



STAKEHOLDER RELATIONSHIPS



SOCIAL AND RELATIONSHIP CAPITAL

R186,3
MILLION

INVESTED IN SED
INITIATIVES

R68,6
MILLION

INVESTED IN
HEALTHCARE
RELATED ACTIVITIES

R19,6
MILLION

INVESTED IN
EDUCATION

KEY ELEMENTS

R186,3 million spent on SED Initiatives
(2015/16: R190,5 million)

2016 Investment Analyst Society Awards Winner:
Consumer Products Sector

13 consecutive years included on the
FTSE/JSE Responsible Investment Index

KEY PRIORITIES GOING FORWARD

Zero fatalities and improved safety performance

Implementing the South African National
Standards (SANS) 16001 on wellness
management systems

Tongaat Hulett has long-standing relationships with multiple stakeholders and the business endeavours to maintain and further develop these associations for the benefit of all parties. The process to increase Tongaat Hulett's understanding of its stakeholders is ongoing and includes identifying key clusters based on the degree to which they influence or are impacted on by the business, and documenting the various proactive engagements that are already in place as the business seeks to further strengthen these relationships. These are outlined on the following page.

	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 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 business's ability to create long-term value among investors and analysts
Government authorities and regulators in the region	<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 • Ongoing partnership with relevant government agencies on various initiatives including sugar expansion in rural communities and land conversion activities
Private farmers	<ul style="list-style-type: none"> • Groups are organised per 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 sugarcane farmers 	<ul style="list-style-type: none"> • Access to maximum quality seed cane and cost savings on key inputs such as fertiliser and herbicides • Tongaat Hulett works to unlock grant funding from relevant authorities • Sustainable integrated farming model for staple foods implemented across 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 • 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 • Ongoing 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 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 • Ongoing 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 undertaken 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



SOCIO-ECONOMIC DEVELOPMENT (SED)

Tongaat Hulett recognises that societal dynamics have an increasing impact on all its operations. Given this context, the business has articulated its strategic goal of striving for a relationship with society that is based on shared value and prosperity. This strategic goal has been described as "Value creation for all stakeholders through an all-inclusive approach to growth and development". Tongaat Hulett's SED activities are one of the vehicles used to strengthen and, in some instances, build improved relationships with Government and society, specifically those stakeholders that are most impacted by business activities. The business 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 that it operates in
- Social sustainability and innovation - Tongaat Hulett is developing innovative practical approaches to transform society and the environment thereby uplifting communities

The business exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2017. For the year to 31 March 2017, Tongaat Hulett invested R186,3 million in its SED initiatives (2015/16: R190,5 million), including the cost of company sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 91 percent of the total amount invested in SED initiatives.

Key elements of SED spend for the period are as follows:

HEALTHCARE

- With most operations being in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
- R68,6 million was invested in health-related activities, of which R1 948 445 was specifically allocated to dealing with the impact of HIV/ AIDS.

BASIC NEEDS

- Tongaat Hulett continues to invest 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. R15,9 million was invested in these initiatives during the year. In Zimbabwe and Mozambique soccer plays a significant role in communities and Tongaat Hulett sponsors various teams in these operations.

EDUCATION

- R19,6 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.

CASE STUDY UPLIFTING COMMUNITIES THROUGH THE SORGHUM GRAIN PROJECT



One of Tongaat Hulett's objectives is to build relationships with society based on shared value and prosperity. An example of this commitment is demonstrated through the company's Zimbabwean operations that identified the opportunity to purchase its sorghum requirements from a community-based outgrower programme that was developed in conjunction with government and community leaders. This project supports the UN Sustainable Development Goal of ending extreme poverty in all forms by 2030.

To read more go to www.tongaathulett.com/2017/uc

CASE STUDY GROWING TONGAAT HULETT'S TALENT POOL THROUGH INVESTMENTS IN EDUCATION



Tongaathulett's operations require many skilled employees, particularly engineers and artisans. Over the past few years, the business has employed several people that have benefitted from the Programme for Technological Careers (PROTEC). Tongaathulett has had a long-standing relationship with the PROTEC Tongaathulett branch, which is located at the Maidstone mill. The company's investments in PROTEC contributed to the education and development of a student that qualified as a mechanical engineer. She is now employed at the South African sugar refinery and is making a significant contribution to the development of previously disadvantaged students throughout South Africa. Tongaathulett's ongoing commitment to investing in education speaks to the UN Sustainable Development Goal to ensure inclusive and equitable quality education.

To read more go to www.tongaathulett.com/2017/gth

FOOD SECURITY

The world's food systems play a central role in the well-being of ecosystems and human societies, and are a key driver of economic livelihoods. They contribute to most of the 17 SDGs adopted by the UN in 2016. However, today's food systems will not be able to feed the world's growing population both nutritiously and sustainably. Agricultural output in sub-Saharan Africa is primarily derived from small-holder farmers, who account for more than 80 percent of all farmers in the region. The greatest challenge facing most of these farmers is a lack of technical farming skills, capital and adequate mechanisation. In addition, they farm on small parcels of land that are often degraded and have no access to irrigation. It is for these reasons that most smallholder farmers in the region cannot produce optimally. Tongaathulett understands the crucial role that agriculture can play in improving food security, and ensuring environmental safety. Its strategy is underpinned by the following parameters:

CHANGE OF ATTITUDE IN AGRICULTURE

- Agriculture will thrive when government, businesses, policymakers, civil society and farmers (commercial and smallholder) jointly develop solutions to improve food security.

LAND REFORM AND WATER STORAGE CAPACITY

- Select beneficiaries based on farming experience, provide them with proper and adequate support, and establish partnerships between them and organised agriculture.

GREATER INVESTMENT IN AGRICULTURE

- Increase expenditure and direct it to improving agricultural infrastructure, research and development, and education and training for smallholder farmers.

MAKE AGRICULTURE AN ATTRACTIVE CAREER OPTION FOR YOUNG PEOPLE

- Developing innovative tools and measures that will ensure that all farmers, and particularly smallholders, can improve their competitiveness. In addition, ensure that young people are made aware of farming as a business career option that offers great opportunities to engage in all areas of the value chain.

CASE STUDY CHANGING THE LIVES OF RURAL COMMUNITIES THROUGH PARTNERSHIPS



The Graca Machel small-scale grower association members in Xinavane are celebrating their first sugarcane harvest. In 2015 they were one of five small-scale grower associations that partnered with the European Union (EU), the Mozambican Government, BancABC and Tongaat Hulett to establish sugarcane plantations. The project, which aimed to foster economic stability and create successful, sustainable communities cost a total of €3 918 774. This was funded by an EU grant of €1 545 596 and a BancABC loan of €2 373 278. The five associations, comprising 362 farmers, established 530 hectares of irrigated sugarcane farmlands, with all cane supplied to Tongaat Hulett's Xinavane mill. In addition, 30 hectares of irrigated food crops was established to assist in ensuring food security. This project supports the SDG of ending extreme poverty in all forms by 2030 and of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture.

To read more go to www.tongaathulett.com/2017/gm

PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett supports farm management practices that boost soil carbon sequestration such as climate smart-agriculture, mulching and intercropping. It 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 complements 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. The business understands that for agriculture to be sustainable, land and water must be used efficiently to reduce negative impact on the environment and ensure resilience to climate change.

SUPPLY CHAIN

Tongaat Hulett has maintained its current Level 4 B-BBEE rating, and will continue striving to improve this result. The draft Agricultural (AgriBEE) Sector Codes were released for public comment in October 2015 and are expected to be gazetted during the course of 2017. The Property Sector Codes were gazetted on 9 June 2017, the draft of which had been released for public comment in November 2015. The increased compliance levels and introduction of priority elements in the draft revised AgriBEE Sector Codes and the new Property Sector Codes have placed greater emphasis on ownership, skills development as well as enterprise and supplier development (ESD).

In conjunction with government's call for a quicker pace and intensive action on economic transformation, the business is executing on an innovative ESD strategy, with the aim of diversifying the supplier base with special focus on localization. There are targeted efforts to support small, medium and micro sized enterprises (SMMEs), while prioritising black-owned and black women-owned enterprises through various initiatives such as preferential payment terms, innovative financing options on land sales, encouragement of joint ventures between large enterprises and exempt micro enterprises (EMEs) and/or qualifying small enterprises (QSEs). There is continuous engagement with B-BBEE non-compliant as well as unrated suppliers, with an objective of helping these suppliers transform their businesses and/or get the necessary verification - to obtain the requisite B-BBEE certificates.





Further details on Tongaat Hulett's B-BBEE certificate is available at www.tongaathulett.com.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Tongaathulett is achieving encouraging progress along its ZERO HARM journey and strives to strengthen stakeholder partnerships in this campaign. The company's SHE policies and cardinal rules empower every individual stakeholder, including employees, contractors, farmers and people from surrounding communities, to take total ownership of their safety and health as well as that of their peers. Every Tongaathulett stakeholder is always challenged to take individual responsibility in protecting the environment from harm and use resources in a responsible and sustainable manner for the benefit of current and future generations.

The company's leadership demonstrates commitment to adhering to SHE principles, deploying necessary resources and providing desired guidance to stakeholders for the ZERO HARM goal to be realised and sustained.

SAFETY

Regrettably, a total of three work related fatalities were suffered during the year 2016/17. There was a reduction in the number of fatalities recorded in 2016/17 when compared to the five suffered in 2015/16. However, given that Tongaathulett's ZERO HARM campaign is targeted at eliminating fatalities as a top priority, it is deeply concerning to have had fatality experiences in the year.

Fatality risk management protocols were revisited and strengthened to avoid further loss of lives at the workplace.

The company's safety performance in terms of serious injuries that result in loss of time slightly declined in 2016/17 when compared to the previous year. A Lost Time Injury Frequency Rate (LTIFR) of 0,093 per 200 000 hours worked, was achieved in 2016/17 reflecting a negative trend for the first time in more than five years following a prior consistent performance of 0.073 achieved in 2015/16, 0,085 (2014/15), 0,087 (2013/14), 0,094 (2012/13) and 0,010 (2011/12). This decline was partly caused by an increase of five lost time injuries and a significant reduction of employee hours worked amounting to ten million hours less when compared to those recorded in 2015/16.

Total Recordable Cases Frequency Rate and Total Injury Frequency Rate were at 1,46 (2015/16: 1,27) and 3,41 (2015/16: 3,82). This performance suggested an improvement in the reporting of minor incidents that result in minor injuries requiring mild medical treatment without experiencing loss of time. The reporting of minor first aid cases however, declined slightly. A dedicated campaign is being pursued to encourage the reporting of these minor incidents that could easily go unreported.

Nevertheless, Tongaathulett's safety performance still compares satisfactorily with leading benchmarked companies across the world, particularly in terms of LTIFR. The company is gaining meaningful progress along its ZERO HARM journey as demonstrated by the following milestone achievements realised by some of its operations in 2016/17:

- Undertaking pro-active/reactive top executive "stand-back" reviews of operations experiencing unsatisfactory business and/or safety trends considering a correlation between both aspects.
- Adopting a new risk matrix and consistently applying it in risk-assessment processes that determine high fatality risk topics and relevant critical control protocols to be deployed.
- Strengthening behaviour-based interventions and contractor management protocols to enhance a sustainable ZERO HARM culture within the organisation.



FOOD SAFETY

Tongaat Hulett's longstanding reputation of being a producer of high-quality products continues to grow and is acknowledged by its stakeholders, which include customers, regulatory authorities and third-party auditing bodies within and outside the food industry. Such a reputation is protected and strengthened through adherence to structured food safety processes that include managing maize and sugarcane requirements on a non-genetically modified basis and applying a sophisticated identity preservation system. Compliance with these systems and processes is monitored through several annual customer audits that apply global audit protocols. In addition, ongoing 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. In 2016/17, all starch operations, the refinery in South Africa and sugar packaging stations for Xinavane mill in Mozambique, Triangle mill in Zimbabwe and Namibia operations retained certification for FSSC 22000 or ISO 22000 on food safety management systems. Other pack stations are at different stages in preparing to secure similar certifications.

Regarding the health promotion levy (previously referred to as the tax on sweetened beverages), the South African sugar industry, which includes Tongaat Hulett, continues to engage with government. 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 38 221 employees (peak milling season) working at 27 locations in six countries in southern Africa. Health issues across the region where the business operates are therefore varied. Tongaat Hulett's thrust on sustainability requires sound management of business risks, including those posed by ill health among its employees and people from surrounding communities. These risks can result in increased absenteeism, increased production costs and reduced productivity. Managing all health-related risks is therefore imperative to Tongaat Hulett's continued viability.

While geographical location may have some unique effect, health concerns are similar in areas where Tongaat Hulett has business interests. The need for integrated management of health risks for chronic illness, occupational injuries and diseases, mental diseases and disability is a key health focus area. Elements of key health focus areas entail:

- HIV/AIDS management
- Wellness and disease management
- Occupational health programmes with emphasis on managing risks of noise induced hearing loss
- Malaria case control

HIV, AIDS AND TB MANAGEMENT

All Tongaat Hulett operations are now fully compliant with the World Health Organisation strategy of “test and treat” in the management of HIV and AIDS - i.e. all persons who test positive will go onto treatment immediately irrespective of their CD4 count status. Furthermore, the 90:90:90 approach has been adopted by all operations in setting following internal targets:

- 90 percent of workforce should know their HIV status
- 90 percent of HIV+ people should be on antiretroviral therapy (ART)
- 90 percent of those on ART should remain on ART

Performance for the past year (2016/17) against these parameters was 92:83:94. The only target not achieved was largely because of employees who prefer to access non-company based schemes to obtain ART. This is evident in South Africa where many employees access treatment from state and private facilities. Their statistics are therefore not captured in Tongaat Hulett's records as being on treatment. Key statistics of the HIV/AIDS management programme for the 2016/17 fiscal year are:

- Employees currently receiving ART through company-provided ART: 3 919 (2015/16: 3 768)
- Voluntary counselling and testing (VCT) uptake: 88,8 percent (2015/16: 88,4 percent)
- Employees knowing their status: 91,8 percent (2015/16: 90,5 percent)
- Number of new employees confirmed HIV+ on testing: 642 (2015/16: 1 187)
- Number of employees currently HIV+: 4 752 (2015/16: 4 689)
- HIV prevalence: 22,7 percent (2015/16: 21,6 percent)
- Cost of ART: R1,9 million (2015/16: R1,9 million)
- Seasonal employees/contractors VCT uptake: 7 930 (2015/16: 9 951)
- Seasonal employees/contractors on ART: 1 144 (2015/16: 1 080)

An increase in HIV prevalence was realised even though the number of new infections declined by 46 percent and the number of employees currently HIV positive only increased by 1 percent. This is attributed to the significant reduction in the total number of employees as shown by the reduction of employees' hours, amounting to seven million hours.

While the retention rate of ART is high, the challenge for non-South African operations is ensuring that those on treatment are virally suppressed. This is because of the limited access to viral load testing. Opportunities for private-public partnerships are being explored.

WELLNESS MANAGEMENT

Mental health issues, stress and non-communicable diseases worldwide are contributing to the burden of disease among employees. While acute infectious diseases (e.g. malaria) still rank as the leading cause of ill health, non-communicable diseases are increasingly featuring in the causes of ill health among employees. The company is working towards implementing the South Africa National Standards (SANS) 16001 on wellness management systems to ensure best practices are adopted and measured for compliance.

MALARIA

Heavy rains experienced throughout the region in late 2016 and into 2017, increased pockets of stagnant water and thus mosquito breeding sites. This resulted in malaria endemics in Zimbabwe and Mozambique. This is despite the presence of integrated malaria control programmes that include vector control, awareness and personal protection. The situation was compounded in Zimbabwe by lack of malaria control activities in the new outgrower farms within and bordering Tongaat Hulett operations. Outgrowers are being engaged to resuscitate these controls. There were no malaria-related fatalities recorded at Tongaat Hulett's operations during 2016/17.

OCCUPATIONAL HEALTH RISK MANAGEMENT

The occupational health risk of main concern is that of noise induced hearing loss as this adversely affects the livelihood of employees even after they leave employment. As part of managing this risk, the company focuses on early identification of those at highest risk, and taking necessary precautionary measures before the severity of hearing loss increases. Various other occupational health risks are monitored through periodic medical surveillance programmes to ensure employees are not showing signs of over exposure to inherent risks.

In 2016/17, there was no occupational health related fatality (2015/16: 0) nor occupational health case with irreversible health effects (2015/16: 2) recorded. A total of 12 occupational health cases with reversible health effects (2015/16:10) were registered in the year.

