

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

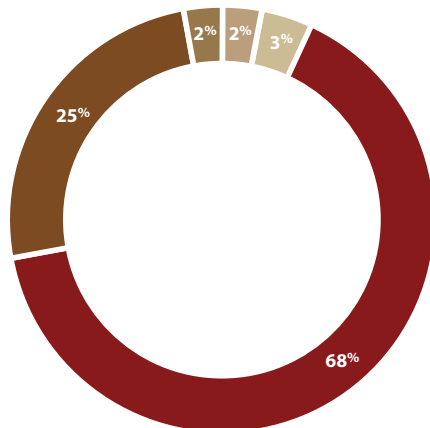
Employee development programmes are informed by the analysis of business needs and operating challenges compared against existing skills supply, levels of competence and performance, prioritising the core functions of the company. This includes consideration of compliance requirements in various functions. 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.

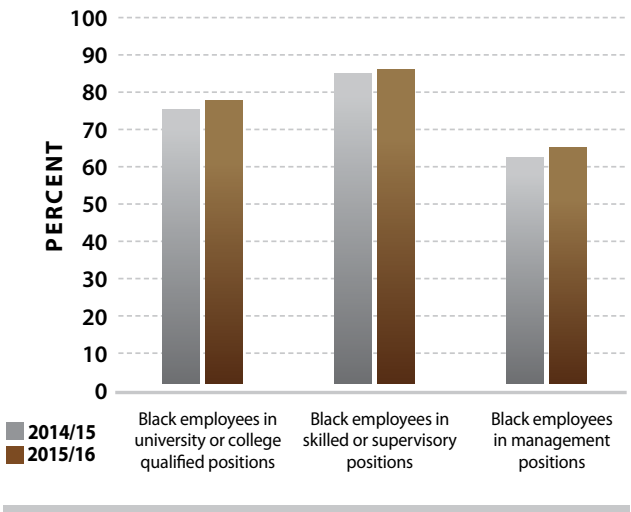
While significant transformational focus is on females, it has been established that certain agricultural and agri-processing positions have, in the past, not been viewed as attractive career choices to female candidates. The company has various youth focussed interventions to assist in changing perceptions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

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.



SUSTAINABILITY ELEMENTS continued

	Nature of engagement	Priorities for stakeholders	Outcomes
Shareholders, investors and analysts	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Clear communication of the company's performance, strategy and prospects going forward Return on investment and growth in value 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Partnerships on joint projects Forums discussing existing and emerging initiatives Ad hoc meetings Compliance monitoring 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Groups are organised according to logistical areas of operation 	<ul style="list-style-type: none"> Maximum return in terms of revenue received for sugarcane and maize Support from the company towards the long-term sustainability of private farmers 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Regular interaction on procurement processes, responsible sourcing standards and supply chain management Regular interactions with customers on various matters 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 eThekweni 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 RESPONSIBILITY	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.



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.tongaathulett.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

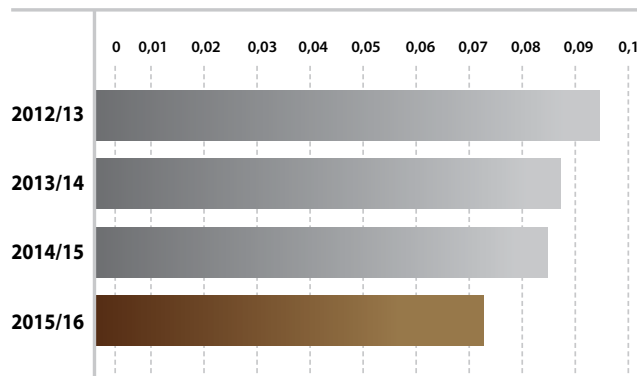
targeted fatality risk control initiatives that were reviewed periodically. This approach has contributed to a sustained safety improvement realised so far.

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 necessarily 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 its 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

SUSTAINABILITY ELEMENTS continued

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 counselling 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:

	Hulett's® 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
	Hulett's 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

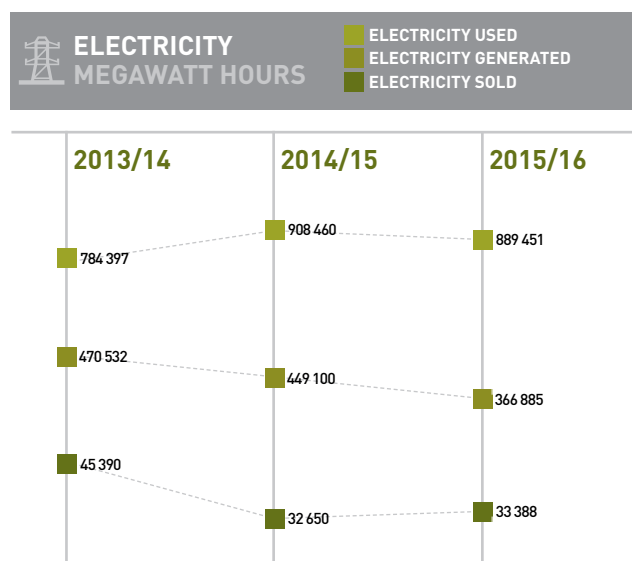
As part of its broader response to climate change, Tongaat Hulett participated in the CDP (formerly Carbon Disclosure Project) for the seventh consecutive year. The CDP is an independent initiative that encourages transparency on climate change-related issues, with an emphasis on emissions disclosure. 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

SUSTAINABILITY ELEMENTS continued

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.

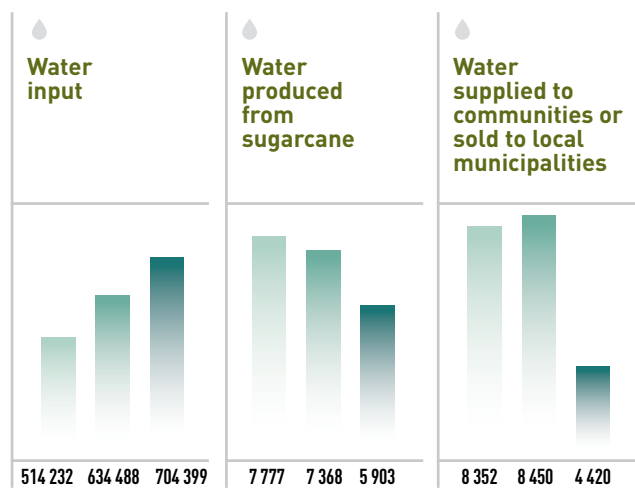
The business is committed to improving its water management practices to maintain consistent and high-quality production in the future. While improving water security globally is an ambitious undertaking, the actions that companies such as Tongaat Hulett are taking demonstrate an understanding of the 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.

WATER FOOTPRINT MEGALITRES

2013/14 2014/15 2015/16



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.

SUSTAINABILITY ELEMENTS continued

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.tongaathulett.com/2016/ermassurance.pdf







 ***Tongaat Hulett***

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