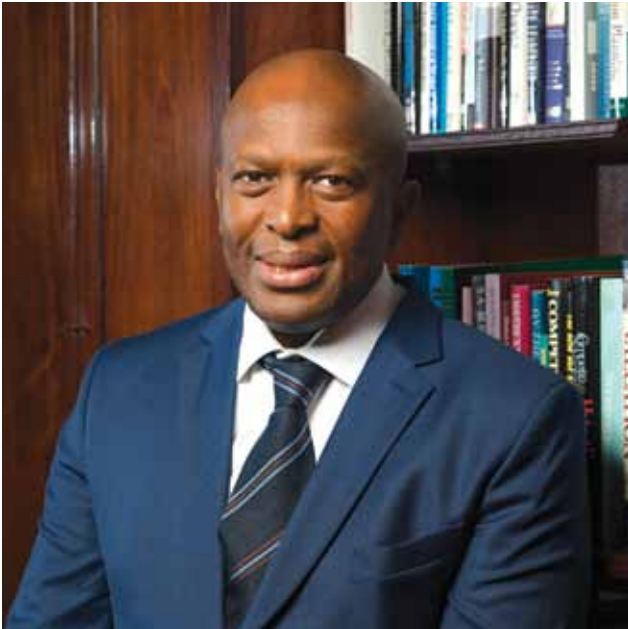


CHAIRMAN'S STATEMENT



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