

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

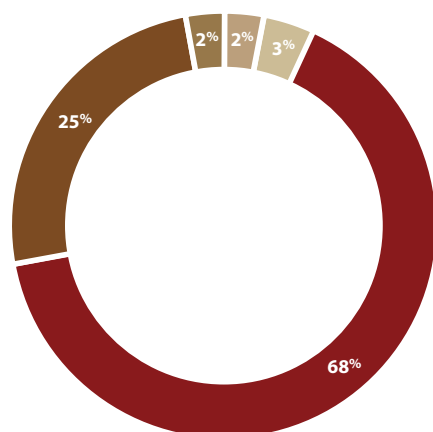
Employee development programmes are informed by the analysis of business needs and operating challenges compared against existing skills supply, levels of competence and performance, prioritising the core functions of the company. This includes consideration of compliance requirements in various functions.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

2016 SKILLS IMPROVEMENT CATEGORIES



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



- SHe, safety and compliance
- Operations and core functional skills
- Supervisory and management development
- Talent development and career advancement
- Graduate development and artisan training

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.



SUSTAINABILITY ELEMENTS continued

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, necessitating 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.tongaathulett.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.tongaathulett.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 career 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.

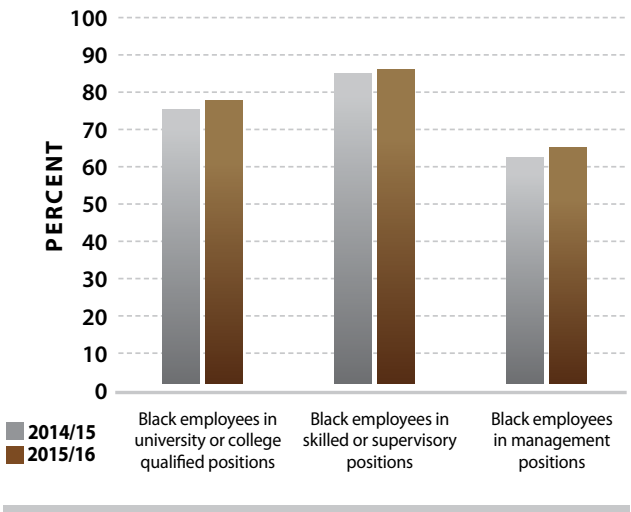
While significant transformational focus is on females, it has been established that certain agricultural and agri-processing positions have, in the past, not been viewed as attractive career choices to female candidates. The company has various youth focussed interventions to assist in changing perceptions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

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



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 Açúcar 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 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.