

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

This remuneration report outlines the background, philosophy and policy and implementation details of the remuneration of executive directors, executive management, senior management, non-executive directors, and at a high level, other employees of Tongaat Hulett as proposed by the King IV™ report. Its development has considered appropriate and recommended practices from stakeholders including feedback from shareholders in relation to past AGMs in the non-binding advisory vote by shareholders, and in line with good corporate governance, the principles set out in this report have now been aligned as far as practical to King IV™.

The Remuneration Committee (Remco) is satisfied with the company's application of the requirements of King IV™ and the JSE Listings requirements. Furthermore, the Remco is satisfied that the remuneration policy has achieved its stated objectives. Ongoing enhancements to the company's remuneration policy and practices will continue to be assessed in future reporting periods.

Decisions relating to the remuneration policy and outcomes have been influenced by the various socio-economic dynamics in the countries in which the company operates.

Tongaat Hulett regularly conducts benchmarking studies to establish appropriate remuneration levels and practices to ensure fair, transparent and responsible remuneration for all staff including management. In the 2017/18 reporting period a remuneration consultancy, regarded as independent and objective by the Remco, was commissioned to conduct an internal and external competitiveness analysis focused on the South African operations using current guaranteed packages. The research concluded that there is a high degree of internal equity, with most employees being paid within acceptable salary ranges. The remuneration consultancy also undertook a review of the gender and race equity of current guaranteed packages across the different South African operations. Their research indicated that there are no significant employment equity remuneration issues.

SUMMARY OF REMUNERATION ACTIVITIES BY THE REMUNERATION COMMITTEE DURING THE 2017/18 REPORTING PERIOD

FACTORS WHICH INFLUENCED REMUNERATION DECISIONS IN 2017/18

- Commercial trading conditions that impacted remuneration mandates, influenced decisions on the setting of performance conditions of the long-term incentives and resulted in the non-payment of short-term incentive annual bonuses to executive and senior management;
- matters raised by shareholders, to seek appropriate approval of the 2017/18 remuneration report at the next AGM. The 2016/17 remuneration report was endorsed by 72.46 percent of shareholders at the AGM held on 1 August 2017; further details and the outcomes of the engagements with dissenting shareholders is presented on the following page;

- the company's stated employment equity and localisation of skills objectives in Mozambique and Zimbabwe; and
- creating shareholder value by aligning management with shareholders' interests and ensuring that executive management, senior management and middle management receive remuneration which is fair based on their performance.

SUMMARY OF MAIN FOCUS AREAS IN 2017/18

The following issues were considered, engaged on, recommended or approved by the Remco and the Board for the 2017/18 reporting period:

- cash package increases for the CEO, executives and senior managers;
- short-term incentives (STI) (bonuses) for the CEO, executives and senior managers (zero bonuses were paid for the 2017/18 year);
- long-term incentives (LTI) (share schemes) for the CEO, executives and senior managers;
- performance conditions and performance targets for STI and LTI schemes;
- proposal to shareholders on fees payable to non-executive directors;
- succession plans and employment equity/localisation of skills; and
- Remco terms of reference.

In addition to the above, the aforementioned independent external remuneration consultancy which was commissioned to research remuneration levels of the top executive team (CEO and direct reports) concluded that:

- It was unnecessary to substantially change the current practices of top executive remuneration.
- The company's current practice to err on the conservative side regarding future guaranteed pay increases was supported, in addition to exploring moderate improvements to STI and LTIs.
- As a result, the Remco approved the addition of two bonus schemes for the 2017/18 reporting period, namely a STI bonus scheme capped at 70% (previously 65%) of an employee's cash package for the top executives who have an impact on the business results and the addition of a STI bonus scheme targeted at entry level management which is capped at 10% of cash pay.

FOCUS AREAS FOR 2018/19

The Remco has agreed to workshop the company's remuneration strategy and practices during the 2018/19 year in conjunction with independent remuneration consultants. The aim is to review the alignment of these remuneration strategies and practices with changing market needs, the requirements of King IV™ and the feedback received from shareholders in pursuit of best practice.

MINIMUM LIVING WAGE

Tongaat Hulett is acutely aware of the income levels which impact the quality of life of the lower-level employees in the agricultural and manufacturing operations of the various countries in which it operates. At the same time, different socio-economic and labour



dynamics present challenges to control operating costs, contain the total labour bill whilst striving to offer competitive salaries, and to preserve jobs as far as possible. Against this background and to improve the quality of life of its employees and maintain sound labour relations, Tongaat Hulett negotiates and sets the wage levels within known external parameters of remuneration as agreed with labour unions and offers in-kind benefits. To reinforce this, salary increments are also differentiated, with lower level employees' average percentage increases generally being higher than that of senior grade levels in the company.

PART 2: OVERVIEW OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY


The objective of the remuneration philosophy 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.


THE REMUNERATION COMMITTEE

ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Remco are determined and approved by the Board, as explained in the corporate governance section of this integrated annual report, which deals with Board Committee structures and responsibilities. In accordance with its terms of reference the Remco's responsibilities are, inter alia, to:

- Propose, review and administer the broad policy for executive management remuneration on behalf of the Board and the shareholders, in accordance with best corporate practice. It ensures alignment of the remuneration policy with the overall business strategy, desired company culture, shareholders' interests and the sustainable commercial well-being of the company.
- Consider and make recommendations to the Board on the remuneration policy and on the quantum, structure and composition of remuneration packages of executive management 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, employment equity as well as localisation of skills in Mozambique and Zimbabwe.

 The Remco meets at least twice a year and information relating to members and attendance has been presented on pages 68 and 69.

 The remuneration report is available at www.tongaathulett.com/remco

SHAREHOLDER ENGAGEMENT

Where practical, the Remco continues to constructively engage with dissenting as well as other shareholders on matters related to disclosure, performance conditions and the structuring of remuneration packages.

A summary of the themes raised in the shareholder feedback and the corresponding actions taken in response thereto appears below.

In future, in the event that the Tongaat Hulett remuneration policy (as contained in part 2 of this report) or the remuneration implementation report (as contained in part 3 of this report) is voted against by 25% or more of voting rights exercised by shareholders, the Remco will take the following steps as a minimum:

- An engagement process to ascertain the reasons for dissenting votes.
- Appropriately addressing legitimate and reasonable objections raised, which may include amending the remuneration policy or clarifying or adjusting the remuneration governance and/or processes.

Shareholder feedback	Actions taken and/or response to feedback
Additional disclosure requested on performance conditions – financial and non-financial targets/KPIs and ranges/thresholds compared to stretch.	Cognisance has been taken of this feedback and progress is disclosed in the current integrated annual report on pages 80 to 81 and 83.
More detail is required on the structure of STI (annual bonus) and its context within the total remuneration package, including the quantum of variable pay compared to fixed pay.	Cognisance has been taken of this feedback and progress has been disclosed in the current integrated annual report on pages 80 to 81 and 84.
Debate on the vesting scales of the Total Shareholder Return (TSR) component of the LTI, which has a 25% weighting in one of three share schemes.	This is an ongoing consideration.
Debate on the length of the vesting period of LTIs	This is an ongoing consideration.
Questions have been raised on the CEO's package.	Specific contextual responses have been provided in the direct engagement process. In 2016/17 and 2017/18 the CEO elected to receive a 0% cash package increase.



KEY PRINCIPLES OF THE REMUNERATION POLICY

In designing a remuneration policy which is fair, transparent and responsible, Tongaat Hulett considered the following factors:

- remuneration which motivates executive management to achieve Tongaat Hulett's business plan, business strategy and budgets;
- remuneration which creates a strong, performance-oriented environment for executive management and all employees;
- remuneration which rewards executives and all employees fairly based on their performance;
- the creation of an environment which encourages decision making that ensures that remuneration of the executive management is fair and reasonable in the context of overall employees;
- remuneration which attracts, motivates and aims to retain high-calibre talent while keeping within market benchmarked pay levels;
- remuneration which drives the performance of executive management and ensures alignment between management and shareholder interests to create shareholder value; and
- remuneration which promotes an ethical culture and responsible corporate citizenship.

ELEMENTS OF REMUNERATION

The remuneration structure at senior management level consists of:

Guaranteed package (fixed remuneration)

- This is made up of cash payments for all employees and benefits which are offered at executive management level.

Variable pay

- STI annual bonus schemes, which have set maximum levels;
- LTIs in the form of awards under various employee share incentive schemes including the Share Appreciation Right Scheme (SARS), the Long-term Incentive Plan (LTIP), the Retention Long-term Incentive Plan (RLTIP) and Deferred Bonus Plan (DBP).

PAY FOR PERFORMANCE

The company subscribes to the principle of pay for performance. Remuneration is therefore designed as competitive packages which are benchmarked to the market median on an annual basis using independent external remuneration surveys. Remuneration is linked to individual performance so that 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. This is achieved through a process of self and manager assessment against documented strategic and business performance targets and a general overall assessment (using a four-definition scale ranging from unsuccessful to exceptional). Cash pay increase guidelines are determined with reference to this assessment within an overall company performance rating distribution that approximates a normal distribution curve.

To achieve the goal of remunerating fairly according to individuals' performance, financial and non-financial targets have been set at each level; these being company-level targets, operating entity specific targets, and team and individual performance targets. All top executives' targets are predetermined and approved by the Remco and the Board, and performance is assessed at the end of each performance period for the short-term and long-term incentives, in respect of annual targets and multi-year, long-term incentive targets.

The following table sets out the elements of the company's remuneration design and how they link to company performance and strategy:

Remuneration element	Key features	Eligibility	Link to strategy
Guaranteed pay	Guaranteed pay is fixed remuneration which comprises both a cash pay element and benefits. These benefits are inclusive of membership of an approved company pension fund (compulsory for all management levels), provision of subsidised medical aid, gratuity at retirement and death and disability insurance. Housing and car schemes for qualifying employees are provided in Mozambique, Zimbabwe and Swaziland. The guaranteed pay for executive management and senior management is reviewed annually by the Remco and the Board, and is set with reference to relevant external market data as well as the assessment of individual performance and the role/profile of each employee.	All employees	Attraction, recruitment and retention of talented executives and competent employees to drive business performance.
STI: Annual bonus scheme	<p>The primary purpose of the bonus schemes is to serve as a short-term incentive designed to provide executive, senior and middle management with the opportunity to earn an annual bonus.</p> <p>It is based on a combination of the achievement of predetermined financial/operational targets and an assessment of the individual's overall general performance. The financial targets include measures of corporate and, where applicable, operational performance, and the non-financial (personal) targets include the achievement of individual and, where applicable, team performance, against predetermined objectives related to key business strategies and objectives, including non-financial KPIs.</p> <p>The annual bonus scheme has a threshold financial target below which no bonuses are paid to executives and senior management.</p> <p>All financial targets have an upper limit and a lower limit. When a lower limit is reached 25% of the amount attributable to that element is applicable and when the upper limit is reached or exceeded, 100% of the amount attributable to that element is applicable. If financial results are below the lower limit, zero points will be earned for the element concerned.</p>	From CEO to entry level management (latter effective 2017/18)	<p>To reward successful achievement of company targets and personal performance and to act as an attraction and retention mechanism.</p> <p>The company uses such metrics as operating profit, headline earnings, cash flow and return on capital employed to reward executives and management. These are, inter alia, linked to the strategic objectives such as increases in sugar production, large land sales and sweating the milling assets.</p>
LTI: SARS	Participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference, once the right has vested. The employee therefore participates in the after-tax share price appreciation in the company. The extent of the vesting of the right is dependent on the achievement of performance conditions over a three-year performance period.	Executive management, senior management and qualifying professional employees	To strengthen the alignment of management with shareholder interests and assist in the attraction and retention of executive management.
LTI: LTIP As amended at the AGM on 27 July 2010 to ensure compliance with Schedule 14 of the JSE Listings Requirements	<p>Annually, participating employees are granted conditional rights to shares (referred to as LTIPs). The extent of vesting of the rights are dependent on the achievement of performance conditions over a three-year performance period as set out in the table below on long term incentive plans.</p> <p>Conditional retention awards (RLTIPs) can be granted under this LTIP, where a specific retention risk is identified, to assist with targeted key and high potential employee retention and talent management. These retention awards do not have performance conditions and vest after a four or five-year period whereby they are settled in shares. RLTIPs are a small quantum in relation to other share-based instruments</p>	<p>Executive management, senior management and qualifying professional employees.</p> <p>Targeted key and high potential employees for retention.</p>	To strengthen the alignment of management with shareholder interests and assist in the attraction and retention of qualifying executive management and senior managers who make a significant company impact. The company uses metrics such as operating profit, headline earnings, cash flow and return on capital to reward executives and management for increases in the strategic objectives of sugar production, large land sales and sweating the milling assets.
LTI: DBP	Participating, selected executives purchase shares in the company with a portion of their after-tax bonus. These pledged shares are held in trust by a third-party administrator for a qualifying three-year period, after which the company awards the employee a number of shares in the company which matches those pledged shares released from trust, provided the executive has not resigned (matching awards).	CEO, CEO direct reports and selected executives	<p>To ensure alignment with shareholder and management interests and to encourage achievement of strategic business objectives.</p> <p>The company uses DBP awards to motivate the executive management to focus on driving sustainable share price growth.</p>

2018/19 ANNUAL BONUS SCHEME

PERFORMANCE CONDITION TARGETS - FINANCIAL AND OPERATIONAL METRICS

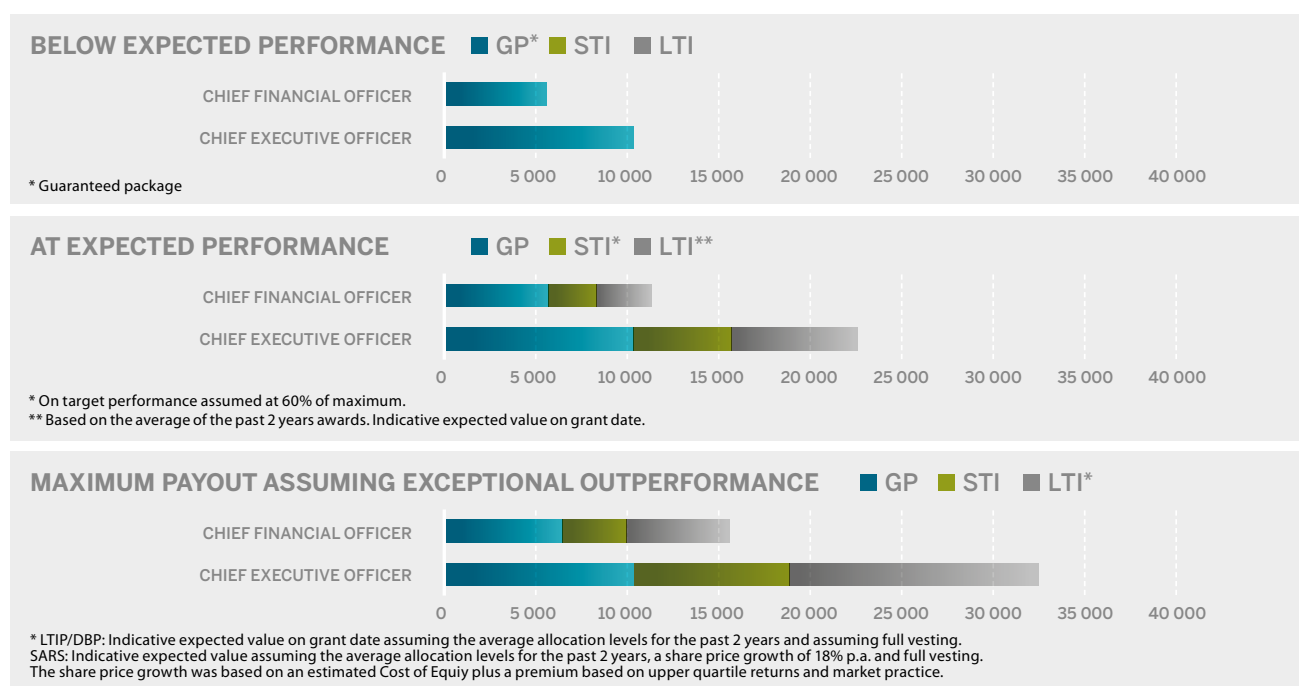
Following the recommendation of the Remco and with the approval of the Tongaat Hulett Board, the operation of the annual bonus scheme for middle management and upwards for the 2018/19 year is as set out below. Below this level there is a guaranteed bonus of 10% of annual basic salary.

Short-term incentive: Annual Bonus Scheme									
Eligibility	CEO to entry level management								
Formula	The annual bonus is a cash payment at the end of the financial year, the value of which is determined according to a formulaic methodology. The formula is dependent on financial/operational and non-financial performance in the financial year, measured against pre-determined targets, expressed as a lower and upper limit/target. The outcomes of the financial/operational and non-financial performance are combined to assess the percentage of the maximum which each individual is eligible to receive.								
Gatekeeper	If Tongaat Hulett’s headline earnings are below an agreed threshold, no bonuses will be payable in respect of all participation levels other than middle management (ie: the 10% to 20% schemes). Previously the gatekeeper provisions did not apply to management on the 30% scheme.								
Maximum value of bonus	The total amount of each individual's cash package which can be earned if the financial/operational upper limit performance conditions and specific non-financial performance KPIs are met is as follows:								
						Level	Maximum as % of cash package		
						CEO	80%		
						CFO/Executive leadership	65% - 70%		
						Senior management	30% - 50%		
						Middle management	10% - 20%		
Elements of the annual bonus calculation	All executives are measured on financial and specific non-financial targets. For executives who perform an operational function, the financial component will also include operational targets. Accordingly, the applicable weightings between the different elements are as follows (expressed in terms of the maximum):								
		Financial targets - corporate	Financial targets - operational	Non-financial targets	Maximum bonus				
	Weighting %	65%		35%					
	CEO	52%		28%	80%				
	Corporate executives: top-tier	45%	None	25%	70%				
	Corporate executives (operations): top-tier	29%	16%	25%	70%				
	Financial performance measures	The performance conditions for the 2018/19 year include:							
		Corporate	Operations						
		Headline earnings	Operating profit						
		Return on capital employed	Cash flow						
		Cash flow							
Operational targets are set relative to each operation. Relative to the expressed maxima, achievement of the lower/minimum level of performance will result in a 25% vesting for that measure, and achievement of the upper/maximum level of performance will result in a 100% vesting for that measure. Minimum and maximum target levels of performance are set relative to budget and/or with reference to prior financial results, and aim to reward out-performance (reflected by the upper/maximum) and guard against remunerating for poor performance by setting lower/minimum performance levels. The aim of the Remco is to set financial and operational targets in a manner where stretch/maximum level of performance represents the creation of shareholder value and strong performance against the strategic business outcomes.									
Individual performance and non-financial KPIs		Performance on an individual level is assessed relative to two aspects:							
	<ul style="list-style-type: none">• Pre-determined objectives relating to personal/team/operation.• General personal assessment. The general personal assessment for top-tier executives is approved by the Remco, on recommendation of the CEO or Chairman of the Board as applicable, following formal performance discussions and evaluations. Examples of non-financial KPIs include those relating to: <ul style="list-style-type: none">• Safety, health and environmental targets.• Tongaat Hulett’s strategic themes.• Sustainability themes.• Risk management themes.• Organisational effectiveness, capability and senior level capacity building including diversity/localisation and succession.• Objectives specific to the individual's area of focus.								
Changes to the 2018/19 STI annual bonus scheme	The performance conditions for middle management have been amended to include a cash flow element in addition to profit from operations. The gatekeeper proviso will now also include management on the 30% scheme so that if Tongaat Hulett’s headline earnings are below an agreed threshold, no bonuses will be payable in respect of all participation levels other than middle management (i.e. 10% - 20% schemes).								

2018/19 LONG-TERM INCENTIVE PLANS

Long-term incentive plans	
Brief description of plans	<p>Tongaat Hulett currently operates three separate LTI plans, referred to as “the Plans”:</p> <ul style="list-style-type: none"> • Share Appreciation Right Scheme 2005 (SARS) • The Long-Term Incentive Plan 2005 (LTIP) • The Deferred Bonus Plan 2005 (DBP) <p>Under these Plans, executive management, senior management and qualifying professional employees of the company are awarded rights to receive shares in the company if certain performance conditions have been met (with the exception of Retention Shares), and in the case of the SARS, when the rights have been exercised.</p>
Eligibility and allocation levels	<p>Executive management, senior management and qualifying professional employees</p> <p>The Remco makes a judgement each year regarding the allocation split between instruments. The current practice is to allocate SARS and LTIPs on a 45/55 split. The DBP allocation is linked to the actual value of the prior year's STI, which is determined by the extent to which the performance conditions are satisfied and personal KPIs are achieved.</p>
Types of instruments	Annual awards under the LTIP take the form of conditional awards, SARS and Deferred Bonus Shares. These instruments are discussed in the table on page 79 setting out the elements of the remuneration design and policy.
Maximum individual limits	The rules of the Plans provide that the annual fair value of the CEO's and CFO's allocations should not exceed 1 times cash package, and the market value of SARS and LTIP at grant date should not exceed 2 times cash package and the value of the DBP allocation shall not exceed 30% of cash package. In addition, the total unvested allocation for each should not exceed 1,2 million shares.
Performance measures and targets	<p>For the awards that will be made in the upcoming year, the following performance conditions and periods are applicable:</p> <p>LTIP awards will vest after a three-year period, and will be subject to:</p> <ul style="list-style-type: none"> • Total Shareholder Return condition, weighted at 25%; • Return on Capital Employed condition, weighted at 25%; • Sugar Production condition, weighted at 25%; and • Operating Cash Flow, after working capital, after root planting and before capex condition, weighted at 25%. <p>The SARS will vest after a three-year period, subject to an increase in HEPS. The vesting will be on a sliding scale.</p> <p>For 100% to vest the average HEPS over the three-year performance period needs to increase by the change in CPI over 3 years +6% and there will be 0% vesting if below the pre-determined threshold, with linear vesting in between.</p> <p>Performance conditions governing the vesting of the scheme instruments are determined at the time each annual award is made. The performance targets are set each year for the instruments granted that year, taking into account the prevailing circumstances and conditions at that time and relative to targets that are intended to be challenging but achievable.</p> <p>Targets are linked, where applicable, to the company's medium-term business plan, over three-year performance periods, with actual grants being set each year considering expected company performance, the job level and cash package of the participating employee, and appropriate benchmarks of the expected combined value of the awards.</p>
Company limits	The maximum number of treasury or issued capital shares that may be issued and allocated under the LTIP, SARS and DBP shall not exceed 13 000 000 shares, which would represent approximately 9,6% of the number of issued shares. The company is currently well below this limit in terms of what could potentially be issued and allocated. Furthermore, all settlements to date have been through a third-party acquiring shares in the market and delivering the shares to employees.

PAY MIX (R000)



TERMINATION POLICY

Executive management have contracts which define notice periods. In the event of a termination, the company has the discretion to allow the relevant employee to either work out their notice or to pay the guaranteed pay for the stipulated notice period in lieu of notice. For guaranteed pay, there are no contractually agreed upon balloon payments due on termination.

Furthermore, the various Plan rules clearly outline termination provisions under different circumstances, as set out below.

	Voluntary resignation, dismissal	Retirement, ill health disability	Retrenchment, death
STI	Automatic forfeiture of award for current year.	Award is pro-rated.	Award is pro-rated.
LTIP and RLTP	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	If the participant retires, falls ill or is disabled prior to the vesting date, they shall remain entitled to the same rights and obligations as if they remained employed by the company. Retention awards are forfeited in cases of early retirement.	A pro-rata portion of the award shall vest within 3 months or longer of retrenchment as the Remco determines. In determining the pro-rata portion, Remco considers the extent the performance conditions are satisfied and the proportion of performance period expired. On the date of death, a pro-rata portion of the award shall vest and reflect the expired portion of the performance period.
SARS	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	If participants retire prior to the vesting date, they shall remain entitled to the same rights and obligations as if employed by the company.	A pro-rata portion of the award shall vest within 3 months or longer of retrenchment as the Remco determines. In determining the pro-rata portion, Remco considers the extent the performance conditions are satisfied and the proportion of performance period expired. On the date of death of a participant the executor may exercise the award within 1 year of death irrespective of the extent to which awards have vested or satisfaction of any performance condition.
DBP	The participant will not be entitled to any matching awards on the vesting date.	If participants retire prior to the vesting date, they shall remain entitled to the same rights and obligations as if employed by the company.	Upon termination, a pro-rata portion of the participant's matching awards vests at date of termination. The portion of the matching award to vest will reflect the proportion of the pledge period that has expired at the date of termination of employment or date of death.

RECRUITMENT POLICY

When recruiting executive management, the company considers the size, nature and complexity of the role and the availability of the executive's skills in the market, and seeks to balance internal equity and external competitiveness when making an offer. Where applicable, the Remco may make conditional sign-on awards.

INTERESTS OF THE DIRECTORS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings as at 31 March 2018 of those directors of the company holding issued ordinary shares of the company are detailed on page 86.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors of the Board and all committees including its Remco, which includes an attendance fee component. The directors' fees are benchmarked against data obtained from the latest integrated

annual reports of companies in the TSR peer group and external consultants. Directors' fees are recommended by the Remco, considered by the Board, and proposed to shareholders for approval at each AGM.

Non-executive directors do not participate in either short-term bonus schemes or long-term incentive share schemes of the company.

As required by the Companies Act, the remuneration of non-executive directors will be authorised by special resolution at the AGM and is set out on page 145 of the integrated annual report.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY - PART 2

This remuneration policy is subject to an advisory vote by shareholders at the forthcoming AGM.

Shareholders will also be requested to cast an advisory vote on the remuneration implementation report as contained in part 3 of this remuneration report.

PART 3: IMPLEMENTATION REPORT

In this part of the report, details are provided of the remuneration paid to executive and non-executive directors for the financial year ended 31 March 2018. The Remco considers that these payments are in line with the company's remuneration policy.

FINANCIAL INFORMATION

The financial details relating to the directors and prescribed officers' emoluments are disclosed on pages 85 to 86 and pages 91 to 92.

CASH PACKAGE ADJUSTMENTS

In determining the cash package increases for the CEO and CFO in 2017/18, the Remco considered relevant market survey data from several independent consultancies. Periodically, including in 2017/18, executive remuneration is benchmarked against companies of comparable size and complexity with reference to market capitalisation, turnover, profitability, number of employees and sector.

In 2017/18 (and 2016/17), the CEO elected to receive a 0% increase. The Remco approved a 6,5% increase on cash pay for the CFO in 2017/18. In 2018/19 the Committee approved an increase to the cash pay of both the CEO and CFO of 7%.

SHORT-TERM INCENTIVE: ANNUAL BONUS SCHEME AWARDS FOR 2017/18

No bonuses were paid to the CEO, CFO, executives and senior management for the 2017/18 year due to the headline earnings threshold of R800 million not being met.

SARS

Performance condition	Target	Vesting period	Vesting achieved in 2017/18
HEPS	Growth of greater than CPI +6% over 3 years for 100% vesting and 0% if below the pre-determined threshold, with linear vesting in between.	3 years	Zero

LTIP

Performance condition	Target	Vesting outcome		Achievement and vesting outcome in 2017/18
TSR (25% weighting) Peer group: AECI Limited, Astral Foods Limited, AVI Limited, Bidvest Group Limited, Clover Industries Limited, Illovo Sugar Limited, Mondi Limited, Nampak Limited, Omnia Holdings Limited, Oceana Group Limited, Pioneer Food Group Limited, RCL Foods Limited, Sappi Limited, and Tiger Brands Limited	Three-year TSR vesting scale for a population of 14 other companies against which Tongaat Hulett has competed.	<ul style="list-style-type: none">Positions 1 - 4Positions 5 - 13	100% Linear	Illovo Sugar Limited delisted in 2016 and was excluded from the peer group. The company ranked position 9 out of 14, resulting in a 50% vesting of the portion of the LTIP award linked to TSR. The vesting outcome was 12,5% (50% x 25% weighting)
ROCE (25% weighting)	Below lower limit	0%		ROCE was 10,5%
	Lower limit	12,9% = 30%		The vesting outcome was zero
	Upper limit	15% = 100%		
	Linear vesting in between			
Sugar production (25% weighting)	Between 1,48 and 1,7 million tons sugar.	30% to 100%	Linear vesting between these points	Sugar production was 1,056 million tons The vesting outcome was zero
Three-year large land deals (25% weighting)	Between R300 - R 600 million	30% to 100%	Linear vesting between these points	Large land deals exceeded R600 million resulting in a 100% vesting of this portion of the LTIP The vesting outcome was 25% (100% x 25%)

The overall LTIP vesting was thus 37,5%

LONG-TERM INCENTIVES

AWARDS MADE IN 2017/18 FINANCIAL PERIOD

SARS

Performance condition	Target/vesting potential
HEPS	Growth of greater than CPI over 3 years +6% for 100% vesting and 0% if below the pre-determined threshold of CPI over 3 years -6%, with linear vesting in between.

The awards made during the year are disclosed in the Share Appreciation Right Scheme table on pages 87 and 91.

LTIP

Performance condition	Target and potential vesting outcome
TSR (40% weighting) Peer group: AECI Limited, Astral Foods Limited, AVI Limited, Clover Industries Limited, Crookes Brothers Limited, Nampak Limited, Omnia Holdings Limited, Oceana Group Limited, Pioneer Food Group Limited, RCL Foods Limited, Sappi Limited, and Tiger Brands Limited	Three-year TSR vesting scale, smoothed using TSR data for the 6 months preceding 31 March 2017 and the 6 months preceding 31 March 2020, for a population of 12 other companies against which Tongaat Hulett competes, with a graduated vesting scale.
ROCE (40% weighting)	Below lower limit - 0%
	Lower limit - 30%
	Upper limit - 100%
	Between lower and upper limits - linear vesting
Sugar Production (20% weighting)	Between lower and upper limits: 30% - 100%

The awards made during the year are disclosed in the Long-term Incentive Plan table on pages 88 to 89 and page 91.

LTIP VESTING OUTCOMES

The awards that vested in 2017/18 were made in 2014 and the performance conditions (measured at 31 March 2017) and vesting outcome is reflected below:

SINGLE FIGURE OF REMUNERATION (R000)

	Cash package	Retirement and medical aid	Cash bonus ¹	LTI reflected ^{2,3,4,5}	Total single figure remuneration
2018					
PH Staude	8 799	1 308	-	3 421	13 528
MH Munro	5 197	779	-	1 260	7 236
	13 996	2 087	-	4 681	20 764
2017					
PH Staude	8 799	1 276	6 626	3 338	20 039
MH Munro	4 880	727	2 884	1 306	9 797
	13 679	2 003	9 510	4 644	29 836

1. Bonuses are reported to match the performance and quantum earned to the applicable financial period.

2. The value of the SARS and LTIP awards made on 26 May 2014 with a performance period ending on 31 March 2017 is reflected in the 2017 single figure of remuneration. As the performance condition of the SARS was not met, it is reflected as zero. The LTIP is included at the 20 day VWAP of R128,39 as at 31 March 2017 and an achievement of performance conditions of 37,5%.

3. The value of the DBP award made on 6 June 2016 is reflected in the 2017 single figure of remuneration.

4. The value of the SARS and LTIP awards made on 28 May 2015 with a performance period ending on 31 March 2018 is reflected in the 2018 single figure of remuneration. As the performance condition of the SARS was not met, it is reflected as zero. The LTIP is included at the 20 day VWAP of R102,52 as at 31 March 2018 and an achievement of performance conditions of 27,03%.

5. The value of the DBP award made on 29 May 2017 is reflected in the 2018 single figure of remuneration.

EXECUTIVE DIRECTORS' REMUNERATION (R000)

Table of estimated fair values of the executive directors' unvested long-term incentive awards at year end.¹

	PH Staude		MH Munro	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Share Appreciation Right Scheme²				
31 May 2010		2 296		730
31 May 2011		3 318	347	1 089
29 May 2012		1 197		408
28 May 2015		2 504		1 060
6 June 2016	2 073	2 596	926	1 160
29 May 2017	1 756		776	
Long-term incentive plan³				
26 May 2014		2 366		983
28 May 2015	1 293	2 911	547	1 232
6 June 2016	2 374	2 896	1 060	1 294
29 May 2017	2 525		1 116	
Deferred Bonus Plan³				
26 May 2014		2 241		711
28 May 2015	1 374	1 673	422	513
30 May 2016	927	1 130	308	376
29 May 2017	1 930		646	
Total	14 252	25 128	6 148	9 556

1. Depending on the vesting date, awards are included at the intrinsic value or an indicative fair value as at 31 March 2017 and 31 March 2018. These values are based on the 20 day VWAP as at the relevant year end and the estimated achievement of performance conditions.

2. SARS awards vest on the third anniversary of the grant date and lapse on the seventh anniversary of the grant date.

3. LTIP and DBP awards vest on the third anniversary of the grant date.

Further information pertaining to unvested awards, gains on awards vested during the year, award vesting dates and fair value of awards on the grant date, are detailed on pages 91 to 92.

TERMINATION CONTRACTS AND TERMINATION OF OFFICE PAYMENTS

There are no long-term contracts in place for executives and no termination of office payments were made during the 2017/18 year.

NON-EXECUTIVE DIRECTOR FEES

The Remco recommended an increase in the non-executive director fees of 6,5% in 2017/18 which was approved at the 2017 AGM and has proposed an increase of 6% for 2018/19.

The details relating to the non-executive directors' fees for the year ended 31 March 2018 are disclosed on page 86.

VOTING STATEMENT (NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT)

This report is subject to an advisory vote by shareholders at the forthcoming AGM. Shareholders are requested to cast an advisory vote on the remuneration implementation report as contained in part 3 of this remuneration report.

APPROVAL OF REMUNERATION REPORT BY THE BOARD OF DIRECTORS

This remuneration report was approved by the Board of directors of Tongaat Hulett on 24 May 2018.

FURTHER DISCLOSURES ON REMUNERATION MATTERS

The table below sets out, for ease of reference, the relevant additional sections of the remuneration details of directors and officers, including share schemes and interest in share capital.

Remuneration	Page
Executive directors' and officers' remuneration	85
Non-executive directors' remuneration	86
Declaration of full disclosure	86
Interest of directors of the company in share capital	86
Details of share schemes (including performance conditions)	87
Interest of executive directors of the company in share-based instruments	91
Special resolution setting out remuneration to be paid to directors for their services as directors of the company for the ensuing year	145
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DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

Executive directors' remuneration (R000)

The executive directors' remuneration for the year ended 31 March 2018 was as follows:

Name	Cash package	Cash bonus *^	Retirement and medical contributions	Total
PH Staude	8 799	-	1 308	10 107
MH Munro	5 197	-	779	5 976
	13 996	-	2 087	16 083

The executive directors' remuneration for the year ended 31 March 2017 was as follows:

Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
PH Staude	8 799	6 626	1 276	16 701
MH Munro	4 880	2 884	727	8 491
	13 679	9 510	2 003	25 192

* Bonuses are reported to match the performance and quantum earned to the applicable financial period.

^ No bonuses were paid to the CEO and CFO in the 2017/18 year due to the headline earnings threshold of R800 million not being met.

The requirement to include prescribed officers is covered by the above executive directors, as they exercise effective management and control.



Details of the executive directors' share-based instruments granted and exercised (including the gain/value on settlement) are contained on pages 91 to 92.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS continued**Non-executive directors' remuneration** (R000)

Name	12 months to 31 March 2018			12 months to 31 March 2017		
	Fees	Other	Total	Fees	Other	Total
SM Beesley	366	441	807	334	339	673
F Jakoet	385	319	704	363	300	663
J John	385	377	762	363	356	719
RP Kupara	354	188	542	363	178	541
TN Mgoduso	354	130	484	363	123	486
N Mjoli-Mncube	385	473	858	363	463	826
SG Pretorius	385	324	709	363	417	780
TA Salomão	354		354	363		363
CB Sibisi	1 361	315	1 676	1 282	236	1 518
	4 329	2 567	6 896	4 157	2 412	6 569

In the table above, "Fees" relate to the services as directors on the board and "Other" relates to fees paid for services as committee members.

Declaration of full disclosure

Other than the remuneration disclosed in this note, which was paid by the company, no consideration was paid to or by any third-party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 March 2018.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2018 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are direct and beneficial, except where indicated otherwise.

Name	2018	2017
Executive directors:		
PH Staude	417 494	386 328
MH Munro	150 460	138 136
	567 954	524 464

EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards in terms of the company's share incentive schemes:

Share Appreciation Right Scheme 2005

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after-tax share price appreciation in the company. The vesting of the right is conditional on the achievement of Tongaat Hulett performance levels over a performance period.

Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2017	Granted	Exercised	Lapsed/ forfeited	Number of rights 31 March 2018
31 May 2010	97,49	20,00	458 767		458 767		
31 May 2011	90,42	17,50	691 771		299 813		391 958
29 May 2012	110,21	21,73	792 889		3 007	5 132	784 750
26 May 2014	121,93	23,96	1 525 312		7 188	1 518 124	
28 May 2015	128,54	23,68	1 687 368		7 818	36 946	1 642 604
6 June 2016	113,41	28,06	1 536 084		7 218	34 595	1 494 271
29 May 2017	115,85	25,28		1 460 996		9 682	1 451 314
			6 692 191	1 460 996	783 811	1 604 479	5 764 897

The estimated fair value costing of these outstanding share appreciation rights was determined using the binomial tree valuation model and non-market performance conditions, based on the following significant inputs:

Strike price	The grant price, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2017: 7,63% (2016: 8,51%, 2015: 7,96%, 2014: 7,78%, 2013: 6,73%, 2012: 7,26% and 2011: 7,95%).
Expected volatility	Expected volatility of 25% for the 2017 award (2016: 29%, 2015: 22,51%, 2014: 27,57%, 2013: 28,34%, 2012: 28,51% and 2011: 30%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for the 2017 award (2016, 2015, 2014, 2013 and 2012: 2,6% and 2011: 2,75%).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is not allowed.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2017: 74 months, 2016: 62 months, 2015: 50 months, 2014: 26 months, 2013: 26 months, 2012: 14 months and 2011: 2 months.
Contractual	84 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued**Details of awards in terms of the company's share incentive schemes:** continued**Long Term Incentive Plan 2005**

Under the long term incentive plan participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a performance period.

Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2018
26 May 2014	121,93	51,79	553 034		207 211	345 823	
28 May 2015	128,54	57,82	541 397		1 424	11 083	528 890
6 June 2016	113,41	60,28	558 904		627	12 647	545 630
29 May 2017	115,85	63,39		712 153		4 719	707 434
			1 653 335	712 153	209 262	374 272	1 781 954

The estimated fair value costing of these outstanding conditional share awards was determined using the Monte Carlo Simulation model and non-market performance conditions, based on the following significant inputs:

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for these awards.
Time constraints	Three years from grant date.
Performance (vesting) conditions	2017 award: 40% of the award will be subject to the TSR condition, 40% to the return on capital employed (ROCE) condition and 20% to a sugar production condition. No retesting of the performance conditions is allowed. 2016 award: 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a sugar production condition and 25% will be subject to the land conversion cash generation condition. No retesting of the performance conditions is allowed. 2015 award: 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a sugar production condition and 25% will be subject to the large land deals of the company condition. No retesting of the performance conditions is allowed.
Non-market performance conditions	ROCE, sugar production and the large land deals conditions.
Market performance conditions	Total shareholder return (TSR).
Weighted average remaining life:	
Expected	2017: 26 months, 2016: 14 months and 2015: 2 months.
Contractual	36 months.

Long Term Incentive Plan 2005 - Retention Awards

Under the long term incentive plan participating employees are granted conditional awards which are converted into shares after the required service period is completed.

Awards expiring four years from grant date

Expiring four years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2018
29 May 2013	126,85	92,99	97 351		93 373	3 978	
26 May 2014	121,93	89,38	136 349		1 808	4 135	130 406
28 May 2015	128,54	94,23	176 155		1 428	10 268	164 459
6 June 2016	113,41	102,07	144 963		640	10 916	133 407
29 May 2017	115,85	104,26		239 700			239 700
2 January 2018	113,63	102,27		15 000			15 000
			554 818	254 700	97 249	29 297	682 972

The estimated fair value costing of these outstanding conditional share awards was based on the following significant inputs:

Expected option life	46 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Time constraints	Four years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2 January 2018: 45 months, 29 May 2017: 38 months, 2016: 26 months, 2015: 14 months and 2014: 2 months
Contractual	48 months.

Awards expiring five years from grant date

Expiring five years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2018
22 September 2017	108,39	95,01		15 000			15 000
2 January 2018	113,63	99,61		15 000			15 000
				30 000			30 000

The estimated fair value costing of these outstanding conditional share awards was based on the following significant inputs:

Expected option life	57 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Time constraints	Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2 January 2018: 57 months and 22 September 2017: 54 months.
Contractual	60 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued**Details of awards in terms of the company's share incentive schemes:** continued**Deferred Bonus Plan 2005**

Under the deferred bonus plan participating employees purchase shares in the company with a portion of their after-tax bonus. These pledged shares are held in trust by a third-party administrator for a qualifying period, after which the company awards the employee a number of shares in the company which matches those pledged shares which are then released from trust.

Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Settled	Number of conditional awards 31 March 2018
26 May 2014	121,93	96,60	73 165		73 165	
25 May 2015	131,27	103,99	60 909			60 909
30 May 2016	113,06	104,47	44 464			44 464
29 May 2017	115,85	107,05		94 000		94 000
			178 538	94 000	73 165	199 373

The estimated fair value costing of the outstanding deferred bonus share awards was based on the following significant inputs:

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2017: 26 months, 2016: 14 months and 2015: 2 months.
Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 30 May 2017 in respect of the 2017 award. (2016 award purchased 3 June 2016 and the 2015 award purchased 1 June 2015).

Interest of executive directors of the company in share-based instruments

Share Appreciation Right Scheme 2005

Name	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2017	Granted	Exercised	Lapsed	Number of rights 31 March 2018	Performance condition and time constrained
PH Staude	31 May 2010	97,49	20,00	74 289		74 289			
	31 May 2011	90,42	17,50	87 397		87 397			
	29 May 2012	110,21	21,73	65 845				65 845	
	26 May 2014	121,93	23,96	115 081			115 081		
	28 May 2015	128,54	23,68	123 414				123 414	123 414
	6 June 2016	113,41	28,06	111 172				111 172	111 172
	29 May 2017	115,85	25,28		106 763			106 763	106 763
				577 198	106 763	161 686	115 081	407 194	341 349
MH Munro	31 May 2010	97,49	20,00	23 638		23 638			
	31 May 2011	90,42	17,50	28 669				28 669	
	29 May 2012	110,21	21,73	22 439				22 439	
	26 May 2014	121,93	23,96	47 818			47 818		
	28 May 2015	128,54	23,68	52 248				52 248	52 248
	6 June 2016	113,41	28,06	49 654				49 654	49 654
	29 May 2017	115,85	25,28		47 177			47 177	47 177
				224 466	47 177	23 638	47 818	200 187	149 079

Long Term Incentive Plan 2005

Name	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Settled	Lapsed	Number of conditional awards 31 March 2018	Performance condition and time constrained
PH Staude	26 May 2014	121,93	51,79	49 144		18 429	30 715		
	28 May 2015	128,54	57,82	46 660				46 660	46 660
	6 June 2016	113,41	60,28	47 766				47 766	47 766
	29 May 2017	115,85	63,39		52 041			52 041	52 041
				143 570	52 041	18 429	30 715	146 467	146 467
MH Munro	26 May 2014	121,93	51,79	20 420		7 658	12 762		
	28 May 2015	128,54	57,82	19 753				19 753	19 753
	6 June 2016	113,41	60,28	21 334				21 334	21 334
	29 May 2017	115,85	63,39		22 996			22 996	22 996
				61 507	22 996	7 658	12 762	64 083	64 083

EMPLOYEE SHARE INCENTIVE SCHEMES continued**Interest of executive directors of the company in share-based instruments** continued**Deferred Bonus Plan 2005**

Name	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2017	Granted	Delivered	Number of conditional awards 31 March 2018	Conditional awards time constrained
PH Staude	26 May 2014	121,93	96,60	17 451		17 451		
	25 May 2015	131,27	103,99	13 405			13 405	13 405
	30 May 2016	113,06	104,47	9 301			9 301	9 301
	29 May 2017	115,85	107,05		19 883		19 883	19 883
				40 157	19 883	17 451	42 589	42 589
MH Munro	26 May 2014	121,93	96,60	5 539		5 539		
	25 May 2015	131,27	103,99	4 114			4 114	4 114
	30 May 2016	113,06	104,47	3 092			3 092	3 092
	29 May 2017	115,85	107,05		6 657		6 657	6 657
				12 745	6 657	5 539	13 863	13 863

The deferred bonus shares were purchased by the participating employees on 30 May 2017 in respect of the 2017 award. (2016 award purchased 3 June 2016 and the 2015 award purchased 1 June 2015).

Executive directors' share incentive gain/value on settlement (R000)

The Executive directors' share incentive gain/value on settlement relates to Share Appreciation Rights which had previously vested and have now been exercised and settled and to the Long Term Incentive Plan and Deferred Bonus Plan which vested and were settled.

Name	Share-based instrument	2018	2017
PH Staude			
	Share Appreciation Rights	4 328	3 844
	Long Term Incentive Plan	2 209	1 451
	Deferred Bonus Plan	2 092	1 715
		8 629	7 010
MH Munro			
	Share Appreciation Rights	595	1 305
	Long Term Incentive Plan	919	480
	Deferred Bonus Plan	665	563
		2 179	2 348

The share awards were made and exercised at various times and the average share price for the period was R114,17 (2017: R122,68).