

REMUNERATION REPORT

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

THE REMUNERATION COMMITTEE

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

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

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

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

REMUNERATION PHILOSOPHY AND POLICY

The objective of the remuneration policy is to align performance of company executives and fair reward with the company's commercial success and sustainability, simultaneously taking into account various stakeholders' perspectives and the

affordability/cost to company. In developing the remuneration policy, the following factors were considered:

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

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

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

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

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