



CHAIRMAN'S STATEMENT

Tongaat Hulett continues to be a resilient and dynamic company, delivering a pleasing set of financial results, albeit under difficult conditions, for the year ended 31 March 2017. The results show a 39,8% increase in operating profit, particularly including an improvement in sugar revenue and operating profit. Tongaat Hulett's sugar production is expected to increase significantly over the next two years, in the recovery from drought conditions of the past two years. Sales concluded in land conversion and developments were lower than the prior year. The past season's drought had a negative impact on starch operations with maize costs that traded at import parity levels in the second half of the year.

We remain confident with the strategic direction of the business and are encouraged by the good progress made in the implementation of the strategy. The company will keep building on its multiple strategic thrusts, with earnings growth and cash flow momentum expected to continue.

SUSTAINABILITY

Tongaat Hulett has a proud history, with its sustainability model underpinning continued business growth. The company appreciates that its core purpose, risks and opportunities, strategy, business model, performance and sustainable business development are all inseparable elements of the value creation process and its approach to safety, health and the environment.

"ZERO HARM" objectives are the foundation of the company's safety framework and continue to be a high priority. Regrettably three lives were lost in separate work related fatalities at the Developments and Hippo Valley operations during the year, despite tireless efforts and continued initiatives to ensure the highest standards of safety. On behalf of the Board and all employees, I express our deep regret, and extend heartfelt condolences to affected families, friends and colleagues. The business remains committed to the safety programme as a whole, and in particular to preventing further loss of lives, with

the CEO and his team leading a series of new interventions. Various stakeholder engagement initiatives also continue to be pursued to ensure that employees, contractors, service providers and surrounding communities actively participate in the company's safety programmes, to successfully embed an interdependent safety culture for the benefit of all.

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

The business is aligned with the United Nations Sustainable Development Goals (SDGs) and believes that these complement its strategic goal of value creation for all stakeholders through an all-inclusive approach to growth and development. The SDGs set out a vision for ending poverty, hunger and inequality, and protecting the earth's natural resources by 2030. The 17 goals are closely interlinked and are being integrated into the Tongaat Hulett sustainability framework, with an emphasis on those where we can make the most meaningful, positive impact.

Sustainability is embedded in the business strategy and constitutes an integral component of the corporate culture. This is reflected in all stages of the company's value chain, particularly in the implementation of numerous cost reduction measures related to the use and sourcing of materials and

energy, resulting in higher efficiency and lower resources requirements. The company's sustainability reporting meets the Global Reporting Initiative (GRI) standard, and focuses, among others, on the environmental and social aspects of the company's activities. This includes future measures to be taken with regard to production, products, social responsibility and employees. Various sustainability components are addressed throughout this report, and are described within the broad framework of the six capitals of value creation: natural; financial; manufactured; social and relationship; human and intellectual.

With a footprint in six SADC countries, the company's role and responsibility in community upliftment and rural development continues unabated. The sustainability element of this integrated report addresses these and various other milestones achieved in the reporting period. Tongaat Hulett's commitment to social sustainability and innovation had a positive impact on the communities where we operate and this continues to be a priority. Stakeholders are encouraged to view business performance holistically, both in financial and social development terms, and assess how these concepts are integrated in meaningful outcomes-based governance, successful strategy implementation and business sustainability.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett strives to ensure that communication and engagement with stakeholders is effective and comprehensive, and enables stakeholders to make informed assessments about the performance of the company and its prospects in the long term. The Board fully appreciates that tangible value creation and the achievement of key strategic objectives depend on managing stakeholder relationships effectively.

The company's approach to stakeholder engagement is inclusive in nature, with various processes implemented to improve an understanding of the needs, expectations and interests of its stakeholders, while remaining cognisant of the company's best interests over time. The various governments across the SADC region, small-scale and commercial farmers and their representative bodies, institutional investors, shareholders, employees, customers, suppliers and surrounding communities all continue to be a priority. This reflects the commitment to create value for all stakeholders. The various sections of this integrated annual report highlight the proactive engagements with various stakeholders and includes the nature of engagement, the priorities as highlighted by the stakeholders, as well as the outcomes. The link between the ongoing interface with various stakeholders and the company's success in delivering on strategic thrusts is also highlighted. Regular interface with shareholders on key strategic themes and the performance of the company, through various presentations and scheduled meetings continues to be a priority. This includes roadshows in South Africa and overseas, and participating in selected conferences. Detailed information on Tongaat Hulett's activities is available on the company website, including the integrated annual report, land portfolio document, results announcements, roadshow presentations and supplementary information.

One of the key business strategic goals is value creation for all stakeholders through an all-inclusive approach to growth and development. The premise of this goal is on building new and strengthening existing relationships with governments and society in all countries of operation. The company's various

socio-economic development programmes focus mainly on agriculture, rural and urban development, healthcare (HIV/AIDS and malaria management among others), basic amenities (including food security projects), education initiatives as well as sports, arts and culture activities. The company takes pride in these programmes and some of the many successful case studies are highlighted in this annual report.

DIVIDEND

The Board declared a final gross cash dividend of 200 cents per share. The final dividend, together with the interim dividend of 100 cents per share, amounts to a total dividend of 300 cents per share for the financial year ended 31 March 2017, compared to the 230 cents per share paid out in the previous year, marking a 30% increase for the year.

CORPORATE GOVERNANCE AND GOOD FUNCTIONING OF THE BOARD

The Board continues to provide effective and ethical leadership. We view strong governance as the foundation for the long-term success of the company and believe that integrity and upholding the highest standards of corporate governance are essential to delivering on the company's strategic objectives. The Board continues to be cognisant of the regulatory environment that governs the business including King III, the JSE Listings Requirements, the Companies Act and other pertinent legislation. We welcome the enhancements presented by King IV and are currently exploring implementation.

There were no changes to the Board during this period. We remain pleased with the current composition of the Board with its gender and race diversity and the requisite level of skills, experience and demographic diversity that allow for fresh perspectives, robust discussions and better decision-making. The directorate section of this integrated report illustrates these facets. The most recent formal Board evaluation process confirmed that the Board continues to function well as a team, and presented an opportunity to reflect on areas that should receive future focus.

ACKNOWLEDGEMENTS

Peter Staude and the executive team have continued to perform commendably and took all business challenges in their stride. I have every confidence in the leadership team. They have proven to be agile and resilient. In addition, I acknowledge the guidance and wisdom of the Board throughout the period. We remain well-positioned to seize all opportunities that present themselves. All the Tongaat Hulett employees across the various operations were instrumental in the achievement of this year's results. I applaud their continued commitment and dedication to the company. To conclude, I am very appreciative of all the stakeholders of Tongaat Hulett who continue to play a key role in the success of the business. The outlook for the year ahead is a positive one.



CB Sibisi
Chairman

Amanzimnyama,
Tongaat, KwaZulu-Natal
25 May 2017