goals and strategic thrusts, with varying intended outcomes. At the completion of the project, participants were required to present Business Impact Projects (BIP) which provided possible solutions to actual business problems. The implementation of a number of these projects is planned for the coming year.

Programme categories	Number of employees who attended training from 1 April 2015 to 31 March 2016	Percentage of total training programmes
Leadership and management development programmes		
Supervisory skills	244	1,0%
Senior management development programme	39	0,2%
Management development programme	85	0,3%
Total	**368**	**1,5%**

The SMDP's BIP presentations, which were part of the final formal assessments, were also evaluated by the company's senior executives which included Managing Directors, functional heads and the Chief Executive Officer (CEO).

LONG-TERM SKILLS SUPPLY (GRADUATE DEVELOPMENT)

Long-term skills needs are identified by assessing the medium and long-term requirements of operational positions to cater for the future demands of the business. To address this, various graduate and entry-level development programmes are in place, mainly in agriculture, manufacturing and production, and commercial functions.

In partnership with youth employment acceleration organisations and higher education institutions, the company implemented a production trainee programme, graduate development programmes and formal agriculture skills training programmes. While these interventions are in response to the challenge of youth unemployment and access to education, skills training and job-placements, they are structured to align with the skills needs of the company in terms of capacity and competence requirements in the long term. These business-aligned processes enhances the absorption of candidates into entry-level opportunities in the company.

The long-term skills development and graduate programmes comprise a range of support mechanisms from school level to tertiary and workforce entry level. These include education bursaries, engineers-in-training (EIT), in-service training and learnerships. The programme targets females, individuals from previously disadvantaged backgrounds and local talent in line with the company's transformation objectives in each of the countries in which it operates. These skills and graduate development programmes are structured to be accessible to individuals with varying levels of competency and work readiness and vary in focus and roll-out mechanisms in the different geographies.

Tongaat Hulett had 463 school-leavers and graduates in training at various levels of development during the 2015/16 financial year (2014/15: 452).

The table below provides a summary of the various programmes across all operations:

Graduate development programmes, Entry-level skills training (All operations)	
Programme	**Number of participants**
Engineers-in-training (EIT)	26
Agronomist trainees	1
Agriculture farm manager training	9
Agriculturist-in-training	20
Strategic sourcing trainees	2
Production	21
In-service trainees	34
SHE trainees	5
Apprenticeships (various trades)	99
Learnerships	5
Graduate trainees	12
Communications and marketing	0
Student development programme	0
General learners/trainees	46
Workplace experience	46
Bursaries	47
Company assisted study aid schemes	90
Total	**436**
Percentage of total training programmes	**1,8%**

Specific artisan training, as detailed below, is generally longer in duration than the graduate development programme. There was a significant decline in the number of artisans in training in 2015/16 since a large portion was trained the previous year.

Artisan training (All operations)	
Programme	**Number of participants**
Artisans-in-training	125
Artisan development	79
Artisan aid development programme	42
Total	**246**
Percentage of total training programmes	**1,8%**

The company has recognised that youth unemployment is a significant challenge in the countries in which Tongaat Hulett operates, where the largest portion of the population are young people. There exists, to some extent, a mismatch between employer and industry specific operational skills requirements and the skills possessed by the youth, neccessitating various interventions by the company.

CASE STUDY

AGRICULTURAL TRAINING AND DEVELOPMENT PROGRAMME

A potential shortage of technical skills in agronomy, sugarcane agriculture and estate management skills for medium to longer term placement in the company resulted in the development of an internal agricultural training and development programme (ATDP). Initially launched in 2006, the programme was re-launched in 2015, aiming to address some of the shortfalls identified in the initial course, namely the independent implementation of the training in each country without using cross-operations capabilities to enrich the outcomes. The programme now focusses on providing trainees with exposure to best practice in various areas of sugarcane agriculture and estate management competencies across three of the countries in which Tongaat Hulett operates, namely Mozambique, South Africa and Swaziland.

To read more, go to www.tongaat.com/2016/atdp

CASE STUDY

PRODUCTION TRAINEE PROGRAMME

As is the case with various elements of the agricultural and agri-processing operations, Tongaat Hulett starch requires specialised skills in production. As the only wet-miller in South Africa these skills are not readily available and tend to involve a steep learning curve for new employees, resulting in long training periods to reach full competence.

To read more, go to www.tongaat.com/2016/ptp

LEADERSHIP BENCH STRENGTH

Increased focus is being placed on retaining and developing talent, improving the succession 'bench strength' and thus the long term sustainability of the company.

TALENT DEVELOPMENT AND CAREER ADVANCEMENT PROGRAMMES

The company has established talent management processes which aim to attract, develop and retain high performing and talented employees based on operational and long-term skills requirements. Talent development and career advancement programmes provide employees with opportunities to learn, grow and advance their careers through various interventions. These vary from an employee study support scheme, structured internal training programmes, formal development programmes, as well as changes in and enhancements to roles and responsibilities, thereby improving their skills and possibilities for career advancement. Based on their level of development, some employees are put through interventions that support their personal growth, in areas other than purely core skills training. Examples include life skills and group specific interventions such as Communication skills training. Participation in these interventions were as follows:

Programme categories	Number of employees who attended training from 1 April 2015 to 31 March 2016	Percentage of total training programmes
Talent development and carreer advancement		
Life skills	464	1,8%
Other interventions, specific to groups/individuals	60	0,2%
Total	**524**	**2,0%**

LEADERSHIP SUCCESSION PLANNING

Given the dynamics and challenging operating environment and the company's strategic goals, the company focuses on long term and immediate term succession bench strength for leadership roles, senior management in the operations and critical skills across the company. Talent management and succession planning processes are in place to identify, develop and retain identified high potential and high calibre talent internally, while bringing in highly skilled talent from the external market to fill various key roles in the company.

DIVERSITY AND EMPLOYEE TRANSFORMATION

Due to the priority placed on transforming the employee base, diversity and transformation goals are embedded in all human resource interventions rolled out across the company; with particular focus on three geographies namely South Africa, Zimbabwe and Mozambique. Over time, Tongaat Hulett achieved a steady improvement as a result of focused interventions and processes, including attracting, retaining and advancing the careers of women throughout the business, localisation of skills in Mozambique, and the advancement of designated groups in South Africa.

Tongaat Hulett has a stable workforce with very few exits across all levels of the organisation, which affects the pace of transformation. New appointments can only be implemented as positions become available. Cognisance should be given to the various labour supply dynamics and challenges across the labour markets per country, labour market competitor activity, and the fact that the operations are primarily rural based, which impacts the size of the available market from which the company can access suitable candidates.

COMPLIANCE WITH LEGISLATION AND REGULATIONS AND GOOD CITIZENSHIP

As a responsible corporate citizen, Tongaat Hulett acknowledges that significant value is unlocked through transformation and fair and equitable treatment of its employees. While the company complies with all relevant legislative and regulatory frameworks in all countries in which it operates,

the transformation programmes are implemented based on the understanding of the value they bring, rather than merely to comply with legislation.

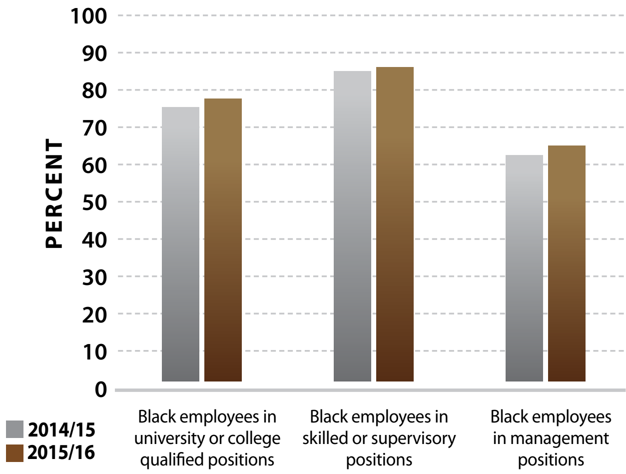
While significant transformational focus is on females, it has been established that certain agricultural and agri-processing positions have, in the past, not been viewed as attractive career choices to female candidates. The company has various youth focussed interventions to assist in changing perceptions and opening up these fields to increased female participation.

In Mozambique, employee retention trends over the past three years are encouraging with regards to localisation objectives, with the exit rate of local skilled employees being only half that of the average exit rate, which will positively impact on localisation rates over time, and redirection of dependence on many expatriate skills.

In South Africa, the operating companies, which incorporate sugar, starch and developments, comply with the various employment and transformation legislations relating to affirmative action, employment equity, skills development, B-BBEE and other relevant laws.

A strong employment equity culture has been fostered over many years and significant improvements achieved. In terms of the representation of designated groups, particular emphasis is placed on Africans, black women and persons with disabilities. As at 31 March 2016, 64,3 percent of management (2014/15: 63,3 percent) and 86,5 percent of skilled and supervisory positions are filled by black employees (2014/15: 85,4 percent). In terms of the professional skills profile, 77,5 percent of the university and college qualified employees are black (2014/15: 76,1 percent), with women constituting 48,1 percent (2014/15: 46,3 percent).

PROGRESS IN REPRESENTATION BY DESIGNATED GROUPS IN SOUTH AFRICAN OPERATIONS



Women constitute 32,1 percent of the workforce across South African operations (2014/15: 32,8 percent). Women at senior management level increased from 18,6 percent to 18,9 percent, the proportion of black females in management increased from 22,3 percent to 24,2 percent, and black females in top management increased from 28,0 percent to 29,2 percent by March 2016.

In line with South African regulations, information for the South African operations for the period 1 April 2015 to 31 March 2016 is detailed in the table below. Of the overall training costs of R42,5 million, a total of R28,7 million was spent on the South African operations, with the different categories of spend outlined on the following page:

1 percent skills levy	R14,3 million
Training spend as a percentage of leviable amount	2,0 percent
Number of person days trained	3 715
Number of person days available	972 096
Percentage trained person days	0,38 percent
Number of persons trained	1 631
Expenditure on African, Coloured and Indian employees	R21,4 million
Expenditure on African, Coloured and Indian women	R7,7 million
Expenditure on employees with disabilities	R61 487

Tongaat Hulett recognises and embraces the initiation of the UN Sustainable Development Goals as they are aligned with the company's aspirations, specifically in the areas of Goal Five: "Achieve gender equality and empower all women and girls", and Goal Eight: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

INDUSTRIAL AND EMPLOYEE RELATIONS

Tongaat Hulett is cognisant of the socio-economic situations that impact on its employees in the various countries in which it operates. It continues to monitor these dynamics and how they affect employees through various internal and external means, including through organisations such as organised labour formations to which it's emplyees belong.

The company endeavours to provide the maximum notice period possible to employees for any significant operational changes. In general, these are not included in collective agreements, except where they relate to changes that will result in short-time, although with multiple unions across six countries, these provisions can vary.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Tongaat Hulett employees have the right to freedom of association. With 11 recognised unions in the six countries in which it operates, the company strives to maintain constructive, respectful relationships and a climate of agreement in union relations.

During the year in review, the Botswana union was changed from the Botswana Beverages and Allied Workers Union to the Cashiers Shop Assistant and Allied Workers Union. The formally recognised trade unions are provided in the table at right:

Country	Recognised union
South Africa	Food and Allied Workers Union (FAWU)
	National Sugar and Refining and Allied Industries Employees Union (NASARAIEU)
	Southern African Equity Workers Union (SAEWA)
	United Association of South Africa (UASA)
Zimbabwe	Sugar Production and Milling Workers' Union of Zimbabwe (SPMWUZ)
	Zimbabwe Sugar Milling Industry Workers' Union (ZISMIWU)
	Zimbabwe Hotel and Catering Workers' Union (ZHCWU)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)
Swaziland	Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Cashiers Shop Assistant and Allied Workers Union (CASAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

Industrial action occurred in some of the company's operations during the financial year, mainly arising from legal and structured engagement processes and within acceptable parameters. A total of 22 days and three hours of strikes were recorded, involving 7 127 employees at a cost of R150,6 million. In Zimbabwe, the company was faced with a wage related industrial action in December 2015, with a total loss of 21 working days, following unsuccessful conciliation. The strike was concluded through an agreement brokered by the local Labour Ministry.

A one day strike, involving 93 employees, occurred in one of the starch operations and a three hour strike, involving 120 employees, affected one of the sugar operations.

Throughout the strike periods, the company tried to minimise negative operational impact on its various stakeholders as far as it was possible. The company continues to engage with and maintain sound relations with all recognised trade unions across all operations.

DISCIPLINARY PROCEDURES

Just, equitable, non-discriminatory and consistent disciplinary codes and procedures form the foundation of corrective behaviour, in line with the relevant labour legislation. These are monitored and reviewed to ensure just and equitable treatment, while focussing on reducing case turn-around times. If any employee feels unjustly treated, they are entitled to exercise their rights in terms of their 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 in response to legitimate complaints by employees. Internal communication aims to make employees aware of the grievance procedures, which are structured to ensure that grievances are resolved as near to their point of origin as possible, and within a reasonable timeframe.

The company implements interventions to address these grievance, such as through the enlistment of engineering and maintenance managers to address work environment grievances at plant level, or through management training should management practice grievances be received.

PERSONS WITH DISABILITIES

Tongaat Hulett is committed to providing a work environment that empowers people with disabilities to reach their potential and contribute productively to the work environment. In line with transformation objectives, the company aims to create an enabling work environment for persons with disabilities, understanding the value they add to the organisation. Aligned with legislated reporting requirements, there were 57 employees with disabilities as at 31 March 2016 (2014/15: 63) in South Africa. This constituted 1,1 percent of the total employee complement (2014/15: 1,1 percent).

CORPORATE CITIZENSHIP

HUMAN RIGHTS

Within its sphere of influence, Tongaat Hulett works to protect basic human rights. The company is a signatory to the Universal Declaration of Human Rights, in which it commits, among others, to supporting 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. All new employees are familiarised with and become signatories of this Code of Business Conduct and Ethics upon joining the company.

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 forced labour, physical punishment or other abuse.

ANTI-BRIBERY AND CORRUPTION

Tongaat Hulett endeavours to uphold core business values and actively works to prevent corruption and bribery. The company 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 Business Conduct and Ethics face disciplinary action, including dismissal.

Deloitte's Tip-Offs anonymous provides an anonymous reporting channel for unethical behaviour in the workplace. This service has been rolled out across all six countries in which Tongaat Hulett operates with country specific telephone numbers to make it as user friendly and accessible as possible.

SUSTAINABILITY
ELEMENTS

STAKEHOLDER RELATIONSHIPS

SOCIAL & RELATIONSHIP CAPITAL

KEY ELEMENTS

R190,4 MILLION SPENT ON SED INITIATIVES (2014/15: R140,7 MILLION)

14 PERCENT REDUCTION IN LOST TIME INJURIES COMPARED WITH 2015

12 CONSECUTIVE YEARS INCLUDED ON THE FTSE/JSE RESPONSIBLE INVESTMENT INDEX

2015 INVESTMENT ANALYST SOCIETY AWARDS: OVERALL WINNER

AWARDED BEST EXPORT COMPANY IN THE MANUFACTURING INDUSTRY: MOZAMBIQUE 2015

KEY PRIORITIES GOING FORWARD

ZERO FATALITIES AND IMPROVED SAFETY PERFORMANCE

ENHANCED SUSTAINABLE AGRICULTURAL PRACTICES THROUGH AGRICULTURAL IMPROVEMENT PROCESS

Tongaat Hulett has long-standing relationships with multiple stakeholders and the business endeavours to maintain and further develop these associations to create value for all parties. The process to increase Tongaat Hulett's understanding of its stakeholders is on-going and includes identifying key clusters based on the degree to which they influence or are impacted by the company, and documenting the various proactive engagements that are already in place as the business seeks to further strengthen these relationships which are outlined in the table on the following page.

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

CASE STUDY

CORNUBIA SOCIO-ECONOMIC SUSTAINABILITY AND INNOVATION PROGRAMME (SSIP)

Tongaat Hulett's land development approach is inclusive, taking into account the societal realities of every area where it is involved. At Cornubia, for example, multiple issues and stakeholders affect the project's ability to create a better life for all, requiring innovative engagement and solutions. The 1 333 hectare greenfield site is co-owned by Tongaat Hulett and the eThekwini Municipality, with both parties committed to creating an integrated human settlement that can provide learnings and benchmarks for similar future initiatives. Challenges include the eradication of poverty, tenure diversification, urban restructuring and renewal, densification, improved design and quality shelters. As a result, Cornubia's SSIP programme was initiated to address unemployment as a priority. The programme facilitates the creation of economic participation opportunities and actual placements in excess of current demand. The programme is integrated with the relevant aspects of the land conversion processes and is linked to Tongaat Hulett's B-BBEE spend. It also speaks to the United Nations' sustainable development goal of creating productive employment and decent work for all. Holistic and integrated planning creates opportunities for multiple funding and enables a higher multiplier of socio-economic impact, where Tongaat Hulett's contribution becomes seed capital in piloting and initiating projects.

To read more, go to www.tongaat.com/2016/ssip

CASE STUDY

JOBS FUND PARTNERSHIP

Tongaat Hulett, in partnership with the Jobs Fund, is working to create more than 2 850 new jobs as part of a rural development and sustainable job creation initiative.

The 4 year project, which commenced on 1 August 2014, aims to plant 12 000 hectares of rain-fed sugarcane in KwaZulu-Natal, in some of the poorest areas of South Africa.

To read more, go to www.tongaat.com/2016/jobsfund

SOCIO-ECONOMIC DEVELOPMENT (SED)

Tongaat Hulett's objective of creating value for all stakeholders through an all-inclusive approach to growth and development underpins the various SED initiatives. This is driven from the business's core values which include integrity and a commitment to ethical behaviour. Tongaat Hulett has articulated the principles which it embraces in its approach to SED and these include:

CORPORATE GOVERNANCE	The business continues to adhere to legal and accepted business practices
CORPORATE SOCIAL RESPONSABILITY	The company demonstrates responsibility to society by minimising any negative impact and extending philanthropic and charitable inputs to the communities where it operates
SOCIAL SUSTAINABILITY AND INNOVATION	Tongaat Hulett is developing innovative practical approaches to transform society and the environment thereby uplifting communities

The company exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2016 by investing R190,5 million (2014/15: R140,7 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 year 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.
- R87,6 million was invested in health-related activities during the period, including activities related to dealing with the impact of HIV/AIDS.

BASIC NEEDS

- R8,9 million was invested in basic needs and social development, which includes food security projects and the provision of basic materials 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.
- R17,5 million was invested in these initiatives during the year.

EDUCATION

- R18,9 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.

FOOD SECURITY

The need to produce food with minimal environmental impact has never been more challenging given the current impacts of dietary patterns, declining soil quality, water scarcity, energy price fluctuations and the unpredictability of climate change. Tongaat Hulett understands the crucial role that agriculture can play in improving food security, and ensuring environmental safety. As a member of the United Nations Global Compact, Tongaat Hulett is committed to accelerating its disaster risk reduction activities and to make food production systems more resilient and capable of absorbing the impact of disruptive events.

CASE STUDY

WINTER MAIZE PROJECT

Tongaat Hulett is committed to contributing to food security for the communities that surround its sugar producing operations in Zimbabwe. In the year to 31 March 2016, Zimbabwe experienced adverse weather conditions which had a significant impact on maize production. In recognition of the need for basic food, Tongaat Hulett produced 1 300 tons of maize which has been distributed to vulnerable rural communities. This project supports the United Nations, Sustainable Development Goal of ending hunger and achieving food security.

To read more, go to www.tongaat.com/2016/maizeproject

PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett assists small-scale farmers to become professional growers as this improves living conditions for rural communities, while improving food security in a sustainable manner. Inclusive agricultural growth is promoted: small-scale farmers produce part of their own food requirements and surplus production is available for local and regional markets.

The company applies a range of conservation methods and compliments agricultural extension projects with a portfolio of partnerships in advanced crop science 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

Greater awareness of stakeholder needs highlights supply chain opportunities. Tongaat Hulett is committed to innovative procurement initiatives that deliver value to the business, stakeholders across the value chain and the communities in which it operates.

2016 SUPPLY CHAIN OPPORTUNITIES

- REDUCING COSTS
- IMPROVING CUSTOMER SERVICE
- ENGAGING MORE LOCAL SUPPLIERS
- ACHIEVING GREATER SCALE
- GAIN ACCESS TO LOCAL KNOWLEDGE AND EXPERIENCE

To optimise the benefits, cross functional teams involving strategic sourcing, human resources, SHE and various business operations, continue to work together on identifying initiatives that have the potential to deliver positive economic, social and environmental outcomes, including:

- **Strategic Sourcing Centre of Excellence** - establishing a strategic sourcing function and institutionalising new and best practice approaches to the company's procurement function. The team is building long-term sustainable procurement and strategic sourcing capabilities and skills, while enhancing policies, processes and systems.

- **Local procurement and enterprise development projects** - an enterprise and supplier development strategy has been developed, aligned to the strategic sourcing end-state strategy - both of which are being rolled out and operationalised across the business. A concerted effort is applied in collaboration with the rest of the business to uphold the current favourable B-BBEE status of Tongaat Hulett, from a South African context, and to improve BEE compliance and align it to the Revised Agri-BEE, Property and relevant "still-to-be gazetted" sector codes.
- **Green procurement initiatives** - suppliers of the company demonstrate commitment to research, development and delivery of safer, resource efficient and environmentally-friendly goods and services as a good business imperative. Special focus is being paid to import replacement and local and intra-Africa trade programmes as opposed to off-shoring sourcing options, to reduce the carbon footprint and support local production and economic development.

PREFERENTIAL PROCUREMENT

Tongaat Hulett is committed to supporting suppliers, improving their empowerment credentials and introducing black-owned and black women-owned SMEs as suppliers to the business. 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 provides targets for procurement from Exempted Micro Enterprises (EMEs), Qualifying 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. Major inroads have been made in transforming the supplier base with solid improvement plans to close current gaps in the preferential procurement space.

For the period ending 31 March 2015, adjusting for the various levels of recognition of BEE spend allowed for in the BEE Scorecard (dependant on the BEE level of suppliers), the total recognised BEE spend was R7,131 billion which is 103,83 percent of the eligible spend. R473,8 million (6,9 percent) was in relation to QSE B-BBEE spend, R161,7 million (2,4 percent) in relation to EME B-BBEE spend, R121,3 million (1,8 percent) was in relation to black-owned EME suppliers and R28,4 million (0,4 percent) was in relation to black-women owned EME suppliers.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

A recently revised Safety, Health and Environmental Policy statement, signed by the CEO in August 2015, re-assured stakeholders that Tongaat Hulett subscribes to the principle of 'zero harm'. The 'zero harm' philosophy is embedded in the company's business framework as a core value. Momentum gained over the past 10 years in developing current SHE practices is being raised and directed at creating an interdependent SHE culture that relies on everyone's responsibility and participation. An all-inclusive stakeholder engagement approach is therefore being adhered to, in encouraging employees, contractors, private farmers and members of surrounding communities to actively care and participate in SHE campaign programmes.

Stakeholders are always encouraged to take ownership of their own safety and health as individuals and to do the same for other people interfacing with them in the workplace, community and social environments. It is agreed between stakeholders that protecting the environment and its resources is a collective responsibility for everyone. All stakeholders are therefore involved with relevant SHE thrusts outlined below.

SAFETY

Regrettably, a total of five work related fatalities were suffered during the year 2015/16. The fatalities experienced are deeply concerning and are thus receiving a high level of attention within the company.

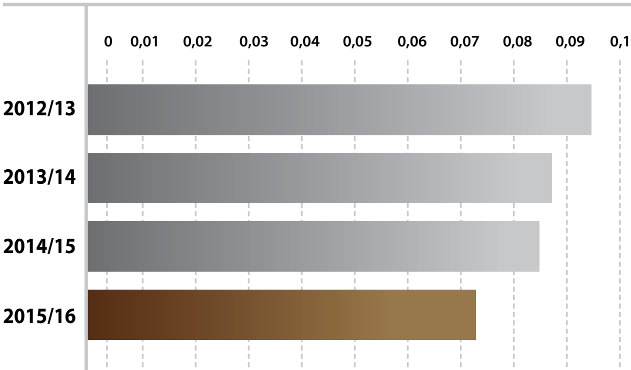
Nevertheless, Tongaat Hulett's safety performance has improved during the past decade having been built up on established safety management systems and various safety improvement initiatives. It is acknowledged that focusing purely on systems, without the support of dedicated high level safety interventions, would have only driven safety improvement to a certain extent. The company has been consciously introducing targeted fatality risk control initiatives that were reviewed periodically. This approach has contributed to a sustained safety improvement realised so far.

TIMELINE OF TONGAAT HULETT'S FATALITY RISK CONTROL INTERVENTIONS

2003/04	Huley Rules: safety golden rules were prescribed with critical controls to be adhered to on a 'zero tolerance to non-compliance' basis.
2008/09	Step change initiatives: undertook step change initiatives to address specific fatality risks and subject them to high-level reviews every two weeks.
2012/13	Fatality risk control peer reviews: executive leadership teams were involved in undertaking dedicated fatality risk control audits across operations.
2013/14	High fatality risk incidents (HFRI): reporting of incidents with potential fatal consequences (which did not result in fatalities) and subjecting these to comprehensive investigation processes (similar to fatality investigations), while sharing learnings.
2015/16	High fatality risk topics: identifying country and operation specific high fatality risk topics and relevant critical controls required to manage them in a manner that may not neccessarily be applicable to all and would require unique site specific interventions.

Notwithstanding the fatality challenges experienced, the company's safety performance continues to improve in terms of serious injuries that result in loss of time. A Lost Time Injury Frequency Rate (LTIFR) of 0,073 per 200 000 hours worked, was achieved in 2015/16 reflecting a milestone achievement since SHE management systems were established more than a decade ago. This LTIFR achievement suggests a consistent performance reflecting on a LTIFR of 0,085 achieved in 2014/15, 0,087 achieved in 2013/14 and 0,094 in 2012/13.

LOST TIME INJURY FREQUENCY RATE - FOUR YEAR TREND



The following key factors are attributed to the LTIFR improvement:

- A structured risk management programme providing for business baseline, activity based and continuous risk assessment processes determines how safely work should be done.
- Audit management protocols enable occupational risks/shortcomings to be identified and addressed proactively while incident review processes reveal learning points from incidents that can be shared to prevent re-occurrences.
- A SHE culture of caring is campaigned for and practiced to support individuals and employee teams.

FOOD SAFETY

Tongaat Hulett has a reputation of 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.

With regard to the proposed tax on sweetened beverages, the South African sugar industry, which includes Tongaat Hulett, continues to engage closely with government to understand it's thinking and intentions.

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, although 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 has 40 858 employees (peak milling season) working at 27 locations in six countries in Southern Africa. Health issues across the region where Tongaat Hulett operates are therefore varied. The company is dealing with a challenge to tackle common health issues in a coordinated manner to optimise health and enhance productivity in employees' lives and workplaces. While aligned health procedures are in place at all operations, country specific geopolitical issues are expected to influence the readiness and ability of Tongaat Hulett to partner with relevant stakeholders and implement associated programs in the various operating countries.

HIV AND AIDS

HIV/AIDS remains the single biggest health challenge as shown by Tongaat Hulett's 2015/16 statistics detailed below:

- Employees currently receiving anti-retroviral treatment (ART) through company-provided ART: 3 768
- Voluntary counselling and testing (VCT) uptake: 88,4 percent
- Employees knowing their status: 90,5 percent
- Number of new employees confirmed HIV+ on testing: 1 187
- Number of employees currently HIV+: 4 689
- HIV prevalence: 21,6 percent
- Cost of ART: R1,9 million
- Seasonal employees/contractors VCT uptake: 9 951
- Seasonal employees/contractors on ART: 1 080

Tongaat Hulett acknowledges that more than a fifth of its workforce is HIV positive and the company has already invested significantly in the treatment of those affected by HIV. The increasing number of new infections in 2015/16 (5 percent of workforce) is a lagging indicator in the fight against HIV. The apparent high number of new infections is in part due to HIV+ employees presenting for re-testing mainly in Mozambique and to a lesser extent in Zimbabwe as testing is being done anonymously. The company is determined to improve its

HIV/AIDS management programmes and close the gap between current performance and the 90:90:90 stretch target set by the World Health Organisation (namely 90 percent of workforce should be tested; 90 percent of HIV+ people should enrol for ART; 90 percent of those on ART should remain on ART). In response to these objectives, Tongaat Hulett will:

- Enhance preventive efforts
  - Intensify awareness campaigns
  - Promote male medical circumcision at all operations
- Stretch VCT (HIV councelling and testing) targets for 2016/17
- Scale up ART
  - Increase investment to achieve 90 percent on treatment
  - Strengthen treatment, monitoring and follow up

The company's existing relationships with governments and NGO's are critical to the success of the objectives detailed above.

PRIMARY HEALTHCARE

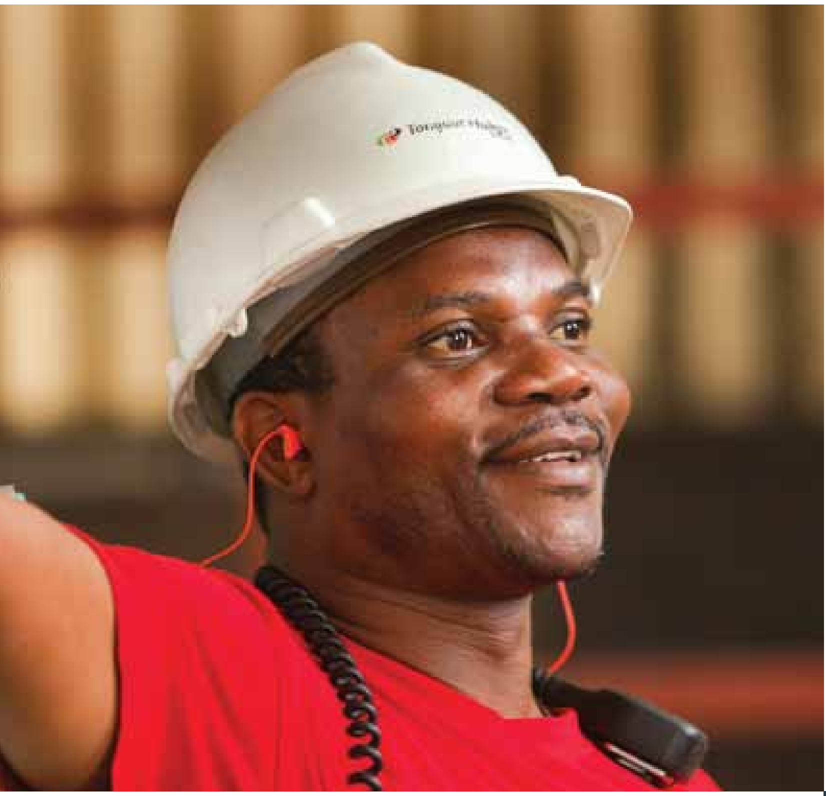
Primary healthcare includes the provision of maternal child health care, control of communicable diseases e.g. cholera, tuberculosis and measles and treatment of acute ailments such as colds. Tongaat Hulett continues with current efforts to provide cost effective primary health facilities and programmes for its employees. In areas where government-supported health facilities are not readily accessible, this service is being extended to employees' families. This is mainly in Zimbabwe, Mozambique and Swaziland. Private Public Partnerships are being pursued to optimise on resources available while at the same time increasing effectiveness in dealing with essential community engagement issues.

MALARIA

Malaria remains a health challenge in Zimbabwe, Swaziland and Mozambique. Integrated malaria control programmes that include vector control, awareness, personal protection, diagnosis and treatment will continue. Bioassays (resistance testing) are being conducted to ensure effectiveness of current indoor residual spraying initiatives. There were no malaria-related fatalities recorded at Tongaat Hulett's operations during 2015/16. There was a nine percent decrease in the number of malaria cases recorded in 2015/16 compared to the previous year.

OCCUPATIONAL HEALTHCARE

Noise Induced Hearing Loss (NIHL) emerged as an issue of concern at all operations. Varying degrees of percentage hearing loss are being detected during medical surveillance programmes.



The three main contributory factors have been identified as:

- The old design and age of equipment in use at most operations
- An aging workforce who are more susceptible to effects of noise
- Improper use of Hearing Protective Devices (HPD) by employees

While engineering solutions continue to be explored and are being implemented where possible, the focus going forward is to ensure increased protection of those at highest risk.

The occupational health plan is focusing on:

- Increased awareness and education
- Review and enforcement of more stringent administrative control measures
- More aggressive management of early NIHL to prevent progression
- Provision of custom made HPD for those with >5 percent loss of hearing

Heat-related occupational disorders are increasing with the rise in temperatures in the region. Work operations involving high air temperatures or strenuous physical activities can result in dehydration and heat stress in employees working in those operations. Heat stress management procedures are being revised to enhance risk mitigation factors. In the meantime, education and awareness campaigns are being offered.

There were two (2014/15: 0) occupational health cases with irreversible health effects registered in 2015/16. Both instances related to noise induced hearing loss. A total of 10 occupational health cases with reversible effects were recorded, the same as in the previous year.

SUSTAINABILITY ELEMENTS

INTELLECTUAL PROPERTY

INTELLECTUAL CAPITAL

KEY ELEMENTS

MARKET-LEADING BRANDS

PATENTS

INTELLECTUAL PROPERTY

KEY PRIORITIES GOING FORWARD

RETENTION OF THIRD-PARTY CERTIFICATIONS

GROW MARKET SHARE RESPONSIBLY THROUGH INNOVATION AND THE DEVELOPMENT OF HIGH-QUALITY PRODUCTS

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements and/or license agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company.

In the sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately obtaining provisional patents, with targeted national and international patenting.

Tongaat Hulett holds 14 patents registered in Australia, Brazil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and USA. It is a proprietor of 369 registered trademarks in Australia, Botswana, Lesotho, Namibia, New Zealand, Philippines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 50 domain names registered to it.

THIRD-PARTY CERTIFICATIONS

Tongaat Hulett continues to benchmark its performance against global best practices to ensure the sustainable management of broader issues, including SHE and food safety. Operations subscribe to various internationally-recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000.

All operations are certified to either NOSA five-star systems or OHSAS 18001 covering occupational health and safety. During the year to 31 March 2016, Darnall Mill's NOSA system certification was suspended due to the fact that the mill did not run during the season. Of the 19 operations, 18 are certified to the ISO 14001 environmental management system with the remaining one being at an advanced stage of implementing it's management system. A total of four out of five starch operations and part of two of the eight sugar processing operations are certified to FSSC 22000 food safety management systems in accordance with the current requirements of the business.

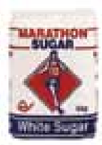
PRODUCT RESPONSIBILITY

Tongaat Hulett complies with the relevant safety, health, environmental and quality legislation in each of the countries in which it operates, while striving to implement industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operations have adopted Hazard Analysis Critical Control Points (HACCP), where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the standards of the Food and Drugs Act. Tongaat Hulett ensures that appropriate information is provided to its customers. All product labels contain information about the product, in compliance with the respective country legislation and labelling regulations.

BRANDS

A number of Tongaat Hulett brands hold prominent positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products.

The following table provides a summary of the business's major food and animal feed brands:

	**Huletts®** White sugar Brown sugar	Over 120 years in the market Market leader in South Africa Recognised as one of the top three icon brands in the ASK Africa survey over the past three years
	**Huletts Sunsweet®** White sugar Brown sugar	Market leader in Zimbabwe
	**Voermol Feeds®** Animal feeds	Market leader in the molasses and pith-based animal feeds industry in South Africa
	**Blue Crystal®** White sugar Brown sugar	Market leader in Botswana
	**Marathon®** White sugar Brown sugar	Market leader in Namibia
	**Amryal®** **Hydex®** **Vaalgold®**	Leading starch and glucose brands

SUSTAINABILITY ELEMENTS

ENVIRONMENT

ENVIRONMENTAL CAPITAL

KEY ELEMENTS

HAZARDOUS WASTE REDUCED BY 84 PERCENT

SEVEN CONSECUTIVE YEARS OF PARTICIPATING IN THE CDP

IMPROVING SCOPE 3 REPORTING

KEY PRIORITIES GOING FORWARD

PROMOTING SUSTAINABLE AGRICULTURE

IRRIGATION EFFICIENCY

SCOPE 1 GHG EMISSION REDUCTION

WATER MEASUREMENT

ENVIRONMENTAL STEWARDSHIP

Research subsequent to the Millennium Ecosystem Assessment (2001) indicates that natural resources, globally, remain under stress. Ecosystem degradation is a concern for most businesses given its indispensable role in global socio-economic systems. As a major user of land, biodiversity and water, Tongaat Hulett's agri-processing and land development operations are significantly impacted by natural systems and in turn impact on the environment and local communities. As a responsible corporate citizen, Tongaat Hulett seeks to demonstrate its commitment to sound environmental stewardship, within a context of sustainable and ethical practice. Compliance with legal requirements is a minimum requirement, with operations striving to establish and accord with local and international best practices. In line with this approach, the company aims to retain and/or secure certification to ISO 14001 Environmental Management System standard across all its operations.

CLIMATE CHANGE

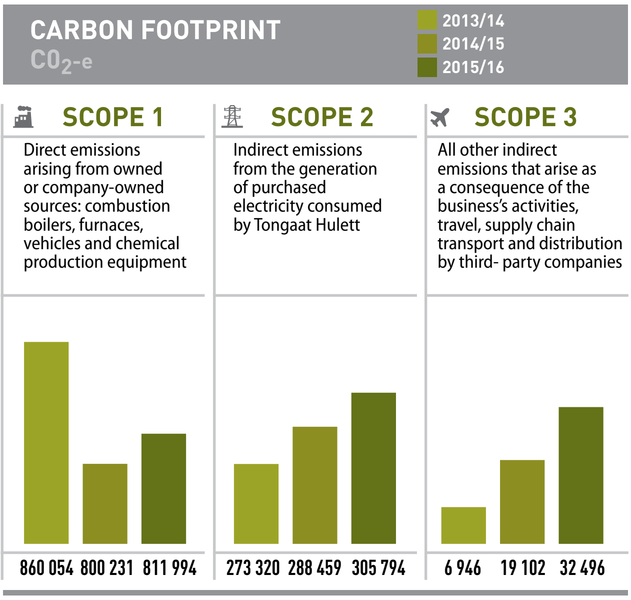
Agriculture is vulnerable to changes in climate and weather patterns. Tongaat Hulett recognises the need to adapt to the physical impacts of climate change, which will affect operations, particularly through the availability of water and the occurrence of extreme weather events. Tongaat Hulett operations are being impacted by current El Niño conditions, with research suggesting a tentative but inconclusive link between the strength of El Niño and climate change. Given the 40 percent decline in production in the South African sugar operation as a consequence of the El Niño weather pattern, the company is engaging with experts on a number of innovative initiatives, including programmes to improve irrigation efficiency and more drought resistant crop varieties.

Tongaat Hulett's approach to dealing with the impacts of climate change includes a drive towards greater energy-efficiency and the business is actively encouraging suppliers across the full value chain to do the same. The company participates in public environment forums and during the past year this included the 2015 United Nations Climate Change Conference (COP21), parliamentary discussions and the Davis Tax Committee on the proposed carbon tax in South Africa.

CARBON MANAGEMENT

As part of its broader response to climate change, Tongaat Hulett participated in the CDP (formerly Carbon Disclosure Project) for the seventh consecutive year. The CDP is an independent initiative that encourages transparency on climate change-related issues, with an emphasis on emissions disclosure. The company's carbon footprint analysis was conducted according to the Greenhouse Gas (GHG) Protocol, a widely used international accounting tool. Details of the company's actions underway are provided in the public response to the CDP, available at www.cdproject.net. Tongaat Hulett tracks and monitors its GHG emissions, seeking through on-going efforts to improve the accuracy and reporting of its carbon footprint.

During the year, business operations emitted 811 994 metric tons CO_2 equivalent (CO_2-e) Scope 1 emissions (2014/15: 800 231). The company purchased electricity that emitted 305 794 metric tons of CO_2-e (2014/15: 288 459). The total Scope 3 emissions were 32 496 metric tons CO_2-e covering business travel, comprehensive supply chain transport and distribution by third-party companies (2014/15: 19 102). In the 2015/16 reporting period, employees booked nearly 6 310 business trips, flying more than 6,250 million kilometres, resulting in 1 217 metric tons CO_2-e being emitted from business travel. The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 150 284 metric tons CO_2-e and the turnover was R16,676 billion, which equates to 69 grams of CO_2 emitted per Rand generated. The GHG emissions have been verified by a third-party service provider.



Overall, there was a 1 percent increase in Scope 1 emissions from the previous period, 6 percent increase in purchased electricity due to more irrigation and 70 percent increase in Scope 3 owing to improved reporting in upstream and downstream distribution of products by third party service providers.

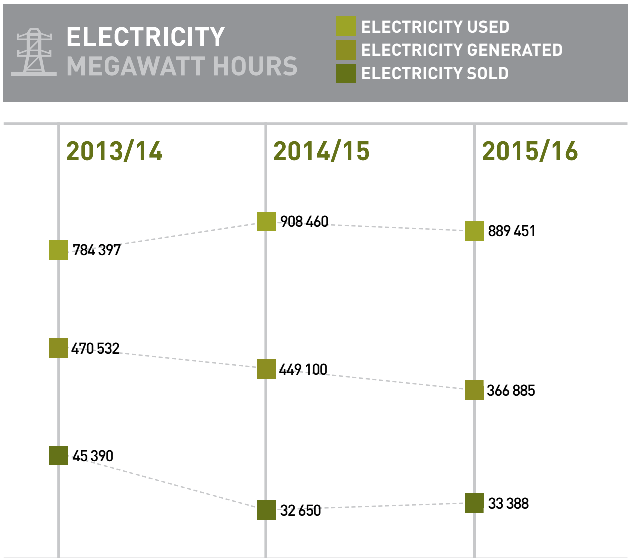
Total emissions from South African operations, calculated at 688 067 metric tons CO_2-e, includes emissions of 359 696 metric tons CO_2-e emanating from the South African sugar operations.

Tongaat Hulett recently completed a study with the assistance of carbon specialists which found that the company's sugar farms sequester carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 39 116 hectares (grown from company-owned and leased land) equates to 469 392 metric tons sequestered CO_2-e per annum. The South African sugar operations could benefit from the carbon capture and storage of CO_2 in the growing of sugarcane if the National Treasury allows for sequestered

emissions to be deducted from the company's carbon footprint. Therefore 218 675 metric tons would have been subject to carbon tax in this financial year had it been instituted.

ENERGY

The introduction of a suitable regulatory framework for the provision of privately-produced alternative electricity to the national grid in South Africa could potentially result in Tongaat Hulett expanding the business's ability to generate electricity from bagasse, a renewable resource produced as a co-product of the sugar production process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills to significantly increase electricity generation from bagasse. For the year ended 31 March 2016, Tongaat Hulett used a total of 889 451 MWh (2014/15: 908 460 MWh) of electricity across all of its operations and offices. It generated 366 885 MWh (2014/15: 449 100 MWh) from its sugar mills, predominantly from bagasse, and sold 33 388 MWh (2014/15: 32 650 MWh) to the national grid. Other sources of fuel that are used include coal 282 885 tons (2014/15: 280 646 tons), diesel 12,7 million litres (2014/15: 12,7 million litres), petrol 0,994 million litres (2014/15: 1,04 million litres), gas 492 397 GJ (2014/15: 427 910 GJ) and wood.



AIR QUALITY

The deliberate strategy of burning bagasse ahead of coal as a fuel by sugar mills significantly improves the quality of emissions in terms of particulate matter, noxious gases, carbon and sulphur oxide. Wet scrubbing technology continues to be used by most operations to remove fly-ash from the flue gas to ensure that emissions meet acceptable air quality standards. Tightening regulatory constraints and changing societal expectations in relation to air emissions present challenges and opportunities for the business. While some emissions will always be inevitable because of the very nature of manufacturing operations, the company realises the need to improve performance. In 2015, it implemented a significantly revised air quality protection standard which sets high performance expectations on operations in line with respective country-specific legal regimes.

The primary use of coal as a fuel to fire boilers at the refinery in South Africa presents challenges in improving the quality of emissions. To address this, the company has developed an improved process technology solution which could be applied at that operation.

BIODIVERSITY AND LAND MANAGEMENT

A total of 7 970 developable hectares of land in KwaZulu-Natal has been identified for conversion, at the appropriate time, in support of growth and development of the region. This conversion is carefully managed and coordinated in line with broader government objectives and spatial policies. A major element of this conversion includes the rehabilitation of the affected ecological systems through a range of biodiversity improvement practices.

Soil health plays a critical role in maintaining biodiversity. Experts warn that 33 percent of world soil is already moderately to highly degraded due to erosion, nutrient depletion, acidification, urbanisation, and chemical pollution, putting future supplies of food, water and energy at risk. Tongaat Hulett continues to rehabilitate currently unproductive land to agriculture, while also securing additional sugarcane supply to its mills.

WATER RESOURCE MANAGEMENT

Water resources management takes place in the context of the water-energy-food nexus and is informed by the CDP Water Disclosure, the 2030 Water Resources Group (2030 WRG), the National Water Resources Strategy released by the South African Department of Water Affairs and the Alliance for Water Stewardship. Tongaat Hulett is involved in water partnership projects addressing locally-relevant issues such as watershed protection, access to safe drinking water, sanitation, agricultural water efficiency, and education and awareness.

The CDP's water programme provides a framework that enables companies and investors to take meaningful action to improve water security worldwide. Investors collectively managing more than US$63 trillion and multinational companies with a combined procurement spend of US$214 billion requested companies to respond through CDP's water programme in 2015.

As an agriculture and agri-processing business, water is a vital part of Tongaat Hulett's daily operations. Climate change, with its consequent impacts on water availability and water quality, continues to impact a number of the regions in which Tongaat Hulett and its suppliers operate. Water pollution has the potential to increase operational costs and compromise the quality of produced products. It is therefore in Tongaat Hulett's interest to ensure sustainable management of shared water resources in the regions where it operates and procures from.

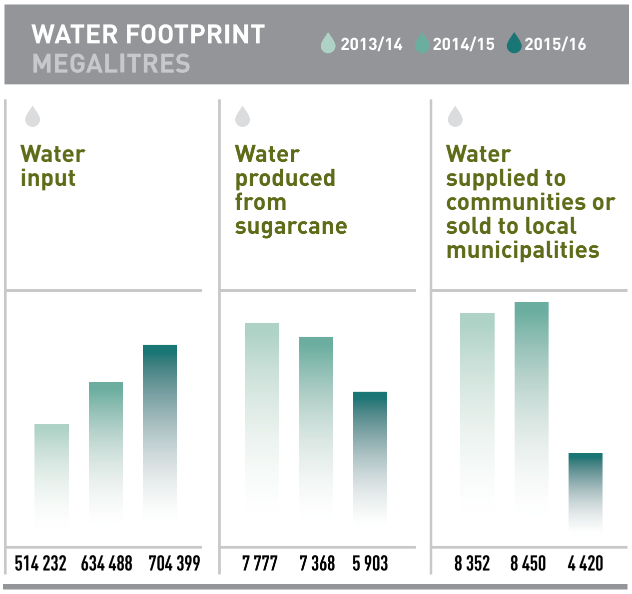
> "For these reasons, the CDP acknowledged Tongaat Hulett's continued commitment to transparent corporate water stewardship. The business has been responding to its stakeholders' requests for information via CDP

since 2011, and this year its water response was assessed against the CDP's water scoring methodology. The result indicates that Tongaat Hulett:

- Measures impacts and is taking steps to reduce them.
- Identifies water risks at the river basin level and reported response strategies to tackle them.
- Monitors total water withdrawals by source, consumption and discharges by destination.
- Has implemented a water policy and a strategic framework that outlines clear action.

The business is committed to improving its water management practices to maintain consistent and high-quality production in the future. While improving water security globally is an ambitious undertaking, the actions that companies such as Tongaat Hulett are taking demonstrate an understanding of the scale and nature of the challenge as well as the importance of addressing it. We congratulate Tongaat Hulett on their actions thus far and encourage the company to continue to improve its corporate water stewardship."
Cate Lamb - Head of CDP's Water Programme

Input water sources include water abstracted from rivers, water available in sugarcane and water purchased from municipal sources. Most sugar mills operate in remote locations and therefore assist in the provision of potable water to local communities. For the reporting year ended 31 March 2016, the total water input was 704 399 mega litres (2014/15: 634 488) of which 5 903 mega litres (2014/15: 7 368) was produced from sugarcane and 4 420 mega litres (2014/15: 8 450) was supplied to communities or sold to local municipalities. Overall, there was a 20 percent decrease in water produced from sugarcane as the business crushed less cane due to drought.



EFFLUENT MANAGEMENT

The company remains committed to achieving 'zero effluent` disposal. Current efforts are aimed at reducing effluent discharged from production processes and ensuring containment of excess effluent that would be subjected to a dilution process prior to being re-used in irrigating nearby crops where practical. 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 progressing with 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 sugarcane on adjacent estates and effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment. The quantity and quality thereof is monitored to ensure compliance with the relevant specifications.

WASTE MANAGEMENT

Tongaat Hulett continues to effectively and efficiently manage waste to protect human health and the environment, minimise disposal costs, and avoid creating future liabilities. It is working towards reducing the amount of hazardous waste produced from production processes with the ultimate objective of achieving 'zero hazardous waste'. Various options are being explored to reduce, re-use and recycle waste before its ultimate disposal. Operations based in South Africa, Mozambique, Botswana, Namibia and Swaziland make use of registered waste companies that collect non-valuable hazardous waste from operations and dispose of it at designated hazardous landfill sites. The Zimbabwean operations have constructed hazardous disposal sites that are registered by the regulatory authority and are subject to annual statutory and third-party audits.

During the reporting period 2015/16, 10 387 tons of general waste (2014/15: 12 096 tons), 2 486 tons of scrap metal (2014/15: 2 455 tons) and 763 tons of hazardous waste (2014/15: 4 822 tons) was generated and disposed of in accordance with applicable legislation.

ENVIRONMENTAL INCIDENTS AND COMPLIANCE

The company responded to most concerns raised by affected stakeholders, mainly from surrounding communities. There were no serious incidents or non-monetary sanctions for non-compliance with applicable environmental regulations registered during the year under review. The established community liaison forums between Tongaat Hulett and interested parties continue to address environmentally-related complaints.

A total of two Level 2 incidents (2014/15: 1) and 416 Level 1 (2014/15: 581) incidents were recorded while 92 complaints (Level 1: 92 and Level 2: 0) were registered and attended to. Most of the Level 1 complaints were recorded at starch operations being related to odour emanating from production processes. Appropriate corrective action and engagement processes with affected parties were undertaken. The Level 2 incidents were reported at Triangle operations in Zimbabwe and Agricultural operations in South Africa. Most Level 1 incidents were related to vandal fires as well as illegal dumping incidents perpetrated by unidentified members of the public.

INDEPENDENT THIRD-PARTY ASSURANCE

Environmental Resources Management (ERM) has provided independent third-party assurance over selected sustainability content of the Integrated Annual Report 2016. The assurance was conducted in line with the AccountAbility AA1000 Assurance Standard (Revised, 2008) (Type I Moderate level). The engagement was conducted using the AA1000 AccountAbility Principles Standard (2008) criteria and those of the GRI G3.1 Sustainability Reporting Guidelines. For the detailed assurance statement refer to

www.tongaat.com/2016/ermassurance.pdf

DIRECTORATE

DIRECTORS'
Strengths
Capabilities
Experience
These attributes are reflected under each Director's name

CB SIBISI

- Corporate/organisational and strategic leadership
- Socio-economic development and sustainability
- Development economics
- Agriculture and agri-processing

CHAIRMAN

Chief Executive, Sangena Investments (Pty) Limited, MA (Econ Dev)

Bahle (52) is the Non-executive Chairman of Tongaat Hulett. He is also currently the Chairman of SABS and Roadcrete Africa (Pty) Ltd. He is a former deputy Director General of the Department of Trade and Industry. He was appointed to the Tongaat Hulett Board in 2007.

PH STAUDE

- Corporate, multinational and strategic leadership
- Agriculture and agri-processing
- Land and property development
- Talent management and leadership development

CHIEF EXECUTIVE OFFICER

BSC (IND ENG)(HONS) (Cum Laude), MBA (Pretoria)

Peter (62) lectured at the University of Pretoria before joining Tongaat Hulett in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed to the Tongaat Hulett Board in 1997 and became Chief Executive Officer in May 2002. He was the Chairman of Hulett Aluminium from 2002 to July 2007. He is also the former Chairman of Trade & Investment KZN and now a Non-Executive Director of Hulamin.

SM BEESLEY

- Operational best practice
- Multinational organisational leadership
- Strategic insights
- Transformational leadership

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies
BA Law, MDP

Stephen (64) has extensive multinational business experience in many countries including Botswana, Namibia, Tanzania, Zambia, Mozambique and Zimbabwe. He had a long career at BP plc where he held several executive and leadership roles, including as former Managing Director of BP Africa Limited, CEO of BP Southern African (Pty) Limited and Managing Director of BP and Shell Marketing Services, Zimbabwe. He is currently a partner at SJS Energy, and actively consults on a range of energy issues to the energy sector. He was appointed to the Tongaat Hulett Board in June 2014.

J JOHN

- Risk management, assurance and corporate governance
- Financial and strategic leadership
- Financial governance
- Operational best practice

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chief Audit Executive, FirstRand Group Hons BCompt, CTA, CA (SA), CIA, QIAL
Senior Executive Programme (Wits and Harvard), Diploma in Company Direction

Jenitha (44) has held various financial and audit related roles at, inter alia, Discovery Holdings Ltd, Telkom SA (Ltd), Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining the FirstRand Group. Jenitha has served on many Boards and Audit Committees of both Public and Private sector entities. She was appointed to the Tongaat Hulett Board in 2007.

F JAKOET

- Risk management, assurance and corporate governance
- Financial and strategic leadership
- Corporate governance and ethics management
- Financial governance

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies
BSc, CTA, CA (SA)

Fatima (55) has in-depth experience in various facets of large corporate business, from both a strategic and operational perspective, including industrial relations, transformation and employment equity issues. She has worked in various industries, and in positions ranging from finance to general management. She is a Non-Executive Director of MMI Holdings Ltd, Clicks Group Ltd, certain MTN subsidiaries, Rand Refinery Pty Limited and AfriSam Group Pty Limited. Fatima was appointed to the Tongaat Hulett Board in 2008.

RP KUPARA (ZIMBABWEAN)

- Risk management, assurance and corporate governance
- Financial governance
- Agriculture and agri-processing

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies
B.Acc (Hons), CA (Z), MBA

Rachel (57) previously worked in the financial services sector, specifically banking and insurance at various senior levels. She is also a former Finance Director and Chief Executive of Ariston Holdings, a Zimbabwe Stock Exchange listed company. She is currently a Non-Executive Director of Nicoz Diamond Insurance Company, Dairibord Holdings Limited and Zimbabwe Insurance Brokers Limited. She was appointed to the Tongaat Hulett Board in 2009.

N MJOLI-MNCUBE

- Entrepreneurship
- Strategic leadership
- Socio-economic development and sustainability
- Risk management, assurance and corporate

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies

BA, Masters in City and Regional Planning, Spurs Fellowship (Massachusetts Institute of Technology) USA, Certificate in Engineering and Technology Management, Warwick University, UK

Nonhlanhla (57) is a business woman, and former Economic Advisor to the Presidency. She has worked as a City and regional planner in South Africa, a survey research supervisor at Washington State University, USA, an Executive Director at a subsidiary of Murray & Roberts, chairman of several housing funds, managing owner, and founder of women entrepreneurial organizations. She has certificates in Leadership (Harvard and Wharton Universities USA), and Technology Management (Warwick University, UK). She has more than 10 years' experience as a board member in JSE listed companies. She was appointed to the Tongaat Hulett Board in 2008.

SG PRETORIUS

- Corporate/organisational and strategic leadership
- Human capital management
- Strategic marketing
- Transformational leadership.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies
MCom (Business Economics) Honorary Doctorate (Marketing)

Brand (68) currently serves as a non-executive Chairman of Metair Investments Limited, and is non-executive director on the boards of Reunert, Italtile, Africum, Agrinet and Tata Africa Holdings. He is also a member of the advisory boards of Business Against Crime SA, the READ Educational Trust, Alexander Proudfoot, InvoTech, and the Motor Industry Ombudsman of South Africa. Prior to this he had a long and distinguished career in the motor industry as Managing Director of Toyota South Africa Marketing and as CEO of McCarthy Limited. He retired as CEO of McCarthy and as an executive director of Bidvest on 1 March 2011. He was appointed to the Tongaat Hulett Board in 2011.

TA SALOMÃO (MOZAMBICAN)

- Corporate, financial and strategic leadership
- Socio-economic development and sustainability
- Government relations and policy formulation
- Leadership development and talent management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of companies
MA (Economics)

Tomaz (61), who is Mozambican, is the former Executive Secretary of the Southern African Development Community (SADC, 2005 - 2013). At Regional level, he presided over the SADC roadmap for the preparatory process of the SADC Free Trade Area, which was launched by the SADC Summit in August 2008. He also guided the broad-based consultative process for the SADC Regional Infrastructure Development Master Plan (RIDMP) culminating in its adoption by Summit in 2012. Prior to this, he made significant contributions in the development of his country in senior Government leadership including as Minister of Transport and Communications from 2000 to 2004; and as Minister of Finance and Planning (1994 to 1999). He also served as Governor for Mozambique at the African Development Bank, International Monetary Fund and the World Bank. He is currently a Visiting Research Fellow at the University of Witwatersrand School of Governance. He is also the non-executive Chairman of the Board of Standard Bank, Mozambique, and Cervejas de Mozambique, and is non-executive director of Metallon Corporation, UK. He was appointed to the Tongaat Hulett Board in 2015.

TN MGODUSO

- Risk, assurance and corporate governance
- Human capital strategic talent management
- Strategic insight and operational best practice
- Transformational leadership

NON-EXECUTIVE DIRECTOR

Director of companies
MA (Clin Psych)

Thandeka (60) is a social entrepreneur and has worked both in the private and the public sectors within the economy of South Africa. She has attended numerous executive programs at universities and leadership institutions, both locally and internationally. She serves on a number of boards, including as a non-executive director at the South African Reserve Bank (Chairman of the remuneration committee), Assore Limited (member of SEC), Metair Investments (Chairman of the remuneration committee), BIOSS SA, and is a Commissioner on the Commission for the Remuneration of Public Office Bearers. She is a non-executive director of Ayavuna Women's Investment (which forms part of Tongaat Hulett's BEE equity participation structure). Prior to this, she was a Deputy Chair of the National Nuclear Regulator, non-executive director and Chairman of the remuneration committee at the Air Traffic Navigation Services and Chairman of the Road Freight Association. She was appointed to the Tongaat Hulett Board in 2010.

MH MUNRO

- Financial and strategic leadership
- Business operations across Southern Africa
- Agriculture and agri-processing
- Land and property development

EXECUTIVE DIRECTOR

CHIEF FINANCIAL OFFICER
BCom, CA (SA)

Murray (50) commenced full-time employment by Tongaat Hulett in 1992, having been involved with the business since 1984. He has held a number of senior financial, commercial, market and general management positions in various operations. He assumed responsibility as the Financial Director and was appointed to the Tongaat Hulett Board in October 2003.

CORPORATE GOVERNANCE

APPROACH TO EFFECTIVE GOVERNANCE

The Board of Directors (the Board) recognises the inextricable link between effective governance, sustainable organisational performance and creating long-term value for all stakeholders. The Board is therefore committed to transparency, accountability, integrity and ethical leadership.

Tongaat Hulett continues to apply the principles of the King Report on Governance for South Africa and the King Code on Governance Principles 2009 (King III), and the recommendations relevant to its business. Tongaat Hulett's King III compliance register is available at www.tongaat.com. It includes detail of how each principle has been applied and is reviewed on a regular basis to ensure that the disclosures are current and remain relevant. The company's approach to corporate governance continues to reflect that governance is regarded by the Board not as a mere compliance exercise that measures basic compliance with King III, but rather confirms that best practice principles are effectively utilised and embedded by the company in its day to day activities.

This corporate governance report has been aligned to King III, the Companies Act, the Listings Requirements of the JSE Limited (JSE), including full compliance with paragraph 3.84 of the JSE requirements (available at www.tongaat.com), and other pertinent statutes and regulatory requirements guiding the Board's and company's conduct for the period under review.

BOARD OF DIRECTORS

BOARD COMPOSITION

Tongaat Hulett has a unitary Board structure, which at 31 March 2016 comprised nine non-executive and two executive directors, drawn from a broad spectrum of the business community. Collectively, the directors possess a wide array of skills, knowledge and experience, and bring independent judgement to Board deliberations and decisions, with no one individual or group having unfettered powers of decision-making. The Board acknowledges that its demographic diversity (including race, historically disadvantaged groups, age and nationality) promotes the consideration of various perspectives and thus enhances robust, balanced and effective discussions at the top tier of the organisation. The Board is also sufficiently gender diverse, with five out of eleven directors on the Board being women. The roles of the Non-Executive Chairman, CB Sibisi, and the Chief Executive Officer, PH Staude, are separate with a clear division of responsibilities. The Chairman is not considered fully independent by virtue of his involvement in the company's BEE equity participation structure. Jenitha John, who is an Independent Non-executive Director is the Lead Independent Director in situations where the Chairman is not independent.

BOARD CHARTER AND DELEGATED AUTHORITIES

The Board has an approved charter and an annual work plan that outline matters identified and reserved for its consideration. It records the Board's objective to provide responsible business

Board Of Directors		Board Committees			
Name	**Year Appointed**	**Audit and Compliance**	**Remuneration**	**Nomination**	**Risk, SHE, Social and Ethics**
Non-Executive Directors					
CB Sibisi (Chairman)	2007		Member	Chairman	
SM Beesley*	2014				Member
F Jakoet*	2008	Member			Member
J John (LID)**	2007	Chairman			
RP Kupara*	2009	Member			
TN Mgoduso	2010				Member
N Mjoli-Mncube*	2008		Member	Member	Chairman
SG Pretorius*	2011		Chairman	Member	
TA Salomão*	2015				
Executive Directors					
PH Staude (CEO)	1997				Member
MH Munro	2003				Member

* Independent non-executive directors
** Lead independent director

leadership with due regard to the interests of shareholders and other stakeholders, whilst reflecting a demonstrable concern for sustainability as a business opportunity that guides strategy formulation. It includes the Board's responsibility to amongst others, approve strategy, business plans and budgets, provide effective leadership based on an ethical foundation, oversee governance of risk and information technology, ensure succession planning, approve annual results and review of significant policies and governance frameworks. The charter also highlights the role of the Board as the custodian of corporate governance, and addresses the fiduciary duties and responsibilities of the board and directors.

The Board has mandated the following four committees, (their roles and responsibilities are summarized below) each with a Board approved terms of reference, to support it in the execution of its governance responsibilities:

- Audit and Compliance
- Nomination
- Remuneration
- Risk, SHE, Social and Ethics

The Board has further delegated the authority to run the day-to-day affairs of the company to the Chief Executive Officer and other senior executives. Levels of authority and materiality delegated to management are approved by the Board and clearly recorded in the Authorities Framework contained in the Corporate Governance Manual, which is utilised by all operations within Tongaat Hulett.

BOARD CHANGES AND ROTATION AT AGM

During the period under review, the Board appointed Tomaz Salomão as an independent non-executive director on 25 May 2015, to further enhance the skills on the Board. He was also formally elected as director by the shareholders at the AGM held in July 2015.

In accordance with the company's memorandum of incorporation, directors are required to retire either by rotation at intervals of three years, or at the close of business of the next annual general meeting (AGM) after a director attains the age of seventy years. Directors retiring by rotation who avail themselves may be re-elected at the AGM at which they retire. New directors may only hold office until the next AGM, at which they will be required to retire and offer themselves for election.

Retiring at the next AGM by rotation are J John, RP Kupara and N Mjoli-Mncube, who being eligible and available, will seek re-election as directors. The Nomination Committee has assessed each of the retiring directors and the Board unanimously recommends their re-election.

There are no term contracts of service between any of the directors and the company or any of its operations.

BOARD INDUCTION AND DEVELOPMENT

On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and the markets within which it operates. The Company Secretary ensures that directors receive accurate, timely and clear information. The Chief Executive Officer and key executives hold detailed discussions with new directors on business performance, strategic objectives and key themes. This, together with business reports of prior Board and committee meetings, discussions with heads of operations accompanied by site visits of the mills, agriculture and development sites, provides new directors with sufficient exposure of the company's operating dynamics. Directors are also encouraged to update their skills, knowledge and experience through participation in relevant programmes as deemed appropriate from time to time.

BOARD EVALUATION

The formal self-evaluation process of the Board and its committees, the assessment of the Chairman's performance by the Board and the assessment of the performance of individual directors by the Chairman, which are conducted annually, are an integral element of the Board's activities to review and improve its performance continually. During the period under review, this evaluation process included assessing the independence of non-executive directors as envisaged in King III. Of the nine non-executive directors, seven are considered independent, whilst two are not considered independent by virtue of their involvement in the company's black economic empowerment equity participation structure. In arriving at the conclusion of independence, the requirements of the Companies Act and King III on independence are taken into account and consideration is given amongst others, to whether the individual non-executive directors are sufficiently independent of the company so as to effectively carry out their responsibilities as directors, that they are independent in judgement and character, and that there are no instances of conflicts of interest in the form of contracts, relationships, share options, length of service or related party disclosures that could appear to affect independence. None of the independent non-executive directors have been directors of the company for more than nine years. The outcome of the Board evaluation process for the period under review has been positive.

The Board meets at least five times a year, with special or additional meetings convened as circumstances dictate. Comprehensive Board documentation is prepared and distributed in advance of each meeting, with an opportunity to propose additional matters for discussion at meetings. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

EVALUATION OF COMPANY SECRETARY

All directors have access to relevant information and to the advice and services of the Company Secretary, MAC Mahlari, who was appointed in December 2009. Ms Mahlari holds a BA and LLB, has over 10 years' experience as a Company Secretary and has worked in various private commercial law practices. After assessing the Company Secretary in accordance with the JSE Listings Requirements, the Board concluded that Ms Mahlari is suitably qualified, competent and meets the appropriate requirements in terms of experience to carry out the functions of Company Secretary of a public listed company. Furthermore, the Board is satisfied that Ms Mahlari maintains an arm's length relationship with the Board of directors. She is not a director of the company, nor does she enjoy any related or inter-related relationship with any of the directors or executives of the company that could give rise to a conflict of interest.

Board and committee composition and attendance for the year ended 31 March 2016

Director	Board		Audit and Compliance		Remuneration		Nomination		Risk, SHE, Social and Ethics	
	A	B	A	B	A	B	A	B	A	B
CB Sibisi (Chairman)	5	5			3	3	2	2		
PH Staude (CEO)	5	5							2	2
SM Beesley	5	5							2	2
F Jakoet	5	5	3	3					2	2
J John	5	4	3	3						
RP Kupara	5	5	3	3						
TN Mgoduso	5	4							2	2
N Mjoli-Mncube	5	4			3	3	2	2	2	2
MH Munro	5	5							2	2
SG Pretorius	5	5			3	3	2	2		
TA Salomão [1]	3	3								

A: Indicates the number of meetings held during the year while the director was a member of the Board and/or committee.
B: Indicates the number of meetings attended during the year while the director was a member of the Board and/or committee.
1: Appointed to the Board on 25 May 2015

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with the Board charter, the Board has reserved certain matters for its exclusive mandate and has approved and delegated authority for specific matters to various committees, all of which have formal terms of reference. Through transparency, disclosure, review and regular reporting by the committees, the Board is able to receive assurance that, inter alia, key risk and opportunity areas, operational, financial and non-financial aspects relevant to the company's various businesses are monitored. The formal terms of reference and the delegated authority regarding each committee are set out in the Corporate Governance Manual, and are summarised as set out below.

REMUNERATION COMMITTEE

The Remuneration Committee, which meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are SG Pretorius (Chairman), CB Sibisi and N Mjoli-Mncube. PH Staude, as CEO, and C Mokoena as the HR Executive, attend by invitation and MAC Mahlari is the secretary. An additional meeting of the committee was arranged, bringing the number of meetings held during the period under review to three. The record of attendance is contained above. The report of the Remuneration Committee commences on page 71.

NOMINATION COMMITTEE

The Nomination Committee, which comprises only non-executive directors, meets as needed, and as required by the JSE Listings Requirements, is chaired by the Chairman of the Board. Its current members are CB Sibisi (Chairman), N Mjoli-Mncube and SG Pretorius. PH Staude, as CEO, attends by invitation and MAC Mahlari is the secretary. The committee's terms of reference are summarised as follows:

- Ensures that for Board appointments, a rigorous, fair and open nomination and appointment process is followed to provide a balance of appropriate skills, knowledge and experience in the boardroom and support strong corporate performance.
- Makes recommendations to the Board on the size, composition and demographics of the Board, particularly in relation to the balance between executive, non-executive and independent directors.
- Ensures that there is a diversity of experience, gender, race and backgrounds to create a cohesive, balanced and effective Board.
- Gives consideration to succession planning, and ensures that processes and plans are in place for orderly succession and for appointments to the Board and senior management.

During the period under review, the Nomination committee discussed the directors who would retire by rotation at the next AGM, and recommended the re-election of these directors, namely J John, RP Kupara and N Mjoli-Mncube to the Board and AGM. The Committee also recommended the election of the Audit and Compliance Committee until the next AGM, comprising of J John, SM Beesley, F Jakoet and RP Kupara. In making the recommendations to the Board and ultimately the AGM (where applicable), the Nomination committee considered the current skills set on the Board as a collective, the relevant experience and expertise of the rotating directors, ensuring that the current skills set was sufficient to increase the board's effectiveness. In addition to skills and experience, the Nomination Committee also considered other demographic aspects of the Board, including nationality, race and gender, given that the company operates in six SADC countries. The Commitee also approved the policy on the promotion of gender diversity at board level.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee is constituted as a statutory committee in respect of its duties prescribed by the Companies Act, and as a committee of the Board in respect of all additional duties assigned to it by the Board. The members of the committee were elected by the shareholders at the last AGM and include three non-executive directors of the Board, all of whom are independent and possess the necessary skills, knowledge and expertise to direct the committee constructively in the execution of its responsibilities. The current members are J John (Chairman), F Jakoet and RP Kupara. SM Beesley has been nominated as a new member of the committee with effect from July 2016. The Chief Executive Officer, PH Staude, the Chief Financial Officer, MH Munro, the Head of Internal Audit, D K Young and representatives of the internal and external auditors attend by invitation. The Company Secretary, MAC Mahlari, is the secretary for this committee. The committee meets at least three times a year.

The Audit and Compliance Committee's terms of reference, which have been updated in line with King III and the Companies Act and approved by the Board, include the following objectives and responsibilities:

- Assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and controls, the assessment of going concern status, ensuring that pertinent compliance and relevant risk management processes are in place, reviewing the work performed by the external auditors and the internal audit function, and to review interim financial information and annual financial statements which are provided to shareholders and other key stakeholders.
- The committee provides a forum through which the external and internal auditors report to the Board. It is responsible for the appointment and review of internal and independent external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements. In addition, it reviews procedures and policies of internal control, including internal financial controls and internal audit reports. The adequacy and capability of Tongaat Hulett's external and internal audit functions are also subject to continuous review. The committee further considers the independence and objectivity of external auditors.
- Management is focused on continuous improvements to systems of internal control. An external quality assurance review of the internal audit function was performed in 2013, which concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five years from the date of validation in terms of the standards of the Institute of Internal Auditors.
- The external and internal auditors have unrestricted access to members of the Audit and Compliance Committee and its Chairman at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity of addressing the committee and its Chairman at each of the meetings without management being present. The Audit and Compliance Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter, which is in line with King III and approved by the committee and the Board.
- The charter sets out the terms of reference of Tongaat Hulett's internal audit function, its reporting line to the Chairman of the committee, the working relationship with the Head of Internal Audit and the fact that the internal auditors have unrestricted company wide access to all functions, records, property and personnel. The committee also reviews the scope and coverage of the internal audit function. While the internal audit function has been outsourced to a professional firm of registered accountants and auditors, co-ordinated by the Head of Internal Audit, the company's independent external auditors do not assist in the performance of any internal audit assignments.
- The nature and extent of all non-audit services provided by the independent external auditors are approved and reviewed by the committee, to ensure compliance with the company's policy on non-audit services.
- The committee is also responsible for ensuring that the combined assurance model espoused in King III is applied to provide a co-ordinated approach to all assurance activities. Tongaat Hulett has adopted a Combined Assurance Strategy and Plan that provides a framework for the various assurance providers to provide assurance to the Board, through the Audit and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks facing the company are adequately managed and that assurance activities are integrated and co-ordinated in the most efficient and proficient manner. The Combined Assurance Strategy and Plan is discussed further in the Risk Management Process section of the integrated annual report.
- The committee's focus on regulatory compliance is ongoing in line with the regular updates to the regulatory environment. The framework of high priority laws and regulations applicable to Tongaat Hulett's operations has continued to be refined during the year with the aim of strengthening the culture of legal awareness and compliance. The Board-approved compliance policy confirms and firmly entrenches Tongaat Hulett's commitment, through the combined efforts of various role players, to implement controls and processes to manage regulatory compliance across all operations. Management continuously assesses and reviews legal, regulatory and corporate governance requirements and risks, and identifies appropriate processes and interventions to enhance compliance with applicable legislation. No material infractions or fines have come to management's attention during the period under review that indicates non-compliance with pertinent legislation and codes of good practice.

- In order to ensure optimal performance and delivery of its mandate, the committee conducted an assessment of its performance for the period, considering such factors as its composition and authority, the execution of its role and responsibilities, its working relationship with both internal and external audit and its statutory obligations towards the company and its shareholders. The outcome of the assessment process has been positive, reflecting that the committee meets best practice, and is functioning effectively and efficiently.

Each major operational area has its own audit and compliance meeting processes which subscribe to the same company audit philosophies and reports and leads to the Tongaat Hulett Audit and Compliance Committee. The statutory report of the Audit and Compliance Committee is on page 92, and forms part of the annual financial statements.

RISK, SAFETY, HEALTH, ENVIRONMENT (SHE), SOCIAL AND ETHICS COMMITTEE

The committee is constituted as a statutory committee in respect of its obligations prescribed by the Companies Act, and as a committee of the Board in respect of all additional duties assigned to it by the Board.

The committee, comprising non-executive and executive directors, is chaired by an independent non-executive director, and meets at least twice a year. Its current members are N Mjoli-Mncube (Chairman), PH Staude (CEO), F Jakoet, TN Mgoduso, SM Beesley and MH Munro (in his capacity as Chief Risk Officer). Various heads of operations and senior managers (responsible for SHE, broader sustainability aspects, socio-economic development, stakeholder engagement and ethics, amongst others) attend this meeting by invitation. MAC Mahlari is the secretary. The chairman of the committee reports to the Board on all matters discussed by the committee within its mandate as well as providing minutes of all its activities and decisions taken.

Primary responsibilities and objectives of the committee include:

- monitoring the social and economic development activities of the company;
- ensuring that the company is an active and socially committed corporate citizen;
- ensuring that there are processes in place to monitor consumer relationships and general compliance with consumer protection laws;
- monitoring the company's standing relative to the United Nations Global Compact principles, the OECD recommendations regarding combating corruption and the International Labour Organisation Protocol on decent working conditions for employees, and the company's contribution towards the education development of employees;
- ensuring that the company has implemented effective policies and plans for employee and public safety, health and environment that enhance the company's ability to achieve its strategic objectives, including the impact of the company's activities and products on the environment and society;
- monitoring the social performance and ethical governance and practices of the company;
- overseeing on behalf of the board the total process of risk management and governance, including amongst others reviewing the implementation of the risk management strategy and policies by means of risk management systems and processes;
- ensuring that there is meaningful engagement with the company's identified stakeholders.

During the period under review, the committee carried out a self-evaluation of its performance. The results of the self-evaluation process reflected that the committee was satisfied with how it executed its responsibilities and fulfilled its mandate.

The Risk, SHE, Social and Ethics Committee presents its report to the shareholders as required by the Companies Act and recommended by King III, illustrating how it discharged its statutory responsibilities and acted in accordance with its terms of reference for the period to 31 March 2016:

1. Statutory duties

Social and economic development

Tongaat Hulett is a signatory to and participant of the United Nations Global Compact, a corporate citizen initiative espousing principles in the areas of human rights, labour, environment and anti-corruption. The company continues to adhere to the ten principles articulated in the Global Compact to promote sustainable development and good corporate citizenship, through a set of values based on universally accepted principles. The ten principles are receiving due and appropriate attention by the company on an ongoing basis. During the period under review, the committee monitored the socio-economic development initiatives undertaken by the company, within the business objective of contributing to the creation of successful rural communities. This is in line with the company's Socio-Economic Development Policy, which entrenches the philosophy of constructively contributing towards building and enhancing the quality of life of the communities in the Southern African regions where it operates. A full report of Tongaat Hulett's focus on, and contribution to, social and economic development, particularly within the context of its relationship with private farmers, surrounding communities across all areas of operation and the link to the business' various stakeholder relationships, can be found in the sustainability elements section of the integrated report.

The company is committed to economic sustainability and continues to assess its business approach to empowerment and preferential procurement, taking into account employment equity, skills development and broad-based black economic empowerment within the Southern African context. In South Africa, the company annually conducts a B-BBEE audit assessment and in its most recent audit, the company was categorised as a level three contributor. More information in this regard is contained in the sustainability report.

Good corporate citizenship

During the period under review, the committee monitored the company's standing and commitment in terms of being a responsible corporate citizen. This included the committee reviewing in great detail the company's stakeholder value creation framework which is linked to the strategic objectives of the company. The framework covers inter alia, the company's objective to assist with the development of small-scale private farmers, partnering with key stakeholders to progress renewable energy initiatives and creating successful rural communities within Tongaat Hulett's cane catchment. The committee also assessed the company's proactive stakeholder engagement interface and other processes in place which ensure that the appropriate communication strategy for each stakeholder grouping is identified and successfully implemented, thereby contributing to the maintenance and development of strong and effective stakeholder relationships. Tongaat Hulett continues to be regarded as a responsible corporate citizen and the committee is satisfied that this element continues to receive appropriate attention. A full report of the stakeholder relationships, various initiatives led by the company and the positive impact on stakeholder engagement can be found under the social and relationship capital element of the sustainability report.

Safety, health and environment (SHE)

During the period under review, the committee performed its responsibility of overseeing the performance of the company against its set safety, health and environment targets and objectives, and considered various reports relating to SHE risks and opportunities that could potentially face the company. Safety, health and environment practices continue to receive key management focus, with the CEO continuing to provide leadership and direction on strategic implementation of SHE initiatives, not only within the company, but extending the various SHE programmes to include contractors, service providers and where applicable, surrounding communities. The company's comprehensive safety programmes, employee and community focused health initiatives and environmental stewardship are covered in detail in the social capital and natural capital elements of the sustainability report.

Consumer relationships, product labelling and communication

Tongaat Hulett continues to adhere to consumer protection laws across all countries of operation. Appropriate systems and processes are in place to ensure successful consumer relationships, such as suitable terms of sale agreements, responsible marketing practices and material that comply with applicable requirements, packaging and labeling practices that reflect pertinent product information in compliance with labelling regulations, as well as the commercial conduct of the company to ensure compliance with these laws. Monitoring of these key issues continues at the various operations and instances of potential non-compliance will be addressed by the Audit and Compliance committee. Through the establishment of customer care lines, operations are able to monitor customer relationships and any potential complaints that may arise.

Zero tolerance to child labour, forced and compulsory labour

As a signatory to the Universal Declaration of Human Rights, the company is committed to supporting freedom of association and collective bargaining at its various operations, and has a zero tolerance to child labour and inhumane treatment of employees, including any form of forced labour or physical punishment of employees.

Ethics

As a responsible and ethical corporate citizen, the company entrenches a culture of organisational integrity that supports an ethical corporate environment. The company is fully committed to ethical business practices and abides by a policy of fair dealing, honesty and integrity in the conduct of its business. The Code of Business Conduct and Ethics (discussed in more detail below under ethics management and governance), embodies the strategic ethical mindset of the organisation and highlights key principles and values.

2. Terms of reference

The committee has adopted, and operates within, formal terms of reference that have been approved by the Board. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with these terms of reference. The summary of the role of the committee is as articulated on page 66 of this integrated annual report.

3. Duties assigned by the Board

During the period under review, the committee fulfilled its responsibilities assigned to it by the Board in accordance with its terms of reference. The committee assisted the Board to fulfill its risk governance and SHE objectives by ensuring, amongst others, that the company has implemented effective policies and plans for risk management, safety, health and environment that enhance the company's ability to achieve its strategic objectives. The committee also ensured that disclosures and communication between the Board and the Audit and Compliance Committee regarding risk management processes and activities pertaining to safety, health and environment were comprehensive and adequately facilitated. Whilst the committee had specific duties relating to risk governance, the role of the Audit and Compliance Committee was retained in terms of some aspects of risk management, including financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

4. Relationship with other Board committees

The committee acknowledges the inextricable link between certain of its responsibilities with those of other committees of the Board. Some of these include the relationship with the Audit and Compliance Committee, which retains the responsibility for risk management as it relates to financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

Further, the company's standing on the recommendations espoused in the Organisation for Economic Cooperation and Development (OECD) regarding the prevention of corruption, are reviewed and covered by the Audit and Compliance Committee which ensures that the company has adopted effective systems of internal control, has an independent external auditor, operates within an approved code of ethics, and has implemented whistle-blowing processes that support the non-victimisation of whistle-blowers, amongst others.

The company has implemented employment equity policies that are based on the principle of creating equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels; supported by appropriate performance and talent management processes and activities, set recruitment targets, clear development and training programmes, and coaching and mentoring programmes amongst others. The Human Resources Executive drives these processes under the leadership of the CEO and reports to the Remuneration Committee and the Board.

5. Sustainability reporting

The committee reviewed and accepted the detailed sustainability report contained in this integrated report, noting the various themes of the report including social performance (social and relationship capital), environmental stewardship (natural capital) and human capital, manufactured capital and intellectual capital, as articulated in the International Integrated Reporting framework. The committee reviewed the sustainability report as part of its role of assisting the Board to achieve better performance on sustainability matters, including the company's contribution to the development of communities in which its activities are predominantly conducted, sponsorships and socio-economic development (SED) programmes, relationships with key stakeholders, and the impact of the company's activities on the environment, employee health and public safety. As detailed above, the Audit and Compliance Committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. Various reports of the external assurance service providers to ensure that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee were also considered. The independence of the external assurance service provider for the sustainability report was also assessed and confirmed.

6. Attendance

The committee had two meetings during the period under review. The record of attendance is contained on page 64.

ETHICS MANAGEMENT AND GOVERNANCE

CODE OF BUSINESS CONDUCT AND ETHICS

The company operates within a formal Code of Business Conduct and Ethics, which has been reviewed and approved by the Board, communicated and distributed to all employees across all levels in the company. The Code is based on a fundamental belief that all business transactions should be legal and conducted beyond reproach in the spirit of honesty and fairness. The company has a zero tolerance approach to theft, fraud, corruption and any violation of the law or unethical business dealing by employees and suppliers. The Code also addresses conflict of interest situations and encourages employees to report on any conflict or perceived conflict of interest situation. This may arise due to employees being offered and receiving gifts in return for favours, employees not being independent from business organisations having a contractual relationship or providing goods or services to Tongaat Hulett, and employees' personal investments taking priority over transactions for the company and its clients.

ETHICS MANAGEMENT REPORTING AND OVERSIGHT

The Audit and Compliance Committee assists the Board in overseeing the consistent application of and compliance with the Code through reports compiled by the corporate security manager and reported to the committee by internal audit. Incidents of fraud, corruption or unethical practices that are reported or detected through management controls are formally investigated, followed by formal disciplinary processes. In severe instances, criminal proceedings are instituted. Management is strict in ensuring the implementation of the Code across all operations in a day to day context. Compliance by directors, all employees and suppliers to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they are urged to promptly and confidentially report it to the Company Secretary or senior officials at management level.

WHISTLE-BLOWING SERVICE

As part of the fraud and corruption prevention approach, Tongaat Hulett has engaged the services of an independent whistle-blowing service provider to report on any unethical and unlawful behavior or non-compliance with the Code. The independent whistle-blowing service, which is anonymous, is operational in South Africa, Zimbabwe, Botswana, Mozambique, Swaziland and Namibia. Continuous training and awareness are important aspects of a successful ethics management programme. To this end, each centre has recently been provided with the official Deloitte / Tongaat Hulett Tip-Offs DVD describing the whistle-blowing process, plus stickers and posters which have also been translated into Portuguese for the Mozambique operations.

During the period under review, fifty eight tip-offs were reported through the whistle-blowing service across the business. Information relating to a significant fraudulent activity was reported in detail to the Audit and Compliance Committee meeting and appropriate steps including disciplinary action have been taken.

RISK MANAGEMENT PROCESS

While the Board is ultimately responsible for risk management, company management has designed and implemented a risk management framework and has committed the company to a process of risk management that is aligned to King III and to the company's corporate governance responsibilities. This commitment is reflected in management's continued attention to the importance of effective risk management in ensuring that business objectives and strategies are met and that continued, sustained growth and profitability is achieved. The framework, which incorporates the risk management policy, strategy and plan, aims to ensure that risk management processes are embedded in critical business activities and functions, and that risks are undertaken in an informed manner and pro-actively managed in accordance with the business risk appetite. This includes identifying and taking advantage of opportunities as well as protecting intellectual capital and assets by mitigating adverse impacts of risk.

The risk management review process seeks to achieve the correct balance between the issues that are specific to, and appropriately managed in, an operational area and those issues that are significant enough or cross cutting enough to be considered, and managed in an appropriate way, on a Tongaat Hulett wide basis. The approach to risk management includes being able to identify, describe and analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at an executive level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

Tongaat Hulett has documented its approach towards Information and Communication Technology (ICT) in various documents such as the ICT governance framework (including the company's policy and charter), disaster recovery plans, business continuity plans, acceptable use policy and a record of the approach to the protection and control of ICT documentation. The IT systems and application controls in the multiple computer systems in the various operations are, inter alia, subject to internal audit processes on an ongoing basis, integral to the audit of the overall control environment.

The current business environment is recognised as having many changing and challenging elements, particularly in the context of the volatile global economy and specific localised dynamics. Most of Tongaat Hulett's business platforms and operational areas are not considered to be in a static, steady state. Consequently, rather than relying purely on periodic reviews, there is a continued and increasing adoption of a project management approach and use of project management skills in various management processes, including risk management. The ongoing, routine risk management processes are thus coupled with change management and specific, task based, project driven risk management initiatives.

Company-wide systems of internal control exist in all key operations to manage and mitigate risks and a Combined Assurance Strategy and Plan has been implemented to further enhance the co-ordination of assurance activities. Tongaat Hulett's Combined Assurance Plan provides a framework for the various assurance providers to work together to provide assurance to the Board, through the Audit and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks are adequately managed. The Plan consists of "three layers of defense", being management, functional oversight and independent assurance providers, wherein the assurance on the risk management and related controls for the company is reported.

Appropriate business continuity plans and resources have been identified in order to ensure the implementation of recovery procedures, where potential risks have been identified as having the possibility of constituting a disaster.

The Tongaat Hulett internal audit function, which is supported by its internal audit service provider, KPMG, has performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, and the effectiveness of its risk management process. The evaluation of the company's risk management processes included a review undertaken by KPMG. It noted Tongaat Hulett's positioning, for the review period, on the KPMG Risk Maturity Continuum as "advanced" out of a possible range of "basic – mature – advanced". Consequently, the company's internal audit function has provided independent assurance to the Audit and Compliance and Risk, SHE, Social and Ethics Committees and the Board on the effectiveness of its risk management processes.

For the period under review, the Tongaat Hulett Board, assisted by the abovementioned committees, is of the view that the internal control environment and the risk management processes in place for the company are effective.

ACCOUNTABILITY AND INTERNAL CONTROL

The directors are required by the Companies Act to maintain records and prepare financial statements, which fairly present the state of affairs of the company as at the end of the financial year and the results of its operations for that year, in conformity with International Financial Reporting Standards. The financial statements are the responsibility of the directors and it is the responsibility of the independent external auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set, including the application of the company's Internal Control Framework. Tongaat Hulett Limited's Internal Control Framework is based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Framework, which has emerged as the leading framework that companies and auditors use to evaluate controls.

Systems of internal control are implemented to reduce the risk of error, loss or failure to achieve corporate objectives in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework of prudent and effective accounting procedures and adequate segregation of duties. They are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in an appropriate manner, which is above reproach.

The company's internal audit function operates independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognisance of relative degrees of risk of each function or aspect of business.

Comprehensive management reporting disciplines are in place, which include the preparation of annual budgets by all operating entities. The operating Boards approve individual operational budgets, while the company budget is reviewed and approved by the Tongaat Hulett Board. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios and working capital and borrowing levels are monitored on an ongoing basis.

THIRD-PARTY MANAGEMENT

No part of the company's business was managed during the year by any third party in which any director had an interest.

RELATED PARTY TRANSACTIONS

The company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in Tongaat Hulett Limited's annual financial statements fairly represents their shareholding in the company, both beneficial and indirect, interest in share options of the company and the compensation earned from the company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

INSIDER TRADING

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

GOING CONCERN ASSERTION

The directors confirm that they are satisfied that the company has adequate strategic, financial and operational resources to continue in business for the foreseeable future. The basis upon which this assessment is made is recorded at the time of approval of the annual financial statements. The Board continues to adopt the going concern basis for preparing the financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Chief Executive Officer, Chief Financial Officer and the Investor Relations and Communications Executive interface regularly with institutional investors on key strategic themes and the performance of the company, through various presentations and scheduled meetings as per the company's investor relations programme. The current programme includes management conducting roadshows in South Africa, the United Kingdom and the United States of America, in addition to its participation in selected national and international conferences. Through the company's website, a wide range of information is available to all shareholders and other stakeholders, including the integrated annual report, information on investor relations, and updates of the company's activities and its many initiatives to promote stakeholder value creation and sustainability. Tongaat Hulett remains committed to principles of transparency, and copies of presentations given to the investment community are available on the company's website. The company encourages the attendance of shareholders at AGMs and welcomes fruitful discussions and questions arising from the agenda and any additional issues of interest or concern to the shareholders.

For more detail on the company's engagement with stakeholders, please refer to the sustainability section of this integrated report.

REMUNERATION REPORT

This remuneration report outlines the philosophy, policy and details of the reward elements for the remuneration of Executive Directors/Officers, Executives and Non-Executive Directors of Tongaat Hulett. The reward philosophy has remained consistent with that previously approved at past annual general meetings (AGMs) in the non-binding advisory vote by shareholders, as required by King III. This will again be applied at the next AGM, in support of continued good governance.

THE REMUNERATION COMMITTEE

The roles and responsibilities of the Remuneration Committee were determined and approved by the Board, as explained in the corporate governance section of this integrated annual report, which deals with Board committees, structures and responsibilities. The committee, which meets at least twice a year, is chaired by an independent non-executive director and consists only of non-executive directors. The current members are SG Pretorius (Chairman), N Mjoli-Mncube and CB Sibisi. PH Staude, as CEO, and CK Mokoena as the HR Executive, attend by invitation and MAC Mahlari is the secretary.

The overall objective of the Remuneration Committee is to propose, review and administer the broad policy for executive and director remuneration on behalf of the Board and the shareholders, in accordance with best corporate practice. It ensures alignment of the remuneration strategy and policy with the overall business strategy, desired company culture, shareholders' interests and the sustainable commercial well-being of the business.

The committee is also responsible for, amongst others, considering and making recommendations to the Board on the remuneration policy and on the quantum, overseeing succession planning and retention, structure and composition of remuneration packages of executive directors and senior executives. In addition, it reviews general salary increases for management and the operation of the company's management incentive schemes.

The major principles of the company's remuneration philosophy and policies are set out below together with the relevant details of the remuneration of directors, officers and executives.

REMUNERATION PHILOSOPHY AND POLICY

The objective of the remuneration policy is to align the fair reward for outstanding performance of company executives to company commercial success and sustainability, simultaneously taking into account various stakeholders' perspective and affordability/cost to company. In developing the remuneration policy, the following factors were considered:

- motivating executives to achieve Tongaat Hulett's business plan, business strategy and budgets;
- creating a strong, performance-orientated environment;
- fair reward for performance;
- alignment between employee and shareholder interests;
- attracting, motivating and retaining high caliber talent and keeping within industry benchmarked pay level

These reward elements are structured to allow for appropriate differentiated reward for different roles and performance of executives, managers and employees, while attention is paid to the quantum of gaps between grades.

Rewards are linked to both individual performance and the performance of the company. From time to time, independent external studies and comparisons are used to ensure that compensation is market related, while the total cost to company is taken into consideration to determine quantum of pay overall. As a general principle, good performers are remunerated in line with the market median, with high achievers and exceptional performers being rewarded towards the market upper quartile.

Performance targets include financial and non-financial targets, and are set at various levels; being company-level targets, operating entity specific targets, team and individual performance levels. All targets are pre-determined and approved by the Remuneration Committee and the Board, and performance reviews are conducted at the end of each performance period for the various instruments, in respect of annual targets and multi-year, long-term incentive targets. The pre-determined performance targets for short-term goals are explained in the sections below. For long-term targets, a variety of relevant and appropriate measures are used, as detailed in the section on share incentives schemes below.

To ensure alignment with shareholder expectations, the performance targets are set for both short-term and long-term growth expected, and focus executives on both the business plan and long-term strategic aspirations and achievements of the company. The pay elements comprise guaranteed pay including benefits, variable short-term incentives and long-term incentives, which are also utilised as retention instruments for selected and key individuals in the company.

EXECUTIVE REMUNERATION

The remuneration of executives is determined by taking into consideration market comparisons and an assessment of performance related to the achievement of documented performance targets. Strategic and business objectives, which are reviewed periodically, as well as a general assessment of performance, are taken into account.

The remuneration structure at senior management level consists of:

- guaranteed pay
    - made up of cash package and benefits
- variable pay
    - short-term incentive bonus schemes, which have set maximum levels; and
    - long-term incentives in the form of employee share incentive schemes.

TOTAL REMUNERATION PACKAGE

GUARANTEED PAY

Basic Salary

The cash package of senior management is subject to annual review by the Remuneration Committee and the Board and is set with reference to relevant external market data as well as the assessment of individual performance.

Benefits

Membership of an approved company pension fund is compulsory for all senior management, and other benefits include the provision of medical aid, gratuity at retirement, and death and disability insurance, as well as housing and car schemes for qualifying employees in Mozambique and Zimbabwe operations.

VARIABLE PAY

The primary purpose of the bonus scheme is to serve as a short-term incentive which gives executives and senior managers the opportunity to earn an annual bonus based on the financial performance of Tongaat Hulett and the operations, as well as an element related to individual/team performance.

Incentive Bonus Scheme

The short-term incentive bonus scheme is based on a combination of the achievement of pre-determined targets, and an assessment of the individual's overall general performance. These targets include measures of corporate and, where applicable, operational performance, as well as the achievement of individual and, where applicable, team performance, against pre-determined objectives related to key business strategies and requirements. The performance targets of the executive and senior management schemes in the 2015/16 year were made up of 50% financial targets and 50% non-financial targets, which are strategic objectives and team targets. For the 2016/17 year they will be made up of a greater portion of financial targets ranging from 55% to 65%. The targets and caps are reviewed annually.

There are various caps for the different levels of executives and employees, currently as follows:

Level of management bonus	Cap as % of cash package
Chief Executive	80%
Executive Leadership	65%
Senior Management	Up to 50%

Note: Zero bonus payments are made on these schemes if headline earnings are below a certain level (2015/16: R740 million). The same principle was applied in 2014/15 and will also be applied in 2016/17.

Financial targets for Bonus Scheme

All financial targets have an upper limit and a lower limit. If financial results are below the lower limit, zero points will be earned for the element concerned. If financial results exceed the upper limit, the full score related to the relevant element of the bonus will apply.

The financial targets of this year comprise:

- Headline earnings
- Return on capital employed (ROCE)
- Cash-flow and
- Operating profit

Refer to table on page 73 for further detail on financial targets.

Share Incentive Schemes

The objective of the long-term share incentive schemes is to strengthen the alignment of shareholder and management interests and assist in the attraction, retention and appropriate reward of management.

The various instruments are the Share Appreciation Right Scheme 2005 (SARS), the Long Term Incentive Plan 2005 (LTIP) and the Deferred Bonus Plan 2005 (DBP) (collectively referred to as "the Plans"). These share-schemes were amended at the AGM on 27 July 2010 to ensure compliance with Schedule 14 of the JSE Listing Requirements and, where appropriate, the King III Report.

In the SARS, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after tax share price appreciation in the company. The extent of the vesting of the right is dependant on the achievement of performance conditions over a three year performance period.

In the LTIP, participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a three year performance period.

In the DBP, participating employees purchase shares in the company with a portion of their after tax bonus. These pledged shares are held in trust by a third party administrator for a qualifying three year period, after which the company awards the employee a number of shares in the company which matches those pledged shares released from trust.

Bonus and Share Scheme Performance Condition Targets - Financial and Operational Metrics

Type of Scheme and Performance Condition	Description of Performance Condition	Percentage Actually Achieved for Bonus/Share Vesting Calculation	
		2015/16	**2014/15**
Bonuses (Note 1)			
Headline Earnings	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	0%	40%
Return on Capital Employed (ROCE)	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	0%	0%
Cash Flow	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	0%	85%
Share Schemes (SARS and LTIPS) (Note 2)			
Total Shareholder Return (TSR) - 25% of LTIP (50% in 2015) (Note 3)	16 pre-selected and relevant other listed companies that Tongaat Hulett "competed" against to determine vesting scale based on "position in the field"	73%	33%
Return on Capital Employed (ROCE) - 25% of LTIP (50% in 2015)	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range	0%	54%
Sugar Production Condition - 25% of LTIP	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range	32%	n/a
Regulatory Framework for Electricity in South Africa - 25% of LTIP	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range	0%	n/a
Headline Earnings per Share (HEPS) - SARS	Growth of greater than CPI + 6% over 3 years for 100% vesting, using a three year average HEPS	70%	100%

Share Scheme Performance Condition Targets which vest in 2016/17 through to the 2019/20 financial year (Note 4 and Note 5)	
Headline Earnings per Share (HEPS)	Growth of greater than CPI + 6% over 3 years for 100% vesting
Total Shareholder Return (TSR)	12 to 15 preselected and relevant other listed companies that Tongaat Hulett "competes" against to determine vesting scale based on "position in the field"
Return on Capital Employed (ROCE)	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range
Sugar Production	Target quantums (annual tons of production) - range
Land Transactions	Target minimum value and cash generation

Notes

Note 1: At the executive/senior management level in the 2015/16 year, 50% of the quantum of the bonus is calculated based on the pre-determined performance measures (the remaining 50% being on individual personal performance assessments). This note reflects the performance measures at the consolidated level and for those managers who are based in an operation, then that operation's operating profit and cash flow is also used as a measure on a similar basis, with a similar calibration. The weighting (within the 50% subject to financial performance conditions) of the various performance conditions for the CEO and CFO was Headline Earnings: 30.0%; ROCE: 7.5%; Cash Flow: 12.5%. In the 2016/17 year, there will be a greater proportion of predetermined financial measures and a greater emphasis on cash flow.

Note 2: In the period to 31 March 2016, the share incentive scheme awards vested in June 2015 and were based on the 2014/15 financial years' results and had the following performance conditions, as detailed in this table: Long Term Incentive Plan (LTIP) had 25% dependant on TSR, 25% on Sugar Production, 25% on Land Transactions and 25% dependant on ROCE while the Share Appreciation Rights were all dependant on HEPS growth.

Note 3: For the TSR assessment, over time the population of companies that Tongaat Hulett has "raced" against has included: AECI, Astral Foods, AVI, Bidvest, Clover Industries Ltd, Crookes Brothers, Illovo Sugar, Mondi Ltd, Nampak, Omnia Holdings Ltd, Oceana Group, Pioneer Foods, RCL Foods Limited, Sappi Ltd, Tiger Brands.

Note 4: These are awards made from 2013 onwards, which vest in the financial years 2016/17 onwards and have the performance conditions, detailed in this table: LTIP's are dependant on 4 of these performance measures (25% each), which vary from year to year and SARS are all dependant on HEPS growth.

Note 5: For the awards vesting in the 2016/17 year, the performance conditions are based on the 2015/16 results and will result in the HEPS condition (SARS) - zero percent vesting; ROCE condition (25% of LTIP) - zero percent vesting; sugar production (25% of LTIP) - zero percent vesting; land transactions (25% of LTIP) - 100% vesting and TSR (25% of LTIP) - 10% vesting.

Note 6: Further details on specific targets are not disclosed due to commercial sensitivity.

Under these share incentive schemes, senior management and professional employees of the company are awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees' tax) if performance conditions have been met, the awards have vested and, in the case of the SARS, when the share appreciation rights have been exercised. These shares have a vesting period of three years. The quantum of instruments allocated each year is determined, inter alia, by taking into account the fair value cost of the instruments. The amendment in 2010 of the LTIP scheme also included the introduction of retention shares that may be awarded on the condition that the employee remains in the service of the company for four years after the award. The purpose of such awards of unconditional RLTIPs is to assist with targeted key and high potential employee retention. Retention shares are a small quantum in relation to other share-based instruments and are awarded by exception.

The accounting charges to the income statement required by IFRS 2 Share-based Payment are accounted for as equity-settled instruments. The costs associated with the settlement of awards under the share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made from 2005 to 31 March 2016, after approval by the Remuneration Committee and the Board, are detailed on the following pages.

Performance conditions governing the vesting of the scheme instruments are set at the time of each annual award (refer to table on previous page for further details) and currently relate to:

- growth in earnings per share,
- total shareholder return,
- share price,
- return on capital employed,
- strategic goals in areas such as sugar production, renewable energy and extracting value from land conversion.

The performance targets are relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium-term business plan, over three year performance periods, with actual grants being set each year considering the job level and cash package of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards.

The King III refers to the application of company performance conditions to govern the vesting of awards under the Plans, and precludes the application of retesting. The application of company performance conditions has been applied since the approval of the Plans. New awards thus have relevant performance conditions, do not provide for retesting, and apply the principle of graduated vesting as recommended by King III.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors on the Board and its committees and includes an attendance fee component. Directors' fees are recommended by the Remuneration Committee, considered by the Board, and proposed to the shareholders for approval at each AGM.

Non-Executive Directors do not participate in short-term bonus schemes nor in long-term incentive share schemes.

As required by the Companies Act 2008 as amended, the remuneration of non-executive directors will be authorised by special resolution at the AGM and is set out on page 133 of the integrated annual report.

SUMMARY OF REMUNERATION COMMITTEE ACTIVITIES/DECISIONS DURING THE FINANCIAL YEAR

The main issues considered and approved/recommended by the Remuneration committee for 2016 were:

- Cash package increases for CEO, executives and senior managers;
- Short-term incentives (bonuses) for CEO and executives;
- Recommendation of long-term incentives (share schemes) for the CEO, executives and senior managers;
- Approval of performance conditions and performance targets for bonuses and share schemes;
- Reviewing recommendations for fees payable to non-executive directors;
- Considered executive succession planning for the organisation as well as talent management;
- Approval of the Remuneration Report included in the 2016 integrated annual report, including the non-binding advisory vote.

DISCLOSURES ON REMUNERATION MATTERS

The table below sets out, for ease of reference, the relevant sections of the remuneration details of directors and officers, including share schemes and interest in share capital.

Remuneration disclosure	Page
Executive directors' and officers' remuneration	75
Non-executive directors' remuneration	76
Declaration of full disclosure	76
Interest of directors of the company in share capital	76
Details of share schemes (including performance conditions)	77
Interest of directors of the company in share-based instruments	81
Special resolution setting out remuneration to be paid to directors for their services as directors of the company for the ensuing year	131
Non-binding advisory vote on the company's remuneration policy	133

DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS AND INTERESTS

Executive directors' remuneration (R000)

The executive directors' remuneration for the year ended 31 March 2016 was as follows:

Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
PH Staude	8 799	2 772	1 240	12 811
MH Munro	4 626	1 198	684	6 508
	13 425	3 970	1 924	19 319

The executive directors' remuneration for the year ended 31 March 2015 was as follows:

Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
PH Staude	8 301	4 616	1 166	14 083
MH Munro	4 283	1 842	632	6 757
	12 584	6 458	1 798	20 840

The requirement to include prescribed officers is covered by the above executive directors, as they exercise effective management and control.

* Bonuses are reported to match the amount payable to the applicable financial period.

Executive directors' share incentive gains:

	2016	2015
PH Staude	3 662	12 650
MH Munro	2 160	2 691
	5 822	15 341

Details of the executive directors' share-based instruments granted and exercised are contained on pages 81 to 82.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS continued

Non-executive directors' remuneration (R000)

	12 months to 31 March 2016			12 months to 31 March 2015		
Name	**Fees**	**Other**	**Total**	Fees	Other	Total
SM Beesley	**345**	**153**	**498**	235	31	266
F Jakoet	**345**	**285**	**630**	325	249	574
J John	**317**	**337**	**654**	325	318	643
RP Kupara	**345**	**169**	**514**	325	159	484
TN Mgoduso	**319**	**116**	**435**	325	110	435
N Mjoli-Mncube	**317**	**403**	**720**	325	344	669
SG Pretorius	**345**	**286**	**631**	325	253	578
TA Salomão (from 25 May 2015)	**285**		**285**			
CB Sibisi	**1 218**	**224**	**1 442**	928	162	1 090
Directors who retired/resigned				559	73	632
	3 836	**1 973**	**5 809**	3 672	1 699	5 371

In the table above, "Fees" relate to the services as directors on the board and "Other" relates to fees paid for services as committee members.

Declaration of full disclosure

Other than the remuneration disclosed in this note, which was paid by the company, no consideration was paid to or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 March 2016.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2016 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are direct and beneficial except where indicated otherwise.

Name	**2016**	2015
Executive directors:		
PH Staude	**340 787**	326 467
MH Munro	**122 935**	114 517
	463 722	440 984
Non-executive directors:		
F Jakoet	**5 068**	5 068

EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards in terms of the company's share incentive schemes:

Share Appreciation Right Scheme 2005

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after tax share price appreciation in the company. The vesting of the right is conditional on the achievement of Tongaat Hulett performance levels over a performance period.

Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2015	Granted	Exercised	Lapsed/ forefeited	Number of rights 31 March 2016
25 April 2008	92,74	16,93	240 733		240 733		
22 May 2009	75,06	12,54	590 779		89 445		501 334
31 May 2010	97,49	20,00	663 215		22 008		641 207
31 May 2011	90,42	17,50	780 424		9 787	11 774	758 863
29 May 2012	110,21	21,73	1 344 992		39 249	405 834	899 909
29 May 2013	126,85	24,30	1 384 076			8 521	1 375 555
26 May 2014	121,93	23,96	1 578 001			1 666	1 576 335
28 May 2015	128,54	23,68		1 745 458			1 745 458
			6 582 220	1 745 458	401 222	427 795	7 498 661

The estimated fair value costing of these outstanding share appreciation rights was determined using the binomial tree valuation model and non-market performance conditions, based on the following significant inputs:

Exercise price	The share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	7,96% (2014: 7,78%, 2013: 6,73%, 2012: 7,26%, 2011: 7,95%, 2010: 7,71% and 2009: 7,66%).
Expected volatility	Expected volatility of 22,51% (2014: 27,57%, 2013: 28,34%, 2012: 28,51%, 2011: 30%, 2010: 26,78% and 2009: 28%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for the 2015 award (2014, 2013 and 2012: 2,6%, 2011: 2,75%, 2010: 2,5% and 2009: 3,5%)
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is not allowed with effect from the 2010 award.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2015: 74 months; 2014: 62 months; 2013: 50 months; 2012: 38 months; 2011: 26 months; 2010: 14 months and 2009: 1 month.
Contractual	84 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: continued

Long Term Incentive Plan 2005

Under the long term incentive plan, participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a performance period.

Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2015	Granted	Settled	Lapsed/ forefeited	Number of conditional awards 31 March 2016
29 May 2012	110,21	47,69	337 779		88 470	249 309	
29 May 2013	126,85	49,22	533 475			2 805	530 670
26 May 2014	121,93	51,79	571 779			513	571 266
28 May 2015	128,54	57,82		559 899			559 899
			1 443 033	559 899	88 470	252 627	1 661 835

The estimated fair value costing of these outstanding conditional share awards was determined using the Monte Carlo Simulation model and non-market performance conditions, based on the following significant inputs:

Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for these awards.
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a sugar production condition and 25% will be subject to the large land deals of the company condition. No retesting of the performance condition is allowed.
Non-market performance conditions	ROCE, sugar production and the large land deals conditions.
Market performance conditions	Total shareholder return (TSR).
Weighted average remaining life:	
Expected	2015: 26 months; 2014: 14 months and 2013: 2 months.
Contractual	36 months.

Long Term Incentive Plan 2005 - Retention Awards

Under the long term incentive plan, participating employees are granted conditional awards which are converted into shares after the required service period is completed.

Expiring four years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2015	Granted	Settled	Lapsed/ forefeited	Number of conditional awards 31 March 2016
31 May 2011	90,42	65,87	13 200		13 200		
14 November 2011	94,26	84,31	20 000		20 000		
28 November 2011	90,86	81,27	20 000		20 000		
16 November 2012	126,71	92,88	72 442				72 442
11 March 2013	139,39	102,18	15 000				15 000
29 May 2013	126,85	92,99	99 205			815	98 390
26 May 2014	121,93	89,38	139 767				139 767
28 May 2015	128,54	94,23		179 642			179 642
			379 614	179 642	53 200	815	505 241

The estimated fair value costing of these outstanding conditional share awards was based on the following significant inputs:

Exercise price	The share price at grant date, as noted above.
Expected option life	46 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Weighted average share price	As above.
Time constraints	Four years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	28 May 2015: 38 months; 26 May 2014: 26 months; 29 May 2013: 14 months; 11 March 2013: 11 months; 16 November 2012: 8 months.
Contractual	48 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: continued

Deferred Bonus Plan 2005

Under the deferred bonus plan, participating employees purchase shares in the company with a portion of their after-tax bonus. These pledged shares are held in trust by a third-party administrator for a qualifying period, after which the company awards the employee a number of shares in the company which matches those pledged shares which are then released from trust.

Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2015	Granted	Settled	Number of conditional awards 31 March 2016
30 May 2012	111,11	87,31	66 008		66 008	
29 May 2013	126,85	100,49	63 630			63 630
26 May 2014	121,93	96,60	75 950			75 950
25 May 2015	131,27	103,99		63 502		63 502
			205 588	63 502	66 008	203 082

The estimated fair value costing of the outstanding deferred bonus share awards was based on the following significant inputs:

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2015: 26 months; 2014: 14 months and 2013: 2 months.
Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 1 June 2015 in respect of the 2015 award. (2014 award purchased 2 June 2014 and the 2013 award purchased 31 May 2013).

Interest of executive directors of the company in share-based instruments

Share Appreciation Right Scheme 2005

Name	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2015	Granted	Exercised	Lapsed	Number of rights 31 March 2016	Performance condition and time constrained
PH Staude	22 May 2009	75,06	12,54	91 120				91 120	
	31 May 2010	97,49	20,00	74 289				74 289	
	31 May 2011	90,42	17,50	87 397				87 397	
	29 May 2012	110,21	21,73	93 530			27 685	65 845	
	29 May 2013	126,85	24,30	104 578				104 578	104 578
	26 May 2014	121,93	23,96	115 081				115 081	115 081
	28 May 2015	128,54	23,68		123 414			123 414	123 414
				565 995	123 414		27 685	661 724	343 073
MH Munro	25 April 2008	92,74	16,93	25 807		25 807			
	22 May 2009	75,06	12,54	30 857				30 857	
	31 May 2010	97,49	20,00	23 638				23 638	
	31 May 2011	90,42	17,50	28 669				28 669	
	29 May 2012	110,21	21,73	31 873			9 434	22 439	
	29 May 2013	126,85	24,30	34 476				34 476	34 476
	26 May 2014	121,93	23,96	47 818				47 818	47 818
	28 May 2015	128,54	23,68		52 248			52 248	52 248
				223 138	52 248	25 807	9 434	240 145	134 542

Long Term Incentive Plan 2005

Name	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2015	Granted	Settled	Lapsed	Number of conditional awards 31 March 2016	Performance condition and time constrained
PH Staude	29 May 2012	110,21	47,69	39 355		10 349	29 006		
	29 May 2013	126,85	49,22	47 660				47 660	47 660
	26 May 2014	121,93	51,79	49 144				49 144	49 144
	28 May 2015	128,54	57,82		46 660			46 660	46 660
				136 159	46 660	10 349	29 006	143 464	143 464
MH Munro	29 May 2012	110,21	47,69	12 696		3 338	9 358		
	29 May 2013	126,85	49,22	15 709				15 709	15 709
	26 May 2014	121,93	51,79	20 420				20 420	20 420
	28 May 2015	128,54	57,82		19 753			19 753	19 753
				48 825	19 753	3 338	9 358	55 882	55 882

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of executive directors of the company in share-based instruments continued

Deferred Bonus Plan 2005

Name	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2015	Granted	Delivered	Number of conditional awards 31 March 2016	Conditional awards time constrained
PH Staude	30 May 2012	111,11	87,31	17 090		17 090		
	29 May 2013	126,85	100,49	14 720			14 720	14 720
	26 May 2014	121,93	96,60	17 451			17 451	17 451
	25 May 2015	131,27	103,99		13 405		13 405	13 405
				49 261	13 405	17 090	45 576	45 576
MH Munro	30 May 2012	111,11	87,31	5 493		5 493		
	29 May 2013	126,85	100,49	4 821			4 821	4 821
	26 May 2014	121,93	96,60	5 539			5 539	5 539
	25 May 2015	131,27	103,99		4 114		4 114	4 114
				15 853	4 114	5 493	14 474	14 474

The deferred bonus shares were purchased by the participating employees on 1 June 2015 in respect of the 2015 award. (2014 award purchased 2 June 2014 and 2013 award purchased 31 May 2013).

The share awards were made and exercised at various times and the average share price for the period was R112,38 (2015: R150,90).

The share incentive gains made by directors are reflected on page 75.

FINANCIAL REPORTING

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities*	Capital Employed	Capital Expenditure	Depreciation
2016							
Sugar			24 530	2 239	22 527	813	492
Zimbabwe	3 549	15					
Swaziland	205	40					
Mozambique	1 664	74					
South Africa	5 964	(5)					
Sugar operations - total	11 382	124	24 530	2 239	22 527	813	492
Starch operations	3 640	658	2 134	737	1 390	249	93
Land Conversion and Developments	1 654	1 115	3 845	1 076	2 683	1	1
Centrally accounted and consolidation items		(70)	320	7 649	235	59	1
BEE IFRS 2 charge and transaction costs		(19)		605			
Consolidated total	16 676	1 808	30 829	12 306	26 835	1 122	587
2015							
Sugar			21 879	1 900	20 245	557	473
Zimbabwe	3 471	386					
Swaziland	203	29					
Mozambique	1 804	130					
South Africa	6 143	261					
Sugar operations - total	11 621	806	21 879	1 900	20 245	557	473
Starch operations	3 447	561	1 789	599	1 151	91	89
Land Conversion and Developments	1 087	829	2 593	823	1 727	1	1
Centrally accounted and consolidation items		(86)	282	6 254	201	83	1
BEE IFRS 2 charge and transaction costs		(21)		654			
Consolidated total	16 155	2 089	26 543	10 230	23 324	732	564

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	2016	2015
South Africa, Mozambique and Zimbabwe	14 337	12 947
Europe	1 392	1 592
Rest of Africa	569	1 047
Australasia	255	275
Asia and other	96	264
North America	27	30
	16 676	16 155

The aggregate effect of intra-group transactions is immaterial.

Geographical location of non-current assets: South Africa R5 800 million; other countries R14 906 million
(2015: South Africa R4 971 million; other countries R13 546 million).

* Total liabilities comprise segment liabilities of R12 306 million, deferred tax of R2 896 million and tax of R97 million
(2015: Total liabilities comprise segment liabilities of R10 230 million, deferred tax of R2 491 million and tax of R46 million).

Detailed below is a revenue and cost analysis of the Zimbabwe, Mozambique and South Africa sugar operations which is provided in the respective currencies of each country.

Zimbabwe	2016 US$ million	2015 US$ million	2014 US$ million	2013 US$ million
Revenue	257	314	286	380
Sugar sales	233	292	260	360
Other activities	24	22	26	20
Sugar stock movement	6	(28)	35	10
Revenue adjusted for stock movements	263	286	321	390
Less costs				
Payments for third party cane	58	70	76	92
Goods/services/transport/marketing, salaries/wages	141	135	146	186
Offcrop costs carried in	20	14	20	16
Depreciation/amortisation	16	17	19	19
Profit before root planting costs and cane valuations	28	50	60	77
Root replant costs	(23)	(21)	(3)	(12)
Cane valuations - income statement effect	(4)	6	(24)	9
Operating profit	1	35	33	74
Raw sugar production (tons)	412 000	445 000	488 000	475 000
Sugar sales (tons)	403 000	491 000	426 000	456 000

Mozambique	2016 Metical million	2015 Metical million	2014 Metical million	2013 Metical million
Revenue	4 790	5 171	5 035	5 644
Sugar sales	4 405	4 943	4 857	5 452
Other activities	385	228	178	192
Less costs				
Payments for third party cane	363	402	318	350
Goods/services/transport/marketing, salaries/wages	2 948	2 887	2 785	3 052
Offcrop costs carried in	542	429	466	421
Depreciation/amortisation	520	522	495	442
Profit before root planting costs and cane valuations	417	931	971	1 379
Root replant costs	(600)	(313)	(167)	(339)
Cane valuations - income statement effect	397	(245)	(308)	368
Operating profit	214	373	496	1 408
Raw sugar production/sales (tons)	232 000	271 000	249 000	235 000

South Africa Sugar (including downstream activities)	2016 Rand million	2015 Rand million	2014 Rand million	2013 Rand million
Revenue *	4 279	5 229	5 265	4 467
Sugar sales	3 285	4 138	4 206	3 554
Other activities	994	1 091	1 059	913
Less costs				
Payments for third party cane/SASA levies	1 631	2 102	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 475	2 658	2 558	2 325
Offcrop costs carried in	169	139	182	131
Depreciation/amortisation	93	101	125	85
Profit before root planting costs and cane valuations	(89)	229	206	117
Root replant costs	(58)	(94)	(44)	(74)
Cane valuations - income statement effect	142	126	178	265
Operating profit	(5)	261	340	308
Raw sugar production (tons)	323 000	541 000	634 000	486 000

* Revenue net of industry redistribution/sugar purchases

CONTENTS

FINANCIAL HIGHLIGHTS

	2016	2015
Revenue (Rmillion)	**16 676**	16 155
Operating profit (Rmillion)	**1 808**	2 089
Cash flow from operations (Rmillion)	**1 262**	2 533
Headline earnings (Rmillion)	**783**	945
Headline earnings per share - basic (cents)	**678,1**	826,1
Annual dividends per share (cents)	**230,0**	380,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2016	2015	2014
Rand/US Dollar	**14,84**	12,17	10,56
Rand/Metical	**0,33**	0,34	0,34
Rand/Euro	**16,84**	13,09	14,58
US Dollar/Euro	**1,13**	1,08	1,38

	Average rate for year		
	2016	2015	2014
Rand/US Dollar	**13,81**	11,05	10,13
Rand/Metical	**0,35**	0,35	0,34
Rand/Euro	**15,20**	13,96	13,59
US Dollar/Euro	**1,10**	1,26	1,34

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in accordance with International Financial Reporting Standards under the supervision of the Chief Financial Officer, MH Munro CA (SA) and have been audited in accordance with the requirements of the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TONGAAT HULETT LIMITED

We have audited the consolidated and separate financial statements of Tongaat Hulett Limited, set out on pages 75 to 82, page 84 and pages 94 to 126, which comprise the statements of financial position as at 31 March 2016, and the income statements, the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated and Separate Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tongaat Hulett Limited as at 31 March 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016, we have read the Directors' Statutory Report, the Audit and Compliance Committee's Report and the Certificate by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Tongaat Hulett Limited for 78 years.

Deloitte & Touche

Deloitte & Touche

Audit KZN
Registered Auditors
Per Gavin Kruger CA (SA), RA
Partner

26 May 2016

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the consolidated and separate annual financial statements of the company and other information included in this report that has been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditors on the results of their statutory audit, that the company's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the company's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 March 2016 and the results of its operations for the year then ended. The directors are also of the opinion that the company will continue as a going concern in the year ahead.

The independent external auditors concur with the above statements by the directors.

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 87.

The annual financial statements were approved by the board of directors on 26 May 2016 and are signed on its behalf by:

Bahle Sibisi	**Peter Staude**
Chairman	Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2016

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2016 and that all such returns are true, correct and up to date.

MAC Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2016

DIRECTORS' STATUTORY REPORT

The directors hereby submit the annual financial statements for the year ended 31 March 2016.

Nature of business

Tongaat Hulett is an agri-processing business that includes the integrated components of land management, property development and agriculture. The activities are dealt with in detail in this integrated annual report.

Financial results

The net profit attributable to shareholders for the year ended 31 March 2016 amounted to R820 million (2015: R989 million). This translates into a headline earnings per share of 678,1 cents (2015: 826,1 cents) based on the weighted average number of shares in issue during the year.

Dividends

An interim gross cash dividend (number 176) of 170 cents per share for the half-year ended 30 September 2015 was paid on 4 February 2016. A final gross cash dividend number 177 of 60 cents per share was declared and is payable on 30 June 2016 to shareholders recorded in the register at the close of business on 24 June 2016.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares "CUM" dividend	Friday	17 June 2016
Ordinary shares trade "EX" dividend	Monday	20 June 2016
Record date	Friday	24 June 2016
Payment date	Thursday	30 June 2016

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 20 June 2016 and Friday 24 June 2016, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 17 June 2016.

The dividend is declared from income reserves. A net dividend of 51 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 60 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 26 May 2016 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

Share capital

There was no change in the authorised capital of the company. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a seven year term, within the overall ten year transaction period contemplated in the agreements. On the seven year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the A Preferred Ordinary shares to Ordinary shares. The A Preferred Ordinary shares thus converted to Ordinary shares and ranked equally *(pari passu)* with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 102.

At the previous AGM, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming AGM with the proviso that the number of ordinary shares acquired in any one financial year may not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed.

In compliance with the JSE Listings Requirements, the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a general meeting which will be valid only until the next AGM of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;

- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Furthermore, in terms of the JSE Listings Requirements, the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 26 May 2016;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 26 May 2016. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 26 May 2016;
- the working capital of the company and the group for a period of 12 months from 26 May 2016 will be adequate for the company's and the group's requirements.

Subsidiary companies and joint operations

The principal subsidiaries and joint operations of the company are reflected in note 26.

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2016 is as follows:

	2016	2015
In the aggregate amount:		
Net profit (Rmillion)	1 424	1 155
Net losses (Rmillion)	184	94

Directorate

During the period, the Board appointed Tomaz Augusto Salomão as an independent non-executive director on 25 May 2015, and he was elected as a director by shareholders at the AGM held on 29 July 2015. The composition of the Board is as follows: CB Sibisi (Chairman), PH Staude (CEO), F Jakoet, SM Beesley, J John, RP Kupara, TN Mgoduso, N Mjoli-Mncube, MH Munro, SG Pretorius and TA Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are J John, RP Kupara and N Mjoli-Mncube. These directors are eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 60 to 61.

Directors' shareholdings

At 31 March 2016, the directors of the company beneficially held a total of 468 790 ordinary shares equivalent to 0,35 percent in the ordinary listed share capital of the company (2015: 446 052 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 76 and pages 81 to 82 of the Remuneration Report. There has been no change in these holdings between 31 March and 26 May 2016.

Audit and Compliance Committee

The Audit and Compliance Committee has considered the provisions of the Companies Act and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its report contained in the annual financial statements section of this integrated annual report on pages 92 to 93. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date

There were no material events between 31 March 2016 and the date of this report.

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2016

AUDIT AND COMPLIANCE COMMITTEE STATUTORY REPORT

The Audit and Compliance Committee is pleased to report as follows for the financial year ended 31 March 2016:

Statutory duties

The committee confirms that it performed the following statutory duties as required by the Companies Act and in accordance with its terms of reference:

- Nominated for appointment as external auditors of the company at the AGM, Deloitte & Touche, a registered auditor accredited to appear on the JSE List of Accredited Auditors who, in the opinion of the committee is independent of the company, and Mr Gavin Kruger as the designated auditor, for the 2016/17 financial year. During the 2015/16 financial year, the Committee and the Board approved the replacement of the designated auditor for the audit of the Tongaat Hulett 31 March 2016 financial year, and thus appointed Mr Gavin Kruger to replace Mr Wentzel Moodley, due to ill health.
- Determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management;
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors, including consideration of criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors;
- Determined the nature and extent of any non-audit services that the auditor may provide to the company;
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company, and monitored compliance with the company's policy on non-audit services provided by the external auditor.

The committee confirms that it did not receive any concerns or complaints relating to the accounting practices and the internal audit of the company; the content or auditing of the company's financial statements; the internal financial controls of the company or any other related matter during the period under review.

Terms of reference

The Audit and Compliance Committee has adopted and operates within formal terms of reference that have been approved by the Board of directors. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with the terms of reference. The summary of the role of the committee is as articulated on page 65 of this integrated annual report.

Duties assigned by the Board

During the period under review, the committee performed its duties and responsibilities assigned to it by the Board in accordance with the terms of reference. The committee has monitored the company's compliance processes with regard to legal, regulatory and corporate governance requirements. The committee has also specifically reviewed the financial statements of the company and was satisfied that they comply with International Financial Reporting Standards. The committee reviewed the assessment by management of the going-concern statement of the company and concluded to the Board that the company will be a going concern in the foreseeable future.

Expertise and experience of Financial Director and the finance function

During the period under review, the committee considered the expertise and experience of the Tongaat Hulett Financial Director Mr Murray Munro, in terms of the Listing Requirements of the JSE and satisfied itself that his expertise and experience meet the appropriate requirements. The committee also evaluated the competence of the finance function as required by King III and concluded that the expertise, resources and experience of the finance function of all operations, reporting into the Financial Director of Tongaat Hulett, meet the appropriate requirements.

Internal Audit

The work performed by internal audit was in accordance with the internal audit plan for the year ended 31 March 2016 and included the review of general and application computer controls on the systems used for financial reporting purposes. In addition, the committee approved internal audit's coverage and work plan, which follows a risk-based approach, for the financial year commencing 1 April 2016.

The head of internal audit has direct access to the committee primarily through the chairman of the committee. During the period under review, the head of internal audit had the opportunity to address the committee without the executive management of the company present.

Tongaat Hulett's internal audit function, which is supported by its internal audit service provider, KPMG, has as required by its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting and the effectiveness of its risk management process. Based on the results of these reviews, the internal audit function has confirmed to the Audit and Compliance and Risk, SHE, Social and Ethics Committees and to the Board that no evidence came to light that the internal control environment and risk management process for the company were ineffective. In addition, nothing indicated a material weakness in internal financial controls, whether from design, implementation or operation (individually or in combination with other weaknesses).

The Audit and Compliance Committee is of the view, based on the representations made by internal audit, that the internal financial controls in place for the company were not ineffective during the period under review.

Sustainability and governance reporting

The committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. The committee also considered the various reports of the external assurance service providers and is satisfied that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee. Furthermore, the committee assessed and satisfied itself of the in dependence of the external assurance service provider for the sustainability report.

Approval of integrated annual report

At its meeting held on 18 May 2016, the committee recommended the integrated annual report, which includes the annual financial statements, for approval by the Board of directors, taking into account the combined assurance model adopted by the company.

Attendance

The Audit and Compliance Committee had three meetings during the period under review. The record of attendance of members of this committee is contained in the corporate governance section.

Matters to be approved at the annual general meeting

- **Election of Audit and Compliance Committee Members**
  In terms of section 94 (2) of the Companies Act, shareholders of the company are required to elect members of the Audit Committee at each annual general meeting. The Nomination Committee recommends that J John, SM Beesley, F Jakoet and RP Kupara be appointed as members of the Audit and Compliance Committee. The abridged profiles of the proposed members appear on page 60.
- **Appointment of independent external auditors**
  As required by section 90 (1) of the Companies Act, the shareholders of the company are required to approve the appointment of the independent external auditors on an annual basis. The committee has recommended to the board, which in turn has recommend to the shareholders, that Deloitte & Touche be appointed as the company's independent auditors for the year ending 31 March 2017, with Mr Gavin Kruger as designated auditor.

On behalf of the Audit and Compliance Committee

J John

Audit Committee Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016 **Tongaat Hulett Limited**

Company 2015	Company 2016	Rmillion	Note	Consolidated 2016	Consolidated 2015
		ASSETS			
		Non-current assets			
2 894	3 340	Property, plant and equipment	1	**13 318**	12 059
1 490	1 699	Growing crops	2	**6 148**	5 473
518	564	Long-term receivable and prepayments	3	**564**	518
		Goodwill	4	**438**	376
63	189	Intangible assets	5	**212**	64
		Investments	6	**26**	27
4 007	4 480	Subsidiaries and joint operations	7		
8 972	10 272			**20 706**	18 517
1 679	1 929	**Current assets**		**10 123**	8 026
622	673	Inventories	8	**2 866**	2 472
790	903	Trade and other receivables		**4 678**	3 290
169	193	Major plant overhaul costs		**642**	595
1	60	Derivative instruments	9	**60**	1
97	100	Cash and cash equivalents	10	**1 877**	1 668
10 651	12 201	**TOTAL ASSETS**		**30 829**	26 543
		EQUITY AND LIABILITIES			
		Capital and reserves			
135	135	Share capital	11	**135**	135
1 544	1 544	Share premium		**1 544**	1 544
		BEE held consolidation shares	12	**(625)**	(674)
780	518	Retained income		**8 295**	7 959
365	410	Other reserves		**4 026**	2 925
2 824	2 607	**Shareholders' interest**		**13 375**	11 889
		Minority (non-controlling) interest		**2 155**	1 887
2 824	2 607	**Equity**		**15 530**	13 776
4 888	4 634	**Non-current liabilities**		**8 118**	7 944
486	423	Deferred tax	13	**2 896**	2 491
3 853	3 631	Long-term borrowings	14	**3 791**	4 056
		Non-recourse equity-settled BEE borrowings	15	**605**	654
549	580	Provisions	16	**826**	743
2 939	4 960	**Current liabilities**		**7 181**	4 823
1 573	1 965	Trade and other payables	17	**3 896**	3 145
1 338	2 994	Short-term borrowings	14	**3 187**	1 604
28	1	Derivative instruments	9	**1**	28
		Tax		**97**	46
10 651	12 201	**TOTAL EQUITY AND LIABILITIES**		**30 829**	26 543

INCOME STATEMENTS

for year ended 31 March 2016 **Tongaat Hulett Limited**

Company				Consolidated	
2015	2016	Rmillion	Note	**2016**	2015
8 508	8 405	**REVENUE**		**16 676**	16 155
1 140	912	**OPERATING PROFIT**	18	**1 808**	2 089
(636)	(704)	Financing costs	20	**(750)**	(684)
14	6	Finance income	20	**70**	67
518	214	**PROFIT BEFORE TAX**		**1 128**	1 472
1	48	Tax	21	**(358)**	(425)
519	262	**NET PROFIT**		**770**	1 047
		Attributable to:			
519	262	Shareholders of Tongaat Hulett		**820**	989
		Minority (non-controlling) interest		**(50)**	58
519	262			**770**	1 047
		EARNINGS PER SHARE (cents)	23		
		Basic		**710,1**	864,6
		Diluted		**710,1**	864,6

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2016 **Tongaat Hulett Limited**

Company 2015	Company 2016	Rmillion	Consolidated 2016	Consolidated 2015
519	262	**NET PROFIT FOR THE YEAR**	**770**	1 047
(20)	(5)	**OTHER COMPREHENSIVE INCOME**	**1 382**	1 039
		Items that will not be reclassified to profit or loss:		
		Foreign currency translation	**1 393**	1 057
(25)	(16)	Actuarial loss	**(24)**	(23)
7	4	Tax on actuarial loss	**6**	7
		Items that may be reclassified subsequently to profit or loss:		
(3)	10	Hedge reserve	**10**	(3)
1	(3)	Tax on movement in hedge reserve	**(3)**	1
499	257	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**2 152**	2 086
		Total comprehensive income attributable to:		
499	257	Shareholders of Tongaat Hulett	**1 865**	1 815
		Minority (non-controlling) interest	**287**	271
499	257		**2 152**	2 086

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2016 **Tongaat Hulett Limited**

Rmillion	Share Capital Ordinary	Share Capital A Preferred Ordinary	Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve Funds	Share-based Payment Reserve	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest	Minority (non-controlling) Interest	Total
CONSOLIDATED												
Balance at 31 March 2014	**110**	**25**	**1 543**	**(700)**	**33**	**408**	**1 731**		**7 412**	**10 562**	**1 628**	**12 190**
Shares issued			1							1		1
Vesting of A preferred ordinary shares	25	(25)										
BEE share-based payment charge				17		1				18		18
Share-based payment charge						85				85		85
Settlement of share-based payment awards						(175)				(175)		(175)
Reallocation				9					(9)			
Dividends paid									(417)	(417)		(417)
Dividends paid - minorities											(12)	(12)
Total comprehensive income for the year							844	(2)	973	1 815	271	2 086
Profit for the year									989	989	58	1 047
Other comprehensive income net of tax							844	(2)	(16)	826	213	1 039
Balance at 31 March 2015	**135**		**1 544**	**(674)**	**33**	**319**	**2 575**	**(2)**	**7 959**	**11 889**	**1 887**	**13 776**
Share-based payment charge						60				60		60
Settlement of share-based payment awards						(39)				(39)		(39)
BEE share-based payment charge						17				17		17
Reallocation				49					(49)			
Dividends paid									(417)	(417)		(417)
Dividends paid - minorities											(19)	(19)
Total comprehensive income for the year							1 056	7	802	1 865	287	2 152
Profit/(loss) for the year									820	820	(50)	770
Other comprehensive income net of tax							1 056	7	(18)	1 045	337	1 382
Balance at 31 March 2016	**135**		**1 544**	**(625)**	**33**	**357**	**3 631**	**5**	**8 295**	**13 375**	**2 155**	**15 530**
COMPANY												
Balance at 31 March 2014	**110**	**25**	**1 543**		**29**	**420**			**767**	**2 894**		
Shares issued			1							1		
Vesting of A preferred ordinary shares	25	(25)										
Share-based payment charge						85				85		
Settlement of share-based payment awards						(167)				(167)		
Dividends paid									(488)	(488)		
Total comprehensive income for the year								(2)	501	499		
Profit for the year									519	519		
Other comprehensive income net of tax								(2)	(18)	(20)		
Balance at 31 March 2015	**135**		**1 544**		**29**	**338**		**(2)**	**780**	**2 824**		
Share-based payment charge						60				60		
Settlement of share-based payment awards						(38)				(38)		
BEE share-based payment charge						16				16		
Dividends paid									(512)	(512)		
Total comprehensive income for the year								7	250	257		
Profit for the year									262	262		
Other comprehensive income net of tax								7	(12)	(5)		
Balance at 31 March 2016	**135**		**1 544**		**29**	**376**		**5**	**518**	**2 607**		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2016 | **Tongaat Hulett Limited**

Company			Consolidated	
2015	2016	Rmillion	**2016**	2015
		Cash generated from operations		
715	579	Operating profit before dividends	**1 808**	2 089
425	333	Dividends received		
1 140	912	Operating profit	**1 808**	2 089
(90)	(135)	Surplus on disposal of property, plant and equipment	**(84)**	(77)
		Adjustments for:		
(2)	(59)	Growing crops and other non-cash flow items	**(60)**	1
178	176	Depreciation	**587**	564
1 226	894	Operating cash flow	**2 251**	2 577
		Cash required by operations		
136	(127)	Inventories	**(281)**	103
(48)	(188)	Trade and other receivables	**(1 350)**	(489)
90	393	Trade and other payables	**642**	342
178	78	(Increase)/decrease in working capital	**(989)**	(44)
1 404	972	**Cash flow from operations**	**1 262**	2 533
(13)	(14)	Tax payments	**(221)**	(353)
(622)	(698)	Net financing costs	**(680)**	(617)
769	260	**Cash flow from operating activities**	**361**	1 563
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(52)	(199)	New	**(488)**	(203)
(386)	(458)	Replacement	**(668)**	(509)
		Major plant overhaul cost changes	**34**	(20)
(4)	(102)	Expenditure on intangible assets	**(123)**	(4)
(76)	(67)	Capital expenditure on growing crops	**(67)**	(76)
100	137	Proceeds on disposal of property, plant and equipment	**109**	95
		Investments		2
(418)	(689)	Net cash used in investing activities	**(1 203)**	(715)
351	(429)	**Net cash flow before dividends and financing activities**	**(842)**	848
		Dividends paid		
(488)	(512)	Ordinary and preferred ordinary shares	**(417)**	(417)
		Minorities	**(19)**	(12)
(488)	(512)	Dividends paid	**(436)**	(429)
(137)	(941)	**Net cash flow before financing activities**	**(1 278)**	419
		Cash flows from financing activities		
333	1 434	Borrowings raised	**1 273**	218
		Non-recourse equity-settled BEE borrowings	**(49)**	(37)
1		Shares issued		1
(167)	(35)	Settlement of share-based payment awards	**(39)**	(175)
8	(455)	Inter-group loans		
175	944	Net cash from financing activities	**1 185**	7
38	3	**Net (decrease)/increase in cash and cash equivalents**	**(93)**	426
59	97	Balance at beginning of year	**1 668**	1 067
		Currency alignment	**302**	175
97	100	**Cash and cash equivalents at end of year**	**1 877**	1 668

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee, the requirements of the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB, which were effective for Tongaat Hulett for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries. The results of subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Tongaat Hulett's share of investments in joint operations is accounted for from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a black economic empowerment transaction have been, and will continue to be, consolidated while Tongaat Hulett carries a residual risk in these entities.

Minority (non-controlling) interests in the net assets of consolidated subsidiaries are identified separately from Tongaat Hulett's equity therein. The interests of minority shareholders are initially measured at the date of acquisition at the minority's proportion of the net fair value of the assets and liabilities consolidated and thereafter, the minority's share of changes in equity since the date of acquisition.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including refurbishment, less accumulated depreciation and impairment. Cost includes the estimated cost of dismantling and removing the assets. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value, depreciated over their expected useful lives and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to profit or loss over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Maintenance expenditure on the company's sugar mills, following the cessation of crushing for the season, is carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

During the year under review, property, plant and equipment were depreciated on the straight line basis using the rates set out below:

Agricultural land improvements	50 to 99 years
Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years

On the disposal or scrapping of property, plant and equipment, the gain or loss arising thereon is recognised in profit or loss.

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life, as follows: software over 4 to 15 years, patents and licenses over 4 to 20 years and cane supply agreements over 3 to 10 years. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

Growing crops comprise roots and standing cane carried at fair value. The carrying value is determined as follows:

- Roots at current replacement cost of planting and establishment amortised over the period of their productive life of between 6 to 12 years;
- Standing cane at the estimated cane price and sucrose content less harvesting, transport and over-the-weighbridge costs.

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ASSOCIATE COMPANIES

Associates are those companies which are not subsidiaries or joint operations, over which Tongaat Hulett exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter, losses are accounted for only insofar as Tongaat Hulett is committed to providing financial support to such associates. The carrying value of investments in associates represents the cost of each investment, including goodwill, the share of post-acquisition retained income or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting profit.

A deferred tax asset is raised in respect of the unused tax losses of an entity and offset against the deferred tax liability of that entity only where these losses may be utilised in the short term or will not expire in terms of applicable tax legislation.

IMPAIRMENT

At the date of each statement of financial position, Tongaat Hulett reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether there should be a reversal of an impairment loss recognised in prior years. If any such indication exists, the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss or reversal thereof, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is estimated to be greater than its carrying amount, its carrying amount is increased to its recoverable amount, which shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Impairment losses and reversals of impairment losses are recognised immediately in profit or loss as exceptional.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to profit or loss in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development but not exceeding five years.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions and is recognised when the significant risks and rewards of the goods are transferred to the buyer. In the determination of revenue, cash and settlement discounts, rebates and VAT are excluded. Land sales include the sale of township properties and large land sales. In respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. Large land sales are generally significant in extent and comprise of land that is at various stages of the land conversion process. Large land sales are recognised when the relevant agreements are unconditional and binding on the purchaser and the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, any costs to be incurred can be measured reliably and where applicable, the relevant planning approval stage has been achieved.

FOREIGN CURRENCIES

The functional currency of each entity within Tongaat Hulett is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the date of the statement of financial position.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities whose functional currencies are different from Tongaat Hulett's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling at the date of the statement of financial position;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised in the statement of financial position for as long as Tongaat Hulett is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in profit or loss.

Measurement

Financial instruments are initially measured at fair value, including directly attributable transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.

- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Fair value through profit or loss financial assets, available for sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Fair value through profit or loss financial assets are recognised in profit or loss for the year.
- Available for sale and cash equivalent investments are taken to other comprehensive income until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment;
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the period.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in other comprehensive income, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in other comprehensive income is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Financial guarantee contracts

Where financial guarantee contracts are entered into, these are regarded as insurance contracts and accounted for as insurance arrangements.

GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with, they are recognised in profit or loss over the period to which they relate. When they are for expenses or losses already incurred, they are recognised immediately in profit or loss.

EMPLOYEE BENEFITS

Retirement funds

The assets of the defined contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees. Contributions to defined contribution schemes are charged to profit or loss when incurred.

There was previously a defined benefit arrangement which was converted in the 2012/13 financial year to a defined contribution arrangement with the outsourcing of existing pensioner liabilities to an insurer. The Tongaat Hulett Employer Surplus Account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. The employer surplus account may be utilised for a contribution holiday and, within the regulatory framework, there is a "loan" from the pension fund to the company in respect of the employer surplus account.

Post-retirement medical aid benefits and retirement gratuities

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

SHARE-BASED PAYMENTS

The company enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

CORPORATE TRANSACTIONS CONCLUDED IN 2007 - 25% BEE EQUITY PARTICIPATION TRANSACTIONS

Broad-based 18% interest held by strategic partners, cane and infrastructure communities

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles) - the TH Infrastructure SPV (10%) and the yoMoba SPV (8%).

This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007. The cost related to this 18% broad based BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being recognised in profit or loss in 2007.

This BEE participation structure involved the issuance of 25,1 million A preferred ordinary shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements.

In accordance with the various agreements for the 2007 BEE transaction, on the 7 year anniversary of the transaction (i.e. beginning of July 2014), the A preferred ordinary shares held by the BEE SPVs in Tongaat Hulett Limited were automatically converted to ordinary shares. The A preferred ordinary shares thus ceased to exist and the A preferred ordinary dividends of some R112 million per annum are no longer payable. These ordinary shares are held by the BEE SPVs for the time being, rank pari passu with other ordinary shares and were listed on the Johannesburg Stock Exchange on 4 July 2014.

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million), equity (R5 million) and shareholders' loans (R5 million). The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million), equity (R4 million) and shareholders' loans (R4 million). The SPV's participation interests were initially in the form of A preferred ordinary shares which were entitled to receive a fixed coupon every year for a period of 7 years, within the overall 10 year transaction period contemplated in the various agreements, until the 7 year anniversary of the transaction (i.e. beginning of July 2014), at which point the A preferred ordinary shares converted to ordinary shares which were then listed on the Johannesburg Stock Exchange. Tongaat Hulett had committed to pay a fixed coupon of R112 million in aggregate on an annual basis on the A preferred ordinary shares and the A preferred ordinary shares would not receive any ordinary dividends for the duration of the 7 year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula. A calculation has been performed which determines the number of these converted shares that Tongaat Hulett is entitled to buyback. The number of shares to be repurchased is a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett, the success of the earn-in initiatives by the respective BEE partners and divided by the 30 day volume weighted average price of Tongaat Hulett ordinary shares to 1 July 2014. This buyback right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buyback by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs – i.e. sometime after the initial 7 year period and prior to the ultimate 10 year duration. At the closing share price at 31 March 2016, approximately 5,8 million shares (2015: 4,9 million shares) held by the BEE SPVs are required to settle the external funding, which amounted to some R605 million (2015: R654 million) in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buyback the approximately 20,2 million remaining shares for a consideration of R0,01 per share, in due course in this process. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the ordinary shares to be repurchased by Tongaat Hulett are not taken into account when calculating earnings per share and headline earnings per share. The external net debt of the SPVs, amounting to R605 million in aggregate at 31 March 2016 (2015: R654 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPVs is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will ultimately effectively be equity-settled.

Tongaat Hulett is using this next period to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure that spans 10 years and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and should any material changes be required then these would be brought to shareholders for consideration and approval in due course.

Vesting of the BEE 7% employee interest

The 7% BEE employee transaction of 2007, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP) reached a point in August 2012 where vesting in the trusts took place.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components, namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares had specific repurchase terms at maturity on 1 August 2012. They were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares on maturity.

The IFRS 2 costs relating to the 7% BEE employee transaction is amortised over 5 years from date of grant. The initial grant of awards occurred on 1 August 2007 and the amortisation of the IFRS 2 cost relating to this award commenced in the second half of 2007. These initial awards vested on 1 August 2012.

The BEE employee equity participation trusts' subscription consideration for the original issue in 2007 of 9 740 908 B ordinary shares was funded through contributions by the respective operating entities in Tongaat Hulett. The notional vendor finance provided to the employees was recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of 6 383 283 B ordinary shares (as determined in accordance with predetermined repurchase formulae) on the fifth anniversary of the effective date, at R0,01 per B ordinary share. These B ordinary shares were repurchased by Tongaat Hulett for a consideration of R63 833 and immediately cancelled. The remaining 3 357 625 B ordinary shares were converted to listed ordinary shares in Tongaat Hulett Limited. Of these listed ordinary shares, 1 880 431 shares were delivered to beneficiaries who had participated in the initial award on 1 August 2007. Of the MSOP participants whose shares vested, 70% elected to hold their shares in Tongaat Hulett. During the year ended 31 March 2016, a further 96 305 ordinary shares became available for delivery to employees. The remaining 830 888 listed ordinary shares are still time constrained for up to five years.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and, consequently, the remaining 830 888 listed ordinary shares are reflected in BEE consolidation shares in the consolidated financial statements. These shares are taken into account for the purposes of the earnings per share and headline earnings per share calculations.

JUDGEMENTS MADE BY MANAGEMENT

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Growing crop valuation

Growing crops are required to be measured at fair value less harvesting, transport and over-the-weighbridge costs. In determining fair value, an estimate is made of the yield of the standing cane, sucrose content and the estimated cane price. These estimates can vary from the actuals when the cane is harvested.

In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual

Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset, as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis, as well as during the forecasting process. For phased developments, judgement is applied to allocate common costs, including bulk infrastructure expenditure to development phases, taking into account factors such as expected sales values, land areas and development intensity. Thereafter, cost of sales allocation to sites is determined in proportion to sales values after making allowance for site and phase-specific infrastructural requirements.

Asset lives and residual lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets across Tongaat Hulett, using valuation models prescribed under IFRS.

Decommissioning and rehabilitation obligations in respect of the environment

Tongaat Hulett monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

Post-retirement benefit obligations

Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

Valuation of financial instruments

The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the date of the statement of financial position.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

The following relevant new and amended standards and interpretations were also in issue but not effective for the current year. Tongaat Hulett is in the process of evaluating the effects of these new and revised standards and interpretations but they are not expected to have a significant impact on Tongaat Hulett's results and disclosures, other than for the adoption of IAS 16 and IAS 41 in 2016/17 in respect of growing crops. When publishing the 2016/17 results, the restatement of 2015/16 results as comparatives is expected to reduce operating profit by some R139 million with a corresponding decrease in the carrying amount of cane roots which will be transferred from growing crops to property, plant and equipment in the statement of financial position.

Effective for the next financial year:

IAS 1: Disclosure Initiative
IAS 16 and IAS 41: Agriculture: Bearer Plants
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27: Equity Method in Separate Financial Statements
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
IFRS 14: Regulatory Deferral Accounts

Annual Improvements to IFRSs (2012 - 2014 Cycle):
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
IFRS 7: Financial Instruments: Disclosures
IAS 19: Employee Benefits
IAS 34: Interim Reporting

Effective for annual periods beginning on or after 1 January 2017:

IAS 7: Statement of Cash Flows - Disclosure Initiative
IAS 12: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018:

IFRS 9: Financial Instruments
IFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019:

IFRS 16: Leases

NOTES TO THE FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Consolidated	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	12 059	3 523	5 247	2 651	72	566
Additions	1 156	181	356	161	1	457
Disposals	(24)		(15)	(9)		
Depreciation	(587)	(108)	(287)	(188)	(4)	
Transfers		10	203	31		(244)
Transfer to intangible assets	(32)					(32)
Currency alignment	746	508	72	164	(3)	5
Carrying value at end of year	13 318	4 114	5 576	2 810	66	752
Comprising:						
31 March 2016						
At cost	19 236	5 081	9 034	4 264	105	752
Accumulated depreciation	5 918	967	3 458	1 454	39	
	13 318	4 114	5 576	2 810	66	752
31 March 2015						
At cost	17 178	4 285	8 349	3 869	109	566
Accumulated depreciation	5 119	762	3 102	1 218	37	
	12 059	3 523	5 247	2 651	72	566

Company	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	2 894	465	1 789	174	3	463
Additions	657	6	272	20	1	358
Disposals	(3)	(1)	(2)			
Depreciation	(176)	(8)	(151)	(16)	(1)	
Transfers		10	197	12		(219)
Transfer to intangible assets	(32)					(32)
Carrying value at end of year	3 340	472	2 105	190	3	570
Comprising:						
31 March 2016						
At cost	6 002	596	4 349	479	8	570
Accumulated depreciation	2 662	124	2 244	289	5	
	3 340	472	2 105	190	3	570
31 March 2015						
At cost	5 394	581	3 886	457	7	463
Accumulated depreciation	2 500	116	2 097	283	4	
	2 894	465	1 789	174	3	463

Plant and machinery of Mozambique subsidiaries with a book value of R581 million (2015: R497 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R84 million (2015: R97 million).

The register of land and buildings is available for inspection at the company's registered office.

2. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Carrying value at beginning of year	**5 473**	5 005	1 490	1 288
Gain arising from physical growth and price changes	**166**	28	74	58
Increase due to increased area under cane	**75**	75	72	75
Expenditure on new area	**72**	78	72	78
Decrease due to land sales	**(5)**	(2)	(5)	(2)
Decrease due to reduced area under cane	**(4)**	(7)	(4)	(7)
Currency alignment	**371**	296		
Carrying value at end of year	**6 148**	5 473	1 699	1 490
The carrying value comprises:				
Roots	**3 234**	2 923	1 234	1 164
Standing cane	**2 914**	2 550	465	326
	6 148	5 473	1 699	1 490
Area under cane (hectares):				
South Africa	**39 116**	38 107	39 116	38 107
Mozambique	**25 687**	25 687		
Swaziland	**3 838**	3 838		
Zimbabwe	**28 644**	28 494		
	97 285	96 126	39 116	38 107

In terms of IAS 41: Agriculture, sugar cane growing crops are accounted for as biological assets and are measured and recognised at fair value. Changes in the fair value, replanting and agricultural operating costs incurred are included in profit or loss.

- The fair value of roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the life of the roots (between 6 and 12 years).
- The fair value of standing cane is determined by the growth of the cane, the yield, sucrose content, selling prices (including specifics such as European Union exports), less costs to harvest and transport, over-the-weighbridge costs and costs into the market.

The statement of financial position reflects the following in respect of growing crops:

	2016					2015
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Roots						
Hectares under cane	39 116	3 838	28 644	25 687	97 285	96 126
Amortised root value (Rand per hectare)	31 542	17 572	37 197	33 777	33 246	30 406
Cane						
Hectares for harvest	30 400	3 768	27 138	24 957	86 263	86 967
Standing cane value (Rand per hectare)	15 280	31 420	51 198	37 714	33 775	29 319
Yield (Tons cane per hectare)	50	116	90	77	73	83
Average maturity of cane at 31 March (%)	73	65	67	72	70	66
Statement of Financial Position (Rmillion)						
Roots	1 234	67	1 065	868	3 234	2 923
Standing cane	465	118	1 389	942	2 914	2 550
Total	1 699	185	2 454	1 810	6 148	5 473

2. GROWING CROPS (Rmillion) continued

	2016	2015
Carrying value at beginning of year	**5 473**	5 005
Change in fair value *	**237**	96
Currency alignment	**371**	296
Expenditure on new area (net of land sales)	**67**	76
Carrying value at end of year	**6 148**	5 473

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2016 is set out below and the fair value measurement disclosures are included in note 25.

	2016	2015
Roots	**96**	197
Standing cane	**141**	(101)
Change in fair value *	**237**	96

	2016	2015
South Africa	**142**	126
Swaziland	**13**	(11)
Zimbabwe	**(56)**	66
Mozambique	**138**	(85)
Change in fair value *	**237**	96

* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

3. LONG-TERM RECEIVABLE AND PREPAYMENTS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Long-term receivable				
Employer surplus account	**634**	588	634	588
Less current portion	**(70)**	(70)	(70)	(70)
Carrying value at end of year	**564**	518	564	518
Prepayments				
Contribution to the BEE Employee Share Ownership Plan	**136**	136	132	132
Contribution to the BEE Management Share Ownership Plan	**91**	91	78	78
	227	227	210	210
Less accumulated amortisation at end of year	**(227)**	(226)	(210)	(210)
At beginning of year	**(226)**	(209)	(210)	(194)
Charge for the year	**(1)**	(17)		(16)
Less BEE share ownership plan consolidation shares		(1)		
Carrying value at end of year	**564**	518	564	518

The prepayments relate to awards made in terms of the company's BEE employee share ownership plans, details of which are set out in note 34.

4. GOODWILL (Rmillion)

	Consolidated	
	2016	2015
Carrying value at beginning of year	**376**	338
Currency alignment	**62**	38
Carrying value at end of year	**438**	376

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of four years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long-term growth trends of the market. As at 31 March 2016, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Cost:				
At beginning of year	**122**	118	116	112
Additions	**123**	4	102	4
Transfer from property, plant and equipment	**32**		32	
Currency alignment	**1**			
At end of year	**278**	122	250	116
Accumulated amortisation:				
At beginning of year	**58**	48	53	43
Charge for the year	**8**	10	8	10
At end of year	**66**	58	61	53
Carrying value at end of year	**212**	64	189	63
The carrying value comprises:				
Software	**44**	44	42	44
Patents and licences	**18**	19	18	18
Cane supply agreements		1		1
Capital work in progress (SAP ERP)	**150**		129	
	212	64	189	63

6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Unlisted shares	**25**	26		
Loans	**1**	1		
Carrying value of investments (Directors' valuation)	**26**	27		

A schedule of unlisted investments is available for inspection at the company's registered office.

7. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2016	2015
Shares at cost, less amounts written off	4 307	4 307
Indebtedness by	1 066	699
Indebtedness to	(893)	(999)
	4 480	4 007

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint operations comprise Effingham Development (33,3%) and Tongaat Hulett/IFA Resort Developments (50%) and is included in the consolidated financial statements. These joint operations are property development partnerships which operate in KwaZulu-Natal, South Africa.

Further details of principal subsidiary companies and joint operations are included in note 26.

8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Raw materials	**357**	333	303	287
Work in progress	**19**	28	18	28
Finished goods	**617**	471	180	147
Consumables	**883**	754	172	160
Development properties	**816**	761		
Livestock and game	**174**	125		
	2 866	2 472	673	622

Included in raw materials is an amount of R111 million (2015: R234 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**6**	(3)	6	(3)
Forward exchange contracts - not hedge accounted	**1**		1	
Futures contracts - hedge accounted	**52**	(24)	52	(24)
	59	(27)	59	(27)
Summarised as:				
Derivative assets	**60**	1	60	1
Derivative liabilities	**(1)**	(28)	(1)	(28)
	59	(27)	59	(27)

Further details on derivative instruments are set out in note 25.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand and excludes bank overdrafts.

11. **SHARE CAPITAL** (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
Issued and fully paid:				
135 112 506 ordinary shares of R1,00 each	**135**	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 755 625 shares (2015: 6 753 600 shares).

Details of the employee share incentive schemes are set out in the Remuneration Report.

12. **BEE HELD CONSOLIDATION SHARES** (Rmillion)

	Consolidated	
	2016	2015
25 104 976 ordinary shares	**839**	839
830 888 (2015: 928 655) ordinary shares		1
	839	840
Less amount attributable to BEE SPV shareholders	**(214)**	(166)
	625	674

13. **DEFERRED TAX** (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Balance at beginning of year	**2 491**	2 131	486	508
Currency alignment	**327**	204		
Current year other comprehensive income (relief)/charge on:				
Actuarial loss	**(6)**	(7)	(4)	(7)
Hedge reserve	**3**	(1)	3	(1)
Current year income statement charge/(relief) on:				
Earnings before capital profits	**65**	161	(66)	(17)
Capital profits	**2**	3	2	3
Prior years	**14**		2	
Balance at end of year	**2 896**	2 491	423	486
Comprising temporary differences related to:				
Property, plant and equipment	**2 085**	1 736	560	511
Growing crops	**1 303**	1 101	476	417
Long-term receivable	**177**	165	177	165
Current assets	**237**	221	9	8
Current liabilities	**(118)**	(107)	(33)	(41)
Tax losses	**(699)**	(452)	(569)	(361)
Other	**(89)**	(173)	(197)	(213)
	2 896	2 491	423	486

14. BORROWINGS (Rmillion)

		Consolidated		Company	
		2016	2015	2016	2015
Long-term		**3 791**	4 056	3 631	3 853
Short-term and bank overdraft		**3 187**	1 604	2 994	1 338
		6 978	5 660	6 625	5 191
Long-term borrowings comprise:					
	Effective interest rate				
Secured:					
SA Rand					
Repayable 2020/21	10,50%	**199**	238		
Finance leases (refer to note 28)	11,50%	**3**	4	3	4
		202	242	3	4
Unsecured:					
SA Rand					
Bond repayable 2020/21	3-month JIBAR + 2,80%	**180**		180	
Repayable 2019/20	3-month JIBAR + 2,05%	**500**	500	500	500
Repayable 2019/20	3-month JIBAR + 2,00%	**350**	350	350	350
Repayable 2018/19	3-month JIBAR + 1,85%	**350**	350	350	350
Bond repayable 2018/19	3-month JIBAR + 2,60%	**350**	350	350	350
Bond repayable 2018/19	3-month JIBAR + 2,40%	**170**	170	170	170
Repayable 2017/18	3-month JIBAR + 2,33%	**500**	500	500	500
Repayable 2017/18	3-month JIBAR + 2,70%	**180**	180	180	180
Repayable 2017/18 (2015: repayable 2016/17)	3-month JIBAR + 2,50%	**500**	500	500	500
Repayable 2017/18 (2015: repayable 2016/17)	3-month JIBAR + 2,10%	**300**	300	300	300
Repayable 2017/18	3-month JIBAR + 2,48%	**250**		250	
Bond repayable 2016/17	3-month JIBAR + 2,43%	**220**	400	220	400
Repaid during the year			250		250
Foreign					
Indefinite	nil	**3**	4		
		3 853	3 854	3 850	3 850
Long-term borrowings		**4 055**	4 096	3 853	3 854
Less current portion included in short-term borrowings		**264**	40	222	1
		3 791	4 056	3 631	3 853

Plant and machinery of Mozambique subsidiaries with a book value of R581 million (2015: R497 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R84 million (2015: R97 million).

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique equivalent to R71 million (2015: R50 million) and in Zimbabwe equivalent to R94 million (2015: R191 million).

Summary of future loan repayments by financial year:

Year	2016/17	2017/18	2018/19	2019/20	2020/21	Thereafter
Rmillion	264	1 778	923	907	180	3

In terms of the company's memorandum of incorporation, the borrowing powers exercisable by the directors is limited to R23 295 million.

15. NON-RECOURSE EQUITY-SETTLED BEE BORROWINGS (Rmillion)

		Consolidated	
		2016	2015
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
4 122 000 Class B redeemable preference shares	80% of prime (2015: 77% of prime)	**689**	697
Less BEE cash resources		**84**	43
		605	654

These borrowings relate to Tongaat Hulett's black economic empowerment partners, yoMoba SPV Proprietary Limited and TH Infrastructure SPV Proprietary Limited, which have been fully consolidated in terms of IFRS. yoMoba SPV Proprietary Limited owns 11 157 767 ordinary shares and TH Infrastructure SPV Proprietary Limited owns 13 947 209 ordinary shares in Tongaat Hulett.

The original preference share structure, comprising Class A and Class B redeemable preference shares, ran up until mid-2014 and had a fixed coupon payable semi-annually on 2 January and 1 July each year. The Class A redeemable preference shares were repaid on 1 July 2014, while the repayment terms of the Class B redeemable preference shares were extended to 31 July 2016 with the option of an extension to 31 July 2017. The dividend payable on these shares is also payable on 31 July 2016. The debt due will be settled by the SPVs utilising the shares that they hold in Tongaat Hulett together with dividends received from Tongaat Hulett. These SPVs will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. PROVISIONS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Post-retirement medical aid obligations	**600**	542	450	427
Retirement gratuity obligations	**226**	198	130	122
Other		3		
	826	743	580	549

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Accounts payable	**3 520**	2 899	1 589	1 327
Maize obligation - interest bearing	**376**	246	376	246
	3 896	3 145	1 965	1 573

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Revenue	**16 676**	16 155	8 405	8 508
Cost of sales - cane, sugar and maize purchases	**(5 448)**	(5 138)	(4 527)	(4 224)
Cost of sales - other (includes goods, services, salaries and wages, root replant costs and offcrop)	**(7 863)**	(7 394)	(2 813)	(3 003)
Administration and other expenses	**(1 728)**	(1 581)	(673)	(707)
Marketing and selling expenses	**(373)**	(367)	(233)	(244)
Other net income (including growing crops fair value change *)	**521**	387	680	774
Capital profits (refer to note 19)	**42**	48	91	55
BEE IFRS 2 charge and transaction costs	**(19)**	(21)	(18)	(19)
Operating profit	**1 808**	2 089	912	1 140
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			333	425
Management fees			108	99
Amortisation of intangible assets	**8**	10	8	10
Auditors' remuneration:				
Fees	**17**	15	7	6
Other services	**2**	2		1
Depreciation charged:				
Buildings	**108**	88	8	7
Plant and equipment	**287**	305	151	149
Vehicles and other	**192**	171	17	22
Growing crops: gain from change in fair value *	**237**	96	142	126
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**5**	5		
Operating lease charges (property, plant and vehicles)	**85**	68	78	62
(Loss)/surplus on disposal of property, plant and equipment	**(4)**	(4)	(1)	2
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	**60**	85	44	73
BEE IFRS 2 charge	**17**	18	16	16
Technical fees paid	**20**	17	20	17
Translation of foreign currencies	**22**	16	5	1
Valuation adjustments:				
Financial instruments	**5**	1	5	1
Fair value hedges:				
Net gains on the hedged item	**57**	37	57	37
Net losses on the hedging instrument	**(57)**	(37)	(57)	(37)

* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

19. CAPITAL PROFITS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Comprises:				
Surplus on sale of land and buildings	**88**	81	136	88
Costs thereon	**(46)**	(33)	(45)	(33)
Capital profits before tax	**42**	48	91	55
Tax (refer to note 21)	**(3)**	(3)	(2)	(3)
Capital profits after tax	**39**	45	89	52

20. NET FINANCING (COSTS)/INCOME (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Financing costs:				
Interest paid - external	**(778)**	(685)	(631)	(524)
Interest capitalised	**28**	1	28	1
Interest paid - subsidiaries			(101)	(113)
	(750)	(684)	(704)	(636)
Finance income:				
Interest received - external	**70**	67	6	14
Net financing costs	**(680)**	(617)	(698)	(622)

21. TAX (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Earnings before capital profits:				
Current	**287**	260	14	13
Deferred	**65**	161	(66)	(17)
Prior years	**3**	1	2	
	355	422	(50)	(4)
Capital profits:				
Current	**1**			
Deferred	**2**	3	2	3
	3	3	2	3
Tax charge/(relief) for the year	**358**	425	(48)	(1)
Foreign tax included above	**84**	194	14	13
Reconciliation of statutory rate to effective rate:				
Tax charge at normal rate of South African tax	**316**	412	60	145
Adjusted for:				
Non-taxable income and permanent allowances/ deductions	**(37)**	(56)	(141)	(164)
Assessed losses of foreign subsidiaries	**9**	10		
Non-allowable expenditure	**26**	33	9	9
Foreign tax rate variations	**15**	12		
Foreign withholding tax	**10**	10	7	6
Capital gains	**16**	3	15	3
Prior years	**3**	1	2	
Tax charge/(relief)	**358**	425	(48)	(1)
Normal rate of South African tax	**28,0%**	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances/ deductions	**(3,3)**	(3,8)	(65,8)	(31,7)
Assessed losses of foreign subsidiaries	**0,8**	0,7		
Non-allowable expenditure	**2,3**	2,2	4,2	1,7
Foreign tax rate variations	**1,3**	0,8		
Foreign withholding tax	**0,9**	0,7	3,2	1,2
Capital gains	**1,4**	0,2	7,0	0,6
Prior years	**0,3**	0,1	1,0	
Effective rate of tax	**31,7%**	28,9%	(22,4%)	(0,2%)

22. HEADLINE EARNINGS (Rmillion)

	Consolidated 2016	Consolidated 2015
Profit attributable to shareholders	**820**	989
Less after tax effect of:	**(37)**	(44)
Capital profit on disposal of land and buildings	**(42)**	(48)
Capital profit on other items		(2)
Loss on disposal of property, plant and equipment	**4**	4
	(38)	(46)
Minority (non-controlling) interest	**(1)**	
Tax charge on capital profit on sale of land	**3**	3
Tax charge on disposal of other fixed assets	**(1)**	(1)
Headline earnings	**783**	945
Headline earnings per share (cents)		
Basic	**678,1**	826,1
Diluted	**678,1**	826,1

23. EARNINGS PER SHARE

Earnings and headline earnings per share are calculated using the weighted average number of relevant ordinary shares in issue during the year. The weighted average number of shares in issue during the year for both basic earnings per share and diluted earnings per share was 115 471 378 (2015: 114 388 093).

24. DIVIDENDS (Rmillion)

	Consolidated 2016	Consolidated 2015	Company 2016	Company 2015
Ordinary share capital				
Final for previous year, paid 25 June 2015: 210 cents (2015: 210 cents)	**283**	231	283	231
Interim for current year, paid 4 February 2016: 170 cents (2015: 170 cents)	**229**	229	229	229
A preferred ordinary share capital				
Interim for previous year, paid 30 June 2014: 223 cents		28		28
	512	488	512	488
Less dividends relating to BEE SPV consolidation shares	**(95)**	(71)		
	417	417	512	488

The final ordinary dividend for the year ended 31 March 2016 of 60 cents per share declared on 26 May 2016 and payable on 30 June 2016 has not been accrued.

25. FINANCIAL RISK MANAGEMENT (Rmillion)

Financial instruments consist primarily of cash deposits with banks, unlisted investments, derivatives, accounts receivable and payable, and loans to and from associates and others. Financial instruments are carried at fair value, amortised cost or amounts that approximate fair value.

Categories of financial instruments	Consolidated		Company	
	2016	2015	2016	2015
Financial assets				
Derivative instruments in designated hedge accounting relationships	**60**	1	60	1
Unlisted shares	**26**	27		
Loans and receivables at amortised cost	**5 242**	3 808	1 467	1 308
Cash and cash equivalents	**1 877**	1 668	100	97
	7 205	5 504	1 627	1 406
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**1**	28	1	28
Financial liabilities at amortised cost	**10 788**	8 688	8 517	6 687
Non-recourse equity-settled BEE borrowings	**605**	654		
	11 394	9 370	8 518	6 715

Risk management is recognised as being dynamic, evolving and integrated into the core of running the business. The approach to risk management in Tongaat Hulett includes being able to identify and describe/analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett risk committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

In the normal course of its operations, Tongaat Hulett is inter alia exposed to capital, credit, foreign currency, interest, liquidity and commodity price risks. In order to manage these risks, Tongaat Hulett may enter into transactions, which make use of derivatives. They include forward exchange contracts (FECs) and options, interest rate swaps and commodity futures and options. Separate committees are used to manage risks and hedging activities. Tongaat Hulett does not speculate in or engage in the trading of derivative instruments. Since derivative instruments are utilised for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged. The overall risk strategy remains unchanged from previous years.

Capital risk management

Tongaat Hulett's overall strategy around capital structure remains unchanged from previous years and is continually reviewed in budgeting and business planning processes. Tongaat Hulett manages its capital to ensure that its operations are able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The capital structure of Tongaat Hulett consists of debt, which includes borrowings (long-term and short-term bank debt and bonds issued in the debt capital market), cash and cash equivalents and equity.

Credit risk

Financial instruments do not represent a concentration of credit risk because Tongaat Hulett deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, appropriate credit committees review significant credit transactions before consummation. Where considered appropriate, use is made of credit guarantee insurance. A suitable provision is made for doubtful debts. Financial guarantee contracts are accounted for as insurance arrangements. The gross carrying amounts of financial assets best represent the maximum exposure to credit risk.

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Past due trade receivables

Included in trade receivables are debtors which are past the expected collection date (past due) at the reporting date and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. No collateral is held over these balances other than in respect of the land conversion activities where legal ownership of the underlying land asset is usually only transferred to the purchaser on receipt of the full proceeds. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2016	2015	2016	2015
Less than 1 month	**77**	41	30	25
Between 1 to 2 months	**15**	13	2	2
Between 2 to 3 months	**12**	6	2	
Greater than 3 months	**266**	319	4	3
Total past due	**370**	379	38	30
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**25**	21	2	1
Currency alignment	**3**	2		
Amounts written-off	**(2)**		(2)	
Increase in allowance recognised in profit or loss	**10**	2	4	1
Balance at end of year	**36**	25	4	2

Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments are used to minimise foreign currency exchange rate risk in terms of the risk management policy. In principle, it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. Tongaat Hulett is not reliant on imported raw materials to any significant extent. The fair values of the forward exchange contracts were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy and are accounted for as cash flow hedges.

Forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2016	2015			2016	2015
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
Imports								
US Dollar	15,51	1		1	15,51	1		1
Euro	17,33	1			17,33	1		
Exports								
US Dollar	15,78	10	6	(4)	15,78	10	6	(4)
Net total			6	(3)			6	(3)

The hedges in respect of imports and exports are expected to mature within approximately one year.

The fair value is the estimated amount that would be paid or received to terminate the forward exchange contracts in arm's length transactions at the date of the statement of financial position.

Forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2016	2015			2016	2015
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
Imports								
US Dollar	16,10	1	**(1)**		16,10	1	(1)	
Euro	15,42	1			15,42	1		
UK Pound	22,16	4			22,16	4		
Exports								
US Dollar	15,64	45	**2**		15,64	45	2	
Net total			**1**				1	

Although not designated as a hedge for accounting purposes, these forward exchange contracts represent cover of existing foreign currency exposure.

Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign amount (million)	**2016 (Rmillion)**	2015 (Rmillion)	Foreign amount (million)	2016 (Rmillion)	2015 (Rmillion)
Australian Dollar	6	**68**	42	6	68	42
New Zealand Dollar	1	**7**	3	1	7	
US Dollar			8			8
		75	53		75	50

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian Dollar receivable will have a R7 million (2015: R4 million) impact on profit before tax and a R5 million (2015: R3 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered New Zealand Dollar receivable will have a R1 million (2015: nil) impact on profit before tax and a R1 million (2015: nil) impact on equity.

Commodity price risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the prices of commodities. To hedge prices for Tongaat Hulett's substantial commodity requirements, commodity futures and options are used, including fixed and spot-defined forward sales contracts and call and put options.

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2016 and a significant portion of its requirements for the period to 31 May 2017 by using a combination of unpriced procurement contracts and purchases and sales of maize futures.

The fair value of the commodity futures contracts, which are set out below, were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

	Consolidated				Company			
			2016	2015			2016	2015
	Tons	Contract value (Rmillion)	**Fair value (Rmillion)**	Fair value (Rmillion)	Tons	Contract value (Rmillion)	Fair value (Rmillion)	Fair value (Rmillion)
Futures - hedge accounted:								
Maize futures sold	49 400	217	**67**	(32)	49 400	217	67	(32)
Maize futures purchased	42 800	137	**(15)**	8	42 800	137	(15)	8
			52	(24)			52	(24)
Period when cash flow is expected to occur			**2016/17**	2015/16			2016/17	2015/16
When expected to affect profit or loss			**2016/17**	2015/16			2016/17	2015/16
Gain/(loss) recognised in equity during the year			**7**	(2)			7	(2)

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Growing crops fair value measurement

Growing crops, comprising roots and standing cane, are measured at fair value which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy. The fair value of roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the life of the roots (between 6 and 12 years). The fair value of standing cane is determined by the growth of the cane, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market. Changes in the fair value are included in profit or loss, with a benefit of R237 million (2015: R96 million) being recognised in profit or loss in the current year. A reconciliation of the change in fair value for the year is included in note 2.

The effect of an increase in yield or in selling prices will result in an increase in the fair value of the standing cane. The key unobservable inputs, used in determining fair value and which are not interrelated, are yield of the standing cane of 73 tons per hectare (2015: 83 tons per hectare), and prices. For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R37 million (2015: R25 million) change in fair value while a change of one percent in the cane price would result in a R33 million (2015: R26 million) change in fair value.

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system, which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R27 million (2015: R21 million) effect on profit before tax and a R20 million (2015: R15 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities of R2,43 billion (2015: R2,55 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facilities.

Maturity profile of borrowings inclusive of interest projected at current interest rates:

Consolidated	Weighted average effective interest rate	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
2016							
Bank loans	9,1%	3 451 *	1 993	2 162		(998)	6 608
Foreign loans	9,8%	236	63	125		(59)	365
Other borrowings	8,7%	392				(16)	376
Financial lease liability	11,5%	2	1	1		(1)	3
Other non-interest bearing liabilities		3 433			3		3 436
Net settled derivatives		1					1
Total for Tongaat Hulett		7 515	2 057	2 288	3	(1 074)	10 789
Non-recourse equity-settled BEE borrowings		623				(18)	605
Total including SPV debt		8 138	2 057	2 288	3	(1 092)	11 394
2015							
Bank loans	8,0%	1 699	1 749	2 754		(1 023)	5 179
Foreign loans	10,1%	303	61	182		(73)	473
Other borrowings	7,4%	255				(9)	246
Financial lease liability	9,2%	2	1	2		(1)	4
Other non-interest bearing liabilities		2 782			4		2 786
Net settled derivatives		28					28
Total for Tongaat Hulett		5 069	1 811	2 938	4	(1 106)	8 716
Non-recourse equity-settled BEE borrowings		666				(12)	654
Total including SPV debt		5 735	1 811	2 938	4	(1 118)	9 370

* Comprises mainly ongoing short-term loans subject to 365-day notice, which has not been served and therefore unlikely to become due in the next year.

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name	Principal activity	Interest of holding company Equity 2016	Equity 2015	Indebtedness 2016	Indebtedness 2015
Tongaat Hulett Starch (Pty) Ltd	Wet maize milling, starch & glucose manufacturing operation	**15**	15	**56**	35
Tongaat Hulett Developments (Pty) Ltd Tongaat Hulett Estates (Pty) Ltd	Land & property development activities			**(792)**	(922)
Tongaat Hulett Sugar SA Limited Tambankulu Estates Limited (Swaziland) Tongaat Hulett Acucareira de Mocambique, SA (Mozambique) (85%) Tongaat Hulett Acucareira de Xinavane, SA (Mozambique) (88%) Tongaat Hulett Acucar Limitada (Mozambique) Triangle Sugar Corporation Limited (Zimbabwe) Triangle Limited (Zimbabwe) Hippo Valley Estates Limited (Zimbabwe) (50,3%)	Agriculture, raw sugar production, refining, packaging and production of liquid and dry speciality sugars	**4 238**	4 238	**968**	646
The Tongaat Group Limited		**54**	54	**(59)**	(59)
		4 307	4 307	**173**	(300)

Except where otherwise indicated, principal country of business is South Africa and effective participation is 100 percent.
A full list of all subsidiaries and joint operations is available from the company secretary on request.

Non-wholly owned subsidiary with material non-controlling interests: Hippo Valley Estates Limited (Zimbabwe)

Hippo Valley Estates Limited is listed on the Zimbabwe Stock Exchange. It is engaged in the growing and milling of sugarcane and other farming operations.

Summarised financial information as consolidated in Tongaat Hulett's financial statements:	Consolidated 2016	Consolidated 2015
Non-current assets	**4 001**	3 378
Current assets	**1 214**	1 260
Non-current liabilities	**(1 682)**	(1 672)
Current liabilities	**(386)**	(231)
Equity attributable to Tongaat Hulett	**(1 584)**	(1 356)
Non-controlling interests	**1 563**	1 379
Revenue	**1 614**	1 621
(Loss)/profit attributable to Tongaat Hulett	**(66)**	37
(Loss)/profit attributable to non-controlling interests	**(65)**	36
(Loss)/profit for the year	**(131)**	73

Summarised financial information continued	Consolidated 2016	2015
Other comprehensive income attributable to Tongaat Hulett	**293**	178
Other comprehensive income attributable to non-controlling interests	**289**	176
Other comprehensive income for the year	**582**	354
Total comprehensive income attributable to Tongaat Hulett	**227**	215
Total comprehensive income attributable to non-controlling interests	**224**	212
Total comprehensive income for the year	**451**	427
Net cash flow from operating activities	**(52)**	389
Net cash flow from investing activities	**(72)**	(406)
Net cash flow from financing activities	**(137)**	24
Net cash (outflow)/inflow for the year	**(261)**	7

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Guarantees in respect of obligations of Tongaat Hulett and third parties	**101**	33	53	6

28. LEASES (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	2	2	2
Later than one year and not later than five years	**2**	3	2	3
	4	5	4	5
Less future finance charges	**(1)**	(1)	(1)	(1)
Present value of lease obligations	**3**	4	3	4
Payable:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**2**	3	2	3
	3	4	3	4
Operating lease commitments, amounts due:				
Not later than one year	**36**	30	33	27
Later than one year and not later than five years	**39**	52	38	48
	75	82	71	75
In respect of:				
Property	**36**	39	33	33
Plant and machinery		3		4
Other	**39**	40	38	38
	75	82	71	75

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Contracted	**196**	163	83	74
Approved but not contracted	**213**	478	153	388
	409	641	236	462

These commitments relate to expenditure on property, plant, equipment and intangible assets (SAP ERP). Funds to meet future capital expenditure will be provided from retained net cash flows and debt financing.

30. RELATED PARTY TRANSACTIONS (Rmillion)

During the year, Tongaat Hulett, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions are eliminated on consolidation.

	Consolidated		Company	
	2016	2015	2016	2015
Goods and services:				
Between the company and its subsidiaries			519	605
Administration fees and other income:				
Between the company and its subsidiaries			111	188
Transacted with/between joint operations within Tongaat Hulett	**3**	2		
Paid to external related parties	**5**	5		
Interest received/paid:				
Paid by the company to its subsidiaries			101	113
Transacted with/between joint operations within Tongaat Hulett	**4**	4		
Sales of fixed assets:				
Between the company and its subsidiaries			140	93
Loan balances:				
Between the company and its subsidiaries			173	300
Pension Fund loan	**85**	79	85	79
Dividends received:				
Between the company and its subsidiaries			333	425

Other related party information:

Total dividends paid - refer to note 24

Executive directors/key management personnel - refer to pages 75 to 76 and 81 to 82 of the Remuneration Report

Non-executive directors - refer to page 76 of the Remuneration Report

Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility - refer to note 14.

31. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be a member of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes, which are predominantly defined contribution schemes, are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R100 million were expensed during the year (2015: R98 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2016 amount to R234 million (2015: R185 million), including the post-retirement medical aid and the retirement gratuity provisions.

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa, which previously covered the old Tongaat-Hulett Group, was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a Defined Contribution arrangement with the existing pensioner liabilities being outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2016 (Rmillion)**	2015 (Rmillion)
Fair value of fund assets		
Balance at beginning of year	**793**	751
Expected return on scheme assets	**49**	38
Settlements/conversion	**3**	4
Balance at end of year	**845**	793
Comprises:		
Employer surplus account (note 3)	**634**	588
Provisions and reserves	**211**	205
	845	793

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for these current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Consolidated		Company	
	2016	2015	2016	2015
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**542**	487	427	396
Actuarial loss:	**22**	25	14	20
From changes in financial assumptions	**3**	11	3	15
From changes in demographic assumptions	**3**	8		
From changes in experience items during the year	**16**	6	11	5
Net expense recognised in income statement	**49**	49	37	38
Employer contributions	**(36)**	(33)	(28)	(27)
Currency alignment	**23**	14		
Net liability at end of year	**600**	542	450	427
Amounts recognised in profit or loss:				
Current service costs	**9**	8	4	3
Interest costs	**40**	41	33	35
	49	49	37	38
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**9,60%**	8,10%	9,60%	8,10%
Mozambique	**9,09%**	7,34%		
Zimbabwe	**4,00%**	5,00%		
Healthcare cost inflation rate:				
South Africa	**8,75%**	7,20%	8,75%	7,20%
Mozambique	**8,24%**	6,51%		
Zimbabwe	**2,50%**	3,50%		
Sensitivity analysis:				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(62)**	(56)	(42)	(41)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**76**	69	50	49
On healthcare cost inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% increase in trend rate - increase in the obligation	**76**	69	50	49
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(63)**	(57)	(43)	(42)
Estimated contributions payable in the next financial year	**38**	34	30	28

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2016	2015	2016	2015
Weighted average duration of the obligation:				
South Africa	**11,1 years**	11,3 years	11,1 years	11,3 years
Mozambique	**6,6 years**	6,1 years		
Zimbabwe	**16,6 years**	17,0 years		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).
"Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.
Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.
Longevity - pensioners (and their dependants) living longer than expected in retirement.
Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations.

The unfunded liability for retirement gratuities which is determined actuarially each year comprises:

	Consolidated		Company	
	2016	2015	2016	2015
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**198**	176	122	112
Actuarial loss/(gain):	**2**	(2)	2	5
From changes in financial assumptions	**(2)**	1	1	4
From changes in experience items during the year	**4**	(3)	1	1
Net expense recognised in income statement	**27**	25	17	16
Payments made by the employer	**(18)**	(12)	(11)	(11)
Currency alignment	**17**	11		
Net liability at end of year	**226**	198	130	122
Amounts recognised in profit or loss:				
Service costs	**12**	10	7	6
Interest costs	**15**	15	10	10
	27	25	17	16

	Consolidated		Company	
	2016	2015	2016	2015
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**9,60%**	8,10%	9,60%	8,10%
Zimbabwe	**4,00%**	5,00%		
Salary inflation rate:				
South Africa	**8,50%**	6,95%	8,50%	6,95%
Zimbabwe	**1,50%**	2,75%		
Sensitivity analysis:				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(20)**	(18)	(11)	(10)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**23**	21	13	12
On salary inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**4**	3	2	2
1% increase in trend rate - increase in the obligation	**23**	21	13	12
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(20)**	(18)	(11)	(10)
Estimated contributions payable in the next financial year	**23**	18	15	11
Weighted average duration of the obligation:				
South Africa	**9,8 years**	9,9 years	9,8 years	9,9 years
Zimbabwe	**10,5 years**	11,0 years		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).

"Real" salary increases (i.e. above price inflation) turn out higher than allowed for.

Large number of early retirements (normal or ill health) bringing forward gratuity payments.

Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	75
Non-executive directors' remuneration	76
Declaration of full disclosure	76
Interest of directors of the company in share capital	76

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 77 to 80 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 81 to 82.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013. The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components, namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries made contributions to the MSOP Trust and the ESOP Trust (refer to note 3). Due to these shares having specific repurchase rights at maturity (five years from grant date), they were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

Grant date	Balance at 31 March 2015	Released including deaths in service	Forfeited / adjustments	Balance time constrained
1 August 2010	12 647	(12 272)	(375)	
1 February 2011	12 124	(11 359)	(765)	
1 August 2011	11 468	(63)	(126)	11 279
Unallocated	29 959		1 167	31 126
	66 198	(23 694)	(99)	42 405

Management Share Ownership Plan

Grant date	Balance at 31 March 2015	Released including deaths in service	Awarded during 2015/16	Forfeited / adjustments	Balance time constrained
1 August 2010	49 749	(49 749)			
1 February 2011	19 576	(19 576)			
1 August 2011	77 998				77 998
1 February 2012	93 737				93 737
1 June 2012	43 885				43 885
1 July 2012	41 935				41 935
1 November 2012	250 638			(4 157)	246 481
7 January 2013	5 000				5 000
1 March 2013	4 855				4 855
15 April 2013	1 552	(1 552)			
1 July 2013	25 000				25 000
1 August 2014	47 605	(1 734)		(3 904)	41 967
1 September 2014	1 928				1 928
1 September 2015			52 213		52 213
Unallocated	198 999		(52 213)	6 698	153 484
	862 457	(72 611)		(1 363)	788 483

35. SUBSEQUENT EVENTS

There were no material events between 31 March 2016 and the date of this report.

FIVE-YEAR REVIEW

FINANCIAL STATISTICS		2016	2015	2014	2013	2012
TRADING RESULTS (Rmillion)						
Revenue		**16 676**	16 155	15 716	14 373	12 081
Operating profit		**1 808**	2 089	2 374	2 131	1 879
Net financing costs		**(680)**	(617)	(609)	(560)	(507)
Profit before tax		**1 128**	1 472	1 765	1 571	1 372
Tax		**(358)**	(425)	(538)	(392)	(351)
Minority (non-controlling) interest		**50**	(58)	(72)	(100)	(132)
Net profit attributable to shareholders		**820**	989	1 155	1 079	889
Headline earnings attributable to shareholders		**783**	945	1 106	1 067	891
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest		**13 375**	11 889	10 562	8 332	6 709
Minority (non-controlling) interest		**2 155**	1 887	1 628	1 373	1 087
Equity		**15 530**	13 776	12 190	9 705	7 796
Deferred tax		**2 896**	2 491	2 131	1 930	1 663
Borrowings - long and short-term		**6 978**	5 660	5 387	5 559	4 996
Non-recourse equity-settled BEE borrowings		**605**	654	691	722	737
Provisions		**826**	743	696	722	574
Capital employed		**26 835**	23 324	21 095	18 638	15 766
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles		**13 994**	12 526	11 705	10 679	9 363
Growing crops		**6 148**	5 473	5 005	4 583	3 575
Long-term receivables		**564**	518	485	455	409
Inventories, receivables and derivative instruments		**8 246**	6 358	5 714	4 667	3 843
Cash and cash equivalents		**1 877**	1 668	1 067	917	592
Total assets		**30 829**	26 543	23 976	21 301	17 782
Current liabilities (excluding short-term borrowings)		**3 994**	3 219	2 881	2 663	2 016
		26 835	23 324	21 095	18 638	15 766
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share - (cents)		**678,1**	826,1	990,5	968,0	838,9
Dividends per share - (cents)		**230,0**	380,0	360,0	340,0	290,0
Dividend cover - (times)		**3,0**	2,2	2,8	2,8	2,9
PROFITABILITY						
Operating margin		**10,8%**	12,9%	15,1%	14,8%	15,6%
Return on capital employed		**8,0%**	10,3%	12,9%	13,3%	14,0%
FINANCE						
Debt to equity		**44,9%**	41,1%	44,2%	57,3%	64,1%
Net debt to equity		**32,9%**	29,0%	35,4%	47,8%	56,5%
SHARES						
Shares in issue - (millions)	- issued	**135**	135	110	109	105
	- weighted	**115**	114	112	110	106
Market capitalisation	- Rmillion	**14 111**	18 173	12 501	15 586	10 934
Value of shares traded	- Rmillion	**4 752**	7 287	6 038	7 348	2 833
Share price - (cents)	- balance sheet date	**10 444**	13 450	11 368	14 345	10 399
	- high	**13 976**	17 493	14 500	14 940	10 770
	- low	**7 785**	11 236	10 700	10 301	8 547
Volume of shares traded	- millions	**43**	48	49	56	30

DEFINITIONS

OPERATING PROFIT
Operating profit comprises results of operations, centrally accounted and consolidation items.

HEADLINE EARNINGS
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 2/2015: Headline Earnings.

HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue.

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit excluding exceptional items, expressed as a percentage of average capital employed, excluding capital work in progress and including cash as part of net debt.

DEBT TO EQUITY
Long and short-term borrowings divided by equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by equity.

CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings and provisions.

TOTAL LIABILITIES
Long and short-term borrowings, provisions, trade and other payables and derivative liabilities.

SHARE OWNERSHIP ANALYSIS

as at 31 March 2016 **Tongaat Hulett Limited**

Number of shareholders	Spread	Shares held	% Held
4 299	1 - 1 000 shares	1 200 757	0,89
1 256	1 001 - 10 000 shares	3 871 222	2,87
560	10 001 - 100 000 shares	18 795 825	13,91
160	100 001 - 1 000 000 shares	42 945 937	31,78
18	more than 1 000 000 shares	68 298 765	50,55
6 293	Total	135 112 506	100,00
	Category		
44	Banks	693 544	0,51
2	BEE TH Infrastructure and yoMoba SPVs	25 104 976	18,58
2	BEE Share Ownership Plans	830 888	0,62
48	Close Corporations	33 956	0,03
65	Endowment Funds	734 407	0,54
4 500	Individuals	5 057 397	3,74
43	Insurance Companies	2 841 868	2,10
74	Investment Companies	3 021 366	2,24
5	Medical Aid Funds	306 080	0,23
300	Mutual Funds	44 716 790	33,09
656	Nominees and Trusts	5 142 717	3,81
29	Other Corporations	131 945	0,10
377	Pension Funds	45 412 885	33,61
134	Private Companies	758 156	0,56
11	Public Companies	117 752	0,09
3	Share Schemes	207 779	0,15
6 293	Total	135 112 506	100,00
	Type of shareholder		
	Non-public		
3	Directors and associates of the company	468 790	0,35
4	BEE entities	25 935 864	19,20
3	Share Schemes	207 779	0,15
10	Total non-public	26 612 433	19,70
6 283	Public	108 500 073	80,30
6 293	Total	135 112 506	100,00
	Beneficial shareholdings over four percent		
	Public Investment Corporation (GEPF)	20 922 902	15,49
	Allan Gray	14 905 317	11,03
	BEE - TH Infrastructure SPV Proprietary Limited	13 947 209	10,32
	BEE - yoMoba SPV Proprietary Limited	11 157 767	8,26

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration Number: 1892/000610/06
JSE Share Code: TON
ISIN: ZAE 000096541

Company Secretary
MAC Mahlari

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Amanzimnyama Hill Road
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KwaZulu-Natal
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Attorneys
Bowman Gilfillan
Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Independent External Auditor
Deloitte & Touche

Internal Auditor
KPMG

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

Securities Exchange Listings
South Africa (Primary):
JSE Limited
United Kingdom (Secondary):
London Stock Exchange

Transfer Secretaries
South Africa:
Computershare Investor Services
Proprietary Limited
70 Marshall Street
Johannesburg 2001
P O Box 61051
Marshalltown 2107

United Kingdom:
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

SHAREHOLDERS' DIARY

Financial year end		31 March
Annual general meeting		July
Reports and profit statements:		
Interim results		November
Annual results and final dividend declaration		May
Annual financial statements		June
Dividends:		
Interim	Declared	November
	Paid	February
Final	Declared	May
	Paid	June

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty fourth annual general meeting of shareholders of the Company will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 27 July 2016 at 09h00, to among other matters, consider and if deemed fit, to pass (with or without modification) the ordinary and special resolutions set out below.

The record date on which shareholders must be registered in the Company's securities register in order to attend, participate and vote at the annual general meeting is Friday, 22 July 2016.

Order of business

1. To receive and consider the annual financial statements of the Company for the year ended 31 March 2016, such annual financial statements having been approved by the Board as required by Section 30(3)(c) of the Companies Act 2008 ("the Act"), including the reports of the directors, the Risk, SHE, Social and Ethics Committee, the Audit Committee and the auditors, which are presented to the shareholders in the integrated annual report.

2. As required by section 90(1) of the Act, and as recommended by the Audit Committee, to re-appoint Deloitte & Touche as external auditors for the 2016/2017 financial year (with Mr Gavin Kruger as individual designated auditor); and to note the replacement of Mr Wentzel Moodley (due to ill health) with Mr Gavin Kruger as individual designated auditor for the 31 March 2016 financial year.

3. To re-elect each of J John, RP Kupara and N Mjoli-Mncube who retire by rotation in terms of article 61 of the memorandum of incorporation and who, being eligible, offer themselves for re-election. Motions for re-election will be moved individually. The Nomination Committee has assessed each of the retiring directors and the board unanimously recommends their re-election. Details of each of these retiring directors are set out on pages 60 to 61 of the integrated annual report.

4. As required by section 94(2) of the Act, to elect the Audit and Compliance committee comprising of the following independent non-executive directors: J John (Chairman), SM Beesley, F Jakoet and RP Kupara. Details of each of these proposed committee members are set out on page 60 of the integrated annual report.

5. To consider and, if deemed fit, to pass, with or without modification, the following resolutions, subject to the approval of the JSE Limited (JSE):

SPECIAL RESOLUTIONS:
To adopt special resolutions, each resolution must be supported by at least 75% of the total number of votes which the shareholders or their proxies exercise at the meeting.

ORDINARY RESOLUTIONS:
Unless otherwise provided, to adopt ordinary resolutions, each resolution must be supported by more than 50% of the total number of votes which the shareholders or their proxies exercise at the meeting.

Special Resolution Number 1

"Resolved as a special resolution that the Company hereby approves, as a general approval contemplated in the JSE Listings Requirements, the acquisition by:

a. the Company of shares or debentures (securities) issued by it on such terms and conditions and in such amounts as the directors of the Company may deem fit; and

b. any subsidiary of the Company of securities issued by the Company on such terms and conditions and in such amounts as the directors of any such subsidiary may deem fit;

provided that:

1. the aggregate number of ordinary shares acquired by the Company and its subsidiaries in any one financial year shall not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed;

2. such general approval

2.1 shall be valid only until the next annual general meeting of the Company or the expiry of a period of 15 months from the date of this resolution, whichever occurs first, or until varied or revoked prior thereto by special resolution at any shareholders' meeting of the Company; and

2.2 is subject to compliance with the requirements of sections 46 and 48 of the Companies Act 2008.

3. such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE for the five business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;

4. the acquisitions be effected through the order book operated by the JSE trading system;

5. the Company appoints, at any point in time, only one agent to effect any acquisition/s on the Company's behalf;

6. acquisitions will not be undertaken by the Company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements;

7. when the Company and/or its subsidiaries have cumulatively repurchased three percent of the initial number (the number of that class of shares in issue at the time that this general approval is granted) of the relevant class of securities, and for each three percent in aggregate

of the initial number of that class acquired thereafter, an announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions;

8. before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will

8.1 authorize the general repurchase;

8.2 resolve that the Company has passed the solvency and liquidity test described in section 4 of the Act; and

8.3 resolve that they are satisfied that the Company's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes during the 12 month period referred to in section 4 of the Act;

9. this authority will be used if the directors consider that it is in the best interests of the Company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time."

The general information regarding the Company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained in the integrated annual report on the page references as follows:

a. major shareholders: page 129;
b. directors' responsibility statement: page 88;
c. share capital: page 109.

There have been no material changes to this information since 31 March 2016. The company is not a party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors collectively and individually accept full responsibility for the accuracy of the information given in the integrated annual report and certify, that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution number 1 contains all the required information.

Reason and Effect:
In terms of the JSE Listings Requirements, a company may only make a general repurchase of securities if approved by shareholders in terms of a special resolution. The reason for special resolution number 1 is to provide a general authority for the Company and its subsidiaries to acquire shares issued by the Company in accordance with the provisions of the Act and the JSE Listings Requirements. If special resolution number 1 is passed, it will have the effect of authorising the Company or any of its subsidiaries to acquire any of the shares issued by the Company, which authority will last until the earlier of the next annual general meeting of the Company or the expiry of a period of 15 months from the date of special resolution number 1.

Ordinary Resolution Number 1

"Resolved as an ordinary resolution that the directors be and are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the approval granted in terms of special resolution number 1."

Ordinary Resolution Number 2

"Resolved as an ordinary resolution that the unissued shares in the capital of the Company be and are hereby placed under the control of the directors of the Company who are hereby authorised to allot and issue such shares at their discretion, including for scrip dividend distribution or capital funding optimisation if appropriate, upon such terms and conditions as they may determine, subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to five percent representing 6 755 625 of the number of the Company's shares in issue at 27 July 2016 and subject to the provisions of the Companies Act and the JSE Listings Requirements."

Ordinary Resolution Number 3

"Resolved as an ordinary resolution that subject to the passing of ordinary resolution number 2 and the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting at which this resolution is proposed, and the JSE Listings Requirements, the directors of the Company be and are hereby authorised and empowered to allot and issue for cash, without restriction, all or any of the unissued shares in the capital of the Company placed under their control in terms of ordinary resolution number 2 as they in their discretion may deem fit (including for the reasons explained in ordinary resolution number 2), provided that:

a. this authority shall not extend beyond 15 months from the date of this annual general meeting;
b. a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of ordinary shares of the Company's ordinary share capital in issue prior to such issues provided further that such issues shall not in any one financial year exceed five percent representing 6 755 625 shares of the Company's issued ordinary share capital; and
c. in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

Proposed Directors' Fees from 27 July 2016 to 2017 AGM

Type of fee	Existing Annual Fees		Proposed Annual Fees from July 2016 AGM to 2017 AGM	
	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting
Tongaat Hulett Board:				
Chairman	742 651	99 019	779 784	103 970
Non-Executive Directors	210 280	28 037	220 794	29 439
Audit and Compliance Committee:				
Chairman	206 454	45 879	216 777	48 173
Non-Executive Directors	103 237	22 936	108 399	24 083
Remuneration Committee:				
Chairman	164 720	36 587	172 956	38 416
Non-Executive Directors	82 354	18 293	86 472	19 208
Risk, SHE, Social and Ethics Committee:				
Chairman	164 720	36 587	172 956	38 416
Non-Executive Directors	82 354	18 293	86 472	19 208

Special Resolution Number 2

"Resolved as a special resolution that the remuneration, as set out in the table above, to be paid to directors for their service as directors of the Company for the ensuing year, as recommended by the Remuneration Committee and the Board, subject to approval by the shareholders at the annual general meeting, be and are hereby approved".

Any special committee meeting, if required, would earn the same fees as the Remuneration Committee or Risk, SHE, Social and Ethics Committee.

Reason and Effect:

Special resolution number 2 is proposed to comply with the provisions of sections 66(8) and (9) of the Act which provide that the company may pay remuneration to its directors for their service as directors by special resolution.

If special resolution number 2 is passed, the Company will be authorised to pay its directors the remuneration specified in the table above.

Non-binding advisory vote on remuneration policy

"Resolved to endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation as set out in the Remuneration report contained on pages 71 to 74 of this integrated annual report."

6. To transact such other business as may be transacted at a general meeting.

Voting

Any shareholder who holds certificated ordinary shares in the company or who holds dematerialised ordinary shares in the company through a Central Securities Depository Participant (CSDP) and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting. A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the company or dematerialised ordinary shares in the company through a CSDP and who have selected "own name" registration. Such proxy form, duly completed, should be forwarded to reach the transfer secretaries of the company, by no later than 09h00 on Monday 25 July 2016. The completion of a proxy form will not preclude a member from attending the meeting.

A proxy need not be a shareholder of the Company. In terms of section 63(1) of the Act, before any person may attend or participate in the annual general meeting, that person must present reasonable satisfactory identification to the chairman of the meeting, who must be reasonably satisfied that that person has the right to attend, participate in and vote at the meeting, either as a shareholder or as a proxy for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's license.

By order of the Board

MAC Mahlari
Company Secretary
Amanzimnyama

Tongaat, KwaZulu-Natal
26 May 2016

NOTES

Tongaat Hulett

Registration Number 1892/000610/06 Share Code: TON ISIN: ZAE000096541

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker

A member entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

I/We ....

(Name in block letters)

of ....

(Address in block letters)

being the holder/holders of .... ordinary shares in Tongaat Hulett do hereby appoint

....

or failing him, Mr CB Sibisi or failing him, Mr PH Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09h00 on Wednesday 27 July 2016 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions.

Proposed resolution		For	Against	Abstain
Re-appointment of Deloitte & Touche as auditors (with Mr G Kruger as designated auditor)				
Re-election of directors:				
	J John			
	RP Kupara			
	N Mjoli-Mncube			
Election of Audit and Compliance Committee until the next AGM:				
	J John			
	SM Beesley			
	F Jakoet			
	RP Kupara			
Special Resolution Number 1 authorising the repurchase of issued ordinary shares to a maximum of five percent in any year.				
Ordinary Resolution Number 1 authorising directors to give effect to Special Resolution Number 1.				
Ordinary Resolution Number 2 authorising the placing of unissued share capital under the control of directors to a maximum of five percent of the issued share capital.				
Ordinary Resolution Number 3 authorising directors to issue for cash unissued shares in terms of Ordinary Resolution Number 2.				
Special Resolution Number 2 authorising the remuneration payable to directors for their service as directors of the company.				
Non-binding advisory vote endorsing the company's remuneration policy.				

Signed this .... day of .... 2016 .... Signature

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 25 July 2016.

South Africa: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

United Kingdom: Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

Notes:

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chair of the annual general meeting.
3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the company.
5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

GLOSSARY OF TERMS

- Bagasse - Bagasse is a fibrous co-product of the sugar crushing process which can be used as an ingredient in the production of animal feeds, or burnt to generate electricity
- Bulk infrastructure - The large-scale roads, sewerage, water, electrical and drainage works necessary to enable a land holding to be converted from agricultural to other, higher value usage
- CDP - Previously Carbon Disclosure Project
- Developable hectares - The area of a land holding left over after deducting areas not available for development, such as very steep, geologically unstable or environmentally sensitive land. These hectares will carry both sites that can be sold as well as roads, parks and other amenities
- ESOP - Employee Share Ownership Plan
- Ethanol - Ethanol is pure alcohol, produced through the fermentation of sugar
- EU - European Union
- GHG emissions - Greenhouse gas emissions
- Glucose - Glucose is a simple sugar found in plants
- Greenfield - Starting a new business venture from scratch
- Land conversion - The activity, consciously and proactively undertaken by Tongaat Hulett, of moving appropriate components of its land holdings from an agricultural land use to other uses in order to create and realise value for a range of its stakeholders
- Land development - An activity within the land conversion process that includes the installation of services to a land holding, its establishment as a township and the sale of individual subdivisional stands, sometimes with a range of additional value-adding services provided to the buyer
- LTIs - Lost Time Injuries
- LTIFR - Lost Time Injury Frequency Rate
- Molasses - Molasses is a viscous co-product of the process of refining sugarcane
- MSOP - Management Share Ownership Plan
- Renewable energy - Renewable energy is as energy that comes from natural resources which are organically replenished
- RSE - Raw Sugar Equivalent
- SADC - Southern African Development Community
- Shovel ready land - The status of an element of the land portfolio where environmental (EIA), zoning and subdivisional permissions are sufficiently advanced that it is assessed that, within a short space of time (generally around six months or less), physical work on both infrastructure and buildings could be commenced. A key consideration in the ability to realise optimum value from a particular land holding
- Sorbitol - Sorbitol is a sugar alcohol which is produced through the reduction of glucose
- FTSE/JSE Responsible Investment Index - Socially Responsible Investment index of the JSE Limited
- Sucrose - Sucrose is table sugar (or cane sugar or beet sugar)
- US c/lb - US cents per pound

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